

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2024



CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

CITY OFFICIALS

June 30, 2024

MAYOR

Charles McNeilly
P.O. Box 892
Rockaway Beach, Oregon 97136

CITY COUNCIL

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

Tom Martine
1234 Lake Boulevard
Rockaway Beach, Oregon 97136

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

Mary McGinnis
P.O. Box 269
Rockaway Beach, Oregon 97136

Alesia Franken
P.O. Box 689
Rockaway Beach, Oregon 97136

CITY MANAGER

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

FINANCE DIRECTOR

Marni Johnston
P.O. Box 5
Rockaway Beach, Oregon 97136

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

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FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

The Honorable 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, 2024, 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, 2024, 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, 68 through 72, and 73 through 74, 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.

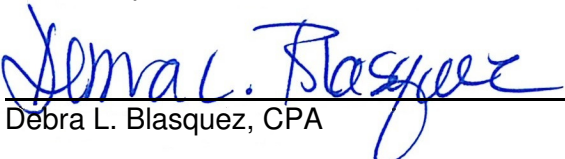
The combining statements and individual fund schedules are the responsibility of management, and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the 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 16, 2024 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 16, 2024

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, 2024. It should be read in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2024, total net position of the City of Rockaway Beach amounted to \$29,835,481. Of this amount, \$16,196,842 was invested in capital assets, net of related debt. The remaining balance included \$6,397,406 restricted for various purposes and \$7,241,233 of unrestricted net position.
- At June 30, 2024, the City's governmental funds reported combined ending fund balances of \$9,234,713.

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, Transient Room Tax, 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 19 of this report.

□ **Proprietary Funds**

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

The basic proprietary fund financial statements can be found on pages 20 through 24 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 25 through 67 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 Fund and Transient Room Tax Fund. This required supplementary information can be found on pages 68 through 74 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. At June 30, 2024, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$29,835,481.

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 \$2,741,092 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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Assets and deferred outflows of resources						
Current assets	\$ 5,193,436	\$ 6,774,329	\$ 3,884,643	\$ 3,873,132	\$ 9,078,079	\$ 10,647,461
Restricted assets	4,339,458	2,424,008	2,148,576	2,260,103	6,488,034	4,684,111
Noncurrent assets						
Capital assets, net	9,840,951	7,913,335	7,969,282	7,866,773	17,810,233	15,780,108
Other	17,513	25,198	-	-	17,513	25,198
Deferred outflows of resources	<u>270,578</u>	<u>256,417</u>	<u>293,423</u>	<u>360,497</u>	<u>564,001</u>	<u>616,914</u>
Total assets and deferred outflows of resources	<u>19,661,936</u>	<u>17,393,287</u>	<u>14,295,924</u>	<u>14,360,505</u>	<u>33,957,860</u>	<u>31,753,792</u>
Liabilities and deferred inflows of resources						
Current liabilities	546,230	507,684	80,737	126,464	626,967	634,148
Noncurrent liabilities	1,991,825	2,236,814	746,654	926,794	2,738,479	3,163,608
Deferred inflows of resources	<u>385,690</u>	<u>392,656</u>	<u>371,243</u>	<u>468,991</u>	<u>756,933</u>	<u>861,647</u>
Total liabilities and deferred inflows of resources	<u>2,923,745</u>	<u>3,137,154</u>	<u>1,198,634</u>	<u>1,522,249</u>	<u>4,122,379</u>	<u>4,659,403</u>
Net position						
Net investment in capital assets	8,227,560	6,015,328	7,969,282	7,866,773	16,196,842	13,882,101
Restricted for various purposes	4,255,640	2,419,819	2,141,766	2,164,277	6,397,406	4,584,096
Unrestricted	<u>4,254,991</u>	<u>5,820,986</u>	<u>2,986,242</u>	<u>2,807,206</u>	<u>7,241,233</u>	<u>8,628,192</u>
Total net position	<u>\$ 16,738,191</u>	<u>\$ 14,256,133</u>	<u>\$ 13,097,290</u>	<u>\$ 12,838,256</u>	<u>\$ 29,835,481</u>	<u>\$ 27,094,389</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	
	2024	2023	2024	2023	2024	2023
Program revenues						
Charges for services	\$ 1,234,345	\$ 1,071,691	\$ 2,248,672	\$ 2,245,929	\$ 3,483,017	\$ 3,317,620
Operating grants and contributions	42,650	256,514	-	-	42,650	256,514
Capital grants and contributions	-	100,000	151,339	176,662	151,339	276,662
Total program revenues	<u>1,276,995</u>	<u>1,428,205</u>	<u>2,400,011</u>	<u>2,422,591</u>	<u>3,677,006</u>	<u>3,850,796</u>
General revenues						
Property taxes	509,274	483,683	-	-	509,274	483,683
Transient room taxes	2,540,821	2,115,949	-	-	2,540,821	2,115,949
Alcohol, cigarette, and other taxes	92,736	73,712	-	-	92,736	73,712
Investment earnings	452,988	220,695	69,023	37,156	522,011	257,851
Miscellaneous	47,508	111,089	23,190	174,533	70,698	285,622
Total general revenues	<u>3,643,327</u>	<u>3,005,128</u>	<u>92,213</u>	<u>211,689</u>	<u>3,735,540</u>	<u>3,216,817</u>
Total revenues	<u>4,920,322</u>	<u>4,433,333</u>	<u>2,492,224</u>	<u>2,634,280</u>	<u>7,412,546</u>	<u>7,067,613</u>
Program expenses						
General government	1,272,020	1,146,452	-	-	1,272,020	1,146,452
Public safety	936,715	688,720	-	-	936,715	688,720
Roads and streets	423,989	420,276	-	-	423,989	420,276
Interest on long-term debt	17,700	15,288	-	-	17,700	15,288
Water	-	-	1,009,722	913,622	1,009,722	913,622
Sewer	-	-	1,011,308	906,150	1,011,308	906,150
Total program expenses	<u>2,650,424</u>	<u>2,270,736</u>	<u>2,021,030</u>	<u>1,819,772</u>	<u>4,671,454</u>	<u>4,090,508</u>
Transfers and contributed capital	<u>212,160</u>	<u>408,247</u>	<u>(212,160)</u>	<u>(408,247)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>2,482,058</u>	<u>2,570,844</u>	<u>259,034</u>	<u>406,261</u>	<u>2,741,092</u>	<u>2,977,105</u>
Net position - beginning 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>
Net position - end of year	<u>\$ 16,738,191</u>	<u>\$ 14,256,133</u>	<u>\$ 13,097,290</u>	<u>\$ 12,838,256</u>	<u>\$ 29,835,481</u>	<u>\$ 27,094,389</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 \$4,205,133. This amount included \$24,222 of nonspendable amounts related to prepaid expenses, \$1,478,508 restricted for tourism and \$146,342 assigned to special projects. The remaining \$2,556,061 constitutes unassigned fund balance, which is available for spending at the City's discretion.

Significant Changes in Major Governmental Fund Balances

- General Fund: The 163.6% increase in nonspendable fund balance can be attributed to an increase in prepaid expenses.
- General Fund: The 47.7% increase in unassigned fund balance can be attributed to higher than estimated revenues and expenditure reductions.
- Transient Room Tax Fund: The City determined that \$870,552 of the fund balance should be restricted for tourism; therefore, the decrease in assigned fund balance can be attributed to the reassignment of the fund balance to restricted purposes.
- Project and Equipment Reserve Fund: The City determined that the entire fund balance of \$607,956 should be restricted for tourism projects; therefore, the decrease in assigned fund balance can be attributed to the reassignment of the fund balance to restricted purposes, along with current year project expenditures.

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 \$12,465,969 at year end. Of this amount, \$7,969,282 was invested in capital assets, net of related debt. The remaining balance included \$1,510,445 restricted for system development and \$2,986,242 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, 2024 include:

- Licenses, permits, and fees were budgeted for \$455,700. Actual revenue was \$635,694 (39.5% over budget) due to increases in short-term rentals and construction permits.
- Investment earnings were budgeted for \$13,350. Actual revenue was \$278,063 (1982.9% over budget) due to an increase in investment interest rates.
- Other taxes were budgeted for \$30,000. Actual revenue was \$63,587 (112% over budget) due to conservative budgeting and unanticipated revenues.
- Expenditures for administration were budgeted for \$908,575. Actual expenditures were \$637,470 (29.8% under budget) due to reduced costs for contract planning, along with other unneeded costs.
- Expenditures for public safety were budgeted for \$629,712. Actual expenditures were \$294,839 (53.2% under budget) due to less than anticipated contracting costs with the Tillamook Sheriff's Department.

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, 2024 amounted to \$9,840,951 and \$7,969,282, net of accumulated depreciation and amortization, respectively. This investment in capital assets includes land, construction in progress, buildings, machinery and equipment, intangibles, vehicles, infrastructure, intangible right to use lease assets for a copier and a postage meter, and an intangible right to use SBITA asset for a postage subscription. The total depreciation and amortization 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 \$404,405 and \$515,091, respectively.

Additional information on the City's capital assets can be found in Note III-C on pages 39 through 42 of this report.

Long-Term Liabilities

At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$1,613,391, including unamortized premium on bonds of \$178,134. This amount is comprised of two equipment leases, one SBITA, and bonds payable. The City's total debt decreased by \$284,616 during the current fiscal year.

Additional information on the City's long-term debt can be found in Note III-F on pages 44 through 46 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 are expected to continue to increase in future years.
- 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 2024-2025.

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, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets			
Cash and cash equivalents	\$ 4,596,312	\$ 3,374,371	\$ 7,970,683
Accounts receivable, net	183,056	408,724	591,780
Property taxes receivable	19,454	-	19,454
Lease receivable, current portion	11,168	-	11,168
Inventories	-	75,503	75,503
Prepays and deposits	383,446	26,045	409,491
Total current assets	5,193,436	3,884,643	9,078,079
Restricted assets			
Cash and cash equivalents	4,143,533	2,148,576	6,292,109
Accounts receivable, net	195,925	-	195,925
Total restricted assets	4,339,458	2,148,576	6,488,034
Noncurrent assets			
Capital assets			
Land and construction in progress	4,668,204	867,891	5,536,095
Capital assets, net of accumulated depreciation	5,147,491	7,101,391	12,248,882
Right to use lease assets, net of accumulated amortization	23,187	-	23,187
Right to use SBITA asset, net of accumulated amortization	2,069	-	2,069
Total capital assets	9,840,951	7,969,282	17,810,233
Net OPEB asset - RHIA	17,513	-	17,513
Total noncurrent assets	9,858,464	7,969,282	17,827,746
Total assets	19,391,358	14,002,501	33,393,859
Deferred outflows of resources			
Net deferred outflow of pension related resources	268,665	292,235	560,900
Net deferred outflow of OPEB related resources	1,913	1,188	3,101
Total deferred outflows of resources	270,578	293,423	564,001
Total assets and deferred outflows of resources	19,661,936	14,295,924	33,957,860

(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, 2024

(Continued)

	Governmental Activities	Business-Type Activities	Total
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities			
Accounts payable	\$ 233,901	\$ 69,259	\$ 303,160
Accrued payroll liabilities	2,505	-	2,505
Accrued interest payable	15,658	-	15,658
Compensated absences payable, current portion	8,659	11,478	20,137
Leases payable, current portion	5,126	-	5,126
SBITA payable, current portion	381	-	381
Bonds payable, current portion	280,000	-	280,000
Total current liabilities	546,230	80,737	626,967
Noncurrent liabilities			
Compensated absences payable, less current portion	34,636	45,913	80,549
Leases payable, less current portion	18,060	-	18,060
SBITA payable, less current portion	1,690	-	1,690
Bonds payable, less current portion	1,130,000	-	1,130,000
Bond premium	178,134	-	178,134
Net pension liability	613,985	667,848	1,281,833
Net OPEB liability - implicit rate subsidy	15,320	32,893	48,213
Total noncurrent liabilities	1,991,825	746,654	2,738,479
Total liabilities	2,538,055	827,391	3,365,446
Deferred inflows of resources			
Unavailable revenue - leases	11,168	-	11,168
Net deferred inflow of pension related resources	310,899	338,173	649,072
Net deferred inflow of OPEB related resources	29,478	33,070	62,548
Unearned grant revenue	34,145	-	34,145
Total deferred inflows of resources	385,690	371,243	756,933
Total liabilities and deferred inflows of resources	2,923,745	1,198,634	4,122,379
NET POSITION			
Net investment in capital assets	8,227,560	7,969,282	16,196,842
Restricted for:			
Debt service	1,871,014	-	1,871,014
Street maintenance	685,438	-	685,438
System development	220,680	2,141,766	2,362,446
Tourism	1,478,508	-	1,478,508
Unrestricted	4,254,991	2,986,242	7,241,233
Total net position	\$ 16,738,191	\$ 13,097,290	\$ 29,835,481

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, 2024

<u>Functions/Programs</u>	Program Revenues			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities				
General government	\$ 1,272,020	\$ 946,800	\$ 40,000	\$ -
Public safety	936,715	168,284	-	-
Roads and streets	423,989	119,261	2,650	-
Interest on long-term debt	17,700	-	-	-
Total governmental activities	<u>\$ 2,650,424</u>	<u>\$ 1,234,345</u>	<u>\$ 42,650</u>	<u>\$ -</u>
Business-type activities				
Water	\$ 1,009,722	\$ 1,367,950	\$ -	\$ 110,109
Sewer	1,011,308	880,722	-	41,230
Total business-type activities	<u>\$ 2,021,030</u>	<u>\$ 2,248,672</u>	<u>\$ -</u>	<u>\$ 151,339</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				
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
\$ (285,220)	\$ -	\$ (285,220)
(768,431)	-	(768,431)
(302,078)	-	(302,078)
<u>(17,700)</u>	<u>-</u>	<u>(17,700)</u>
<u>(1,373,429)</u>	<u>-</u>	<u>(1,373,429)</u>
-	468,337	468,337
-	<u>(89,356)</u>	<u>(89,356)</u>
-	<u>378,981</u>	<u>378,981</u>
509,274	-	509,274
2,540,821	-	2,540,821
92,736	-	92,736
452,988	69,023	522,011
<u>47,508</u>	<u>23,190</u>	<u>70,698</u>
<u>3,643,327</u>	<u>92,213</u>	<u>3,735,540</u>
<u>212,160</u>	<u>(212,160)</u>	<u>-</u>
2,482,058	259,034	2,741,092
<u>14,256,133</u>	<u>12,838,256</u>	<u>27,094,389</u>
<u>\$ 16,738,191</u>	<u>\$ 13,097,290</u>	<u>\$ 29,835,481</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund Transient Room Tax</u>	<u>Capital Projects Fund Project and Equipment Reserve</u>
ASSETS			
Cash and cash equivalents	\$ 2,672,049	\$ 739,273	\$ 711,983
Accounts receivable, net	-	309,487	-
Property taxes receivable	19,454	-	-
Lease receivable	11,168	-	-
Prepays and deposits	<u>24,222</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 2,726,893</u>	 <u>\$ 1,048,760</u>	 <u>\$ 711,983</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 82,330	\$ 31,866	\$ 104,027
Accrued payroll liabilities	<u>2,505</u>	<u>-</u>	<u>-</u>
 Total liabilities	 <u>84,835</u>	 <u>31,866</u>	 <u>104,027</u>
Deferred inflows of resources			
Unavailable revenue - property taxes	16,462	-	-
Unavailable revenue - leases	11,168	-	-
Unearned grant revenue	<u>34,145</u>	<u>-</u>	<u>-</u>
 Total deferred inflows of resources	 <u>61,775</u>	 <u>-</u>	 <u>-</u>
Fund balances			
Nonspendable	24,222	-	-
Restricted	-	870,552	607,956
Assigned	-	146,342	-
Unassigned	<u>2,556,061</u>	<u>-</u>	<u>-</u>
 Total fund balances	 <u>2,580,283</u>	 <u>1,016,894</u>	 <u>607,956</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 2,726,893</u>	 <u>\$ 1,048,760</u>	 <u>\$ 711,983</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,616,540	\$ 8,739,845
75,473	384,960
-	19,454
-	11,168
<u>359,224</u>	<u>383,446</u>
<u>\$ 5,051,237</u>	<u>\$ 9,538,873</u>
\$ 21,657	\$ 239,880
<u>-</u>	<u>2,505</u>
<u>21,657</u>	<u>242,385</u>
-	16,462
-	11,168
<u>-</u>	<u>34,145</u>
-	<u>61,775</u>
359,224	383,446
2,777,132	4,255,640
1,893,224	2,039,566
<u>-</u>	<u>2,556,061</u>
<u>5,029,580</u>	<u>9,234,713</u>
<u>\$ 5,051,237</u>	<u>\$ 9,538,873</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

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

June 30, 2024

Total fund balances		\$ 9,234,713
Capital assets are not financial resources and are therefore not reported in the governmental funds:		
Cost of capital assets	19,138,731	
Accumulated depreciation	(9,323,036)	
Cost of intangible right to use lease assets	26,859	
Cost of intangible right to use SBITA asset	2,071	
Accumulated amortization	<u>(3,674)</u>	9,840,951
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.		
		16,462
Liabilities not due or payable in the current period are not reported in the governmental funds. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:		
Accrued interest payable	(15,658)	
Compensated absences payable	(43,295)	
Leases payable	(23,186)	
SBITA payable	(2,071)	
Bonds payable	(1,410,000)	
Bond premium	<u>(178,134)</u>	(1,672,344)
Pension assets or liabilities, with related deferred outflows of resources and deferred inflows of resources, are not reported in the governmental funds, but are reported on the statement of net position. The amounts included in governmental activities on the statement of net position:		
Net pension liability	(613,985)	
Deferred outflows of pension related resources	268,665	
Deferred inflows of pension related resources	<u>(310,899)</u>	(656,219)
OPEB assets or liabilities, with related deferred outflows of resources and deferred inflows of resources, are not reported in the governmental funds, but are reported on the statement of net position. The amounts included in governmental activities on the statement of net position:		
Net OPEB asset - RHIA	17,513	
Net OPEB liability - implicit rate subsidy	(15,320)	
Deferred outflows of OPEB related resources	1,913	
Deferred inflows of OPEB related resources	<u>(29,478)</u>	<u>(25,372)</u>
Net position of governmental activities		<u>\$ 16,738,191</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, 2024

	<u>General Fund</u>	<u>Special Revenue Fund Transient Room Tax</u>	<u>Capital Projects Fund Project and Equipment Reserve</u>
REVENUES			
Taxes			
Property	\$ 506,580	\$ -	\$ -
Alcohol	28,147	-	-
Cigarette	1,002	-	-
Other taxes	63,587	-	-
Transient room taxes	-	2,540,821	-
Licenses, permits, and fees	635,694	-	-
Grants	42,000	-	-
Debt service fees	-	-	-
Charges for services	43,000	-	-
State revenue sharing	18,100	-	-
Investment earnings	278,063	19,152	3,529
Other revenue	11,873	-	-
Total revenues	<u>1,628,046</u>	<u>2,559,973</u>	<u>3,529</u>
EXPENDITURES			
Current			
Administration	630,390	-	-
General services	-	334,715	-
Public safety	294,343	-	-
Fire protection	642,810	-	-
Highways and streets	-	-	-
Debt service	101,926	-	-
Capital outlay	7,080	-	2,209,157
Total expenditures	<u>1,676,549</u>	<u>334,715</u>	<u>2,209,157</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(48,503)</u>	<u>2,225,258</u>	<u>(2,205,628)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	986,151	-	1,190,481
Transfers out	(94,370)	(2,829,165)	-
Contributed capital out	-	-	-
Total other financing sources (uses)	<u>891,781</u>	<u>(2,829,165)</u>	<u>1,190,481</u>
Net change in fund balances	843,278	(603,907)	(1,015,147)
Fund balances - beginning, as restated	<u>1,737,005</u>	<u>1,620,801</u>	<u>1,623,103</u>
Fund balances - ending	<u>\$ 2,580,283</u>	<u>\$ 1,016,894</u>	<u>\$ 607,956</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 506,580
-	28,147
-	1,002
-	63,587
-	2,540,821
14,400	650,094
650	42,650
410,228	410,228
-	43,000
119,261	137,361
144,147	444,891
-	11,873
<u>688,686</u>	<u>4,880,234</u>
-	630,390
-	334,715
-	294,343
10,000	652,810
271,916	271,916
247,700	349,626
56,921	2,273,158
<u>586,537</u>	<u>4,806,958</u>
<u>102,149</u>	<u>73,276</u>
1,211,903	3,388,535
-	(2,923,535)
<u>(257,363)</u>	<u>(257,363)</u>
<u>954,540</u>	<u>207,637</u>
1,056,689	280,913
<u>3,972,891</u>	<u>8,953,800</u>
<u>\$ 5,029,580</u>	<u>\$ 9,234,713</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, 2024

Net change in fund balances \$ 280,913

Amounts reported for governmental activities on the statement of activities are different because:

Governmental funds report capital outlay as expenditures; however, on the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	2,319,777	
Less current year depreciation	<u>(382,548)</u>	1,937,229

Governmental funds report the costs of right to use lease assets and right to use SBITA assets as expenditures; however, on the statement of activities, the costs of these assets are allocated over the terms of the leases or subscriptions, as applicable, and reported as amortization expense.

Increase in right to use lease assets	10,173	
Current year amortization	(21,855)	
SBITA asset acquired	2,071	
Current year amortization	(2)	
Removal of right to use lease assets	232,644	
Related accumulated amortization	<u>(232,644)</u>	(9,613)

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		(8,423)
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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	3,263	
Lease liability addition	(10,173)	
Lease liability payments	18,763	
SBITA liability addition	(2,071)	
Bond premium	8,097	
Debt principal paid	<u>270,000</u>	287,879

(Continued)

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

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, 2024

(Continued)

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.	\$ 2,694
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.	(8,814)
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>193</u>
Change in net position	<u>\$ 2,482,058</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, 2024

	Business-Type Activities		
	Enterprise Funds		
	Water Operating	Sewer Operating	Sewer SDC
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets			
Cash and cash equivalents	\$ 2,341,200	\$ 1,033,171	\$ -
Accounts receivable, net	216,612	192,112	-
Inventories	71,354	4,149	-
Prepays and deposits	14,762	11,283	-
Total current assets	<u>2,643,928</u>	<u>1,240,715</u>	<u>-</u>
Restricted assets			
Cash and cash equivalents	-	-	1,510,445
Capital assets			
Construction in progress	867,891	-	-
Capital assets, net of accumulated depreciation	4,635,580	2,465,811	-
Total capital assets	<u>5,503,471</u>	<u>2,465,811</u>	<u>-</u>
Total assets	<u>8,147,399</u>	<u>3,706,526</u>	<u>1,510,445</u>
Deferred outflows of resources			
Net deferred outflow of pension related resources	148,621	143,614	-
Net deferred outflow of OPEB related resources	619	569	-
Total deferred outflows of resources	<u>149,240</u>	<u>144,183</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>8,296,639</u>	<u>3,850,709</u>	<u>1,510,445</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>
\$ -	\$ 3,374,371
-	408,724
-	75,503
-	26,045
-	<u>3,884,643</u>
<u>638,131</u>	<u>2,148,576</u>
-	867,891
-	<u>7,101,391</u>
-	<u>7,969,282</u>
<u>638,131</u>	<u>14,002,501</u>
-	292,235
-	<u>1,188</u>
-	<u>293,423</u>
<u>638,131</u>	<u>14,295,924</u>

(Continued)

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2024

(Continued)

	Business-Type Activities		
	Enterprise Funds		
	Water Operating	Sewer Operating	Sewer SDC
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities			
Accounts payable	\$ 38,269	\$ 24,180	\$ -
Compensated absences payable, current portion	5,827	5,651	-
Total current liabilities	44,096	29,831	-
Noncurrent liabilities			
Compensated absences payable, less current portion	23,309	22,604	-
Net pension liability	339,645	328,203	-
Net OPEB liability	16,830	16,063	-
Total noncurrent liabilities	379,784	366,870	-
Total liabilities	423,880	396,701	-
Deferred inflows of resources			
Net deferred inflow of pension related resources	171,984	166,189	-
Net deferred inflow of OPEB related resources	17,010	16,060	-
Total deferred inflows of resources	188,994	182,249	-
Total liabilities and deferred inflows of resources	612,874	578,950	-
NET POSITION			
Net investment in capital assets	5,503,471	2,465,811	-
Restricted for system development	-	-	1,510,445
Unrestricted	2,180,294	805,948	-
Total net position	\$ 7,683,765	\$ 3,271,759	\$ 1,510,445

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>
\$ 6,810	\$ 69,259
<u>-</u>	<u>11,478</u>
6,810	80,737
-	45,913
-	667,848
<u>-</u>	<u>32,893</u>
-	746,654
<u>6,810</u>	<u>827,391</u>
-	338,173
<u>-</u>	<u>33,070</u>
-	371,243
<u>6,810</u>	<u>1,198,634</u>
-	7,969,282
631,321	2,141,766
<u>-</u>	<u>2,986,242</u>
<u>\$ 631,321</u>	<u>\$ 13,097,290</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, 2024

	Business-Type Activities		
	Enterprise Funds		
	Water Operating	Sewer Operating	Sewer SDC
Operating revenues			
Charges for sales and services			
Water sales	\$ 1,367,950	\$ -	\$ -
Sewer charges	-	880,722	-
Total operating revenues	<u>1,367,950</u>	<u>880,722</u>	<u>-</u>
Operating expenses			
Personnel services	432,621	417,073	-
Materials and supplies	306,025	300,923	53,820
Depreciation	275,599	239,492	-
Total operating expenses	<u>1,014,245</u>	<u>957,488</u>	<u>53,820</u>
Operating income (loss)	<u>353,705</u>	<u>(76,766)</u>	<u>(53,820)</u>
Nonoperating revenues (expenses)			
System development charges	-	-	41,230
Investment earnings	20,779	41,027	2,607
Other income (expense)	20,636	2,554	-
Total nonoperating revenues (expenses)	<u>41,415</u>	<u>43,581</u>	<u>43,837</u>
Income (loss) before transfers and contributed capital	<u>395,120</u>	<u>(33,185)</u>	<u>(9,983)</u>
Transfers out	(345,000)	(120,000)	-
Contributed capital in	387,021	-	-
Contributed capital out	-	(2,411)	-
Total transfers and contributed capital	<u>42,021</u>	<u>(122,411)</u>	<u>-</u>
Change in net position	437,141	(155,596)	(9,983)
Total net position - beginning	<u>7,246,624</u>	<u>3,427,355</u>	<u>1,520,428</u>
Total net position - ending	<u>\$ 7,683,765</u>	<u>\$ 3,271,759</u>	<u>\$ 1,510,445</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>
\$ -	\$ 1,367,950
-	<u>880,722</u>
-	2,248,672
-	849,694
-	660,768
-	<u>515,091</u>
-	2,025,553
-	<u>223,119</u>
110,109	151,339
4,610	69,023
-	<u>23,190</u>
<u>114,719</u>	<u>243,552</u>
<u>114,719</u>	<u>466,671</u>
-	(465,000)
-	387,021
<u>(127,247)</u>	<u>(129,658)</u>
<u>(127,247)</u>	<u>(207,637)</u>
(12,528)	259,034
<u>643,849</u>	<u>12,838,256</u>
<u>\$ 631,321</u>	<u>\$ 13,097,290</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended June 30, 2024

	Business-Type Activities	
	Enterprise Funds	
	Water Operating	Sewer Operating
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 1,358,622	\$ 870,768
Cash payments to employees	(540,898)	(520,007)
Cash payments to suppliers	(244,567)	(283,244)
Net cash provided (used) by operating activities	573,157	67,517
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	20,779	41,027
Net cash provided (used) by investing activities	20,779	41,027
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	(345,000)	(120,000)
Other income (expense)	20,636	2,554
Net cash provided (used) by noncapital financing activities	(324,364)	(117,446)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
System development charges	-	-
Purchase of capital assets	(192,078)	(40,912)
Net cash provided (used) by capital and related financing activities	(192,078)	(40,912)
Net increase (decrease) in cash and cash equivalents	77,494	(49,814)
Cash and cash equivalents - beginning (including \$1,520,428 and \$739,675 for the Sewer SDC and Water SDC Funds, respectively, reported in restricted accounts)	2,263,706	1,082,985
Cash and cash equivalents - ending (including \$1,510,445 and \$638,131 for the Sewer SDC and Water SDC Funds, respectively, reported in restricted accounts)	\$ 2,341,200	\$ 1,033,171
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Contributed capital in for purchase of capital assets	\$ 387,021	\$ -
Contributed capital out for purchase of capital assets	-	(2,411)

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

Business-Type Activities		
Enterprise Funds		
Sewer SDC	Nonmajor Water SDC	Total
\$ -	\$ -	\$ 2,229,390
-	-	(1,060,905)
<u>(53,820)</u>	<u>(89,016)</u>	<u>(670,647)</u>
<u>(53,820)</u>	<u>(89,016)</u>	<u>497,838</u>
<u>2,607</u>	<u>4,610</u>	<u>69,023</u>
<u>2,607</u>	<u>4,610</u>	<u>69,023</u>
-	-	(465,000)
-	-	<u>23,190</u>
-	-	<u>(441,810)</u>
41,230	110,109	151,339
<u>-</u>	<u>(127,247)</u>	<u>(360,237)</u>
<u>41,230</u>	<u>(17,138)</u>	<u>(208,898)</u>
(9,983)	(101,544)	(83,847)
<u>1,520,428</u>	<u>739,675</u>	<u>5,606,794</u>
<u>\$ 1,510,445</u>	<u>\$ 638,131</u>	<u>\$ 5,522,947</u>
\$ -	\$ -	\$ 387,021
-	(127,247)	(129,658)
		(Continued)

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2024

(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)	\$ 353,705	\$ (76,766)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	275,599	239,492
(Increase) decrease in:		
Accounts receivable	(9,328)	(9,954)
Prepays	(3,587)	(2,546)
Inventories	41,146	438
Net deferred outflow of pension related resources	34,453	32,595
Net deferred outflow of OPEB related resources	13	13
Increase (decrease) in:		
Accounts payable	23,899	19,787
Compensated absences payable	(961)	(1,025)
Net pension liability	(93,796)	(88,984)
Net OPEB liability	2,157	2,072
Net deferred inflow of pension related resources	(48,251)	(45,787)
Net deferred inflow of OPEB related resources	(1,892)	(1,818)
Net cash provided (used) by operating activities	\$ 573,157	\$ 67,517

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

Business-Type Activities		
Enterprise Funds		
Sewer SDC	Nonmajor Water SDC	Total
\$ (53,820)	\$ -	\$ 223,119
-	-	515,091
-	-	(19,282)
-	-	(6,133)
-	-	41,584
-	-	67,048
-	-	26
-	(89,016)	(45,330)
-	-	(1,986)
-	-	(182,780)
-	-	4,229
-	-	(94,038)
-	-	(3,710)
<u>\$ (53,820)</u>	<u>\$ (89,016)</u>	<u>\$ 497,838</u>

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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, 2024

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 Fund

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

Capital Projects Fund

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

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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Enterprise Funds (Continued)

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

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.

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 was used to account for restricted donations received by the City. The primary source of revenue was transfers from other funds. During the year ended June 30, 2024, the City closed the Donation Reserve Fund.

Debt Service Funds

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

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

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

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

Capital Projects Funds

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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Projects Funds (Continued)

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, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position, and Fund Balance

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, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position, and Fund Balance (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. Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The costs of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

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, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position, and Fund Balance (Continued)

7. Capital Assets (Continued)

The City has also 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, which are discussed in Note III-F.

The City has recorded intangible right to use subscription-based information technology arrangement (SBITA) assets in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The right to use SBITA assets are initially measured at an amount equal to the initial subscription liability plus any payments made prior to commencement of the subscription term, less incentives received from the SBITA vendor at or before the commencement of the subscription term, plus capitalizable implementation costs. The right to use SBITA assets are amortized on a straight-line basis over the terms of the related subscriptions, which are discussed in Note III-F.

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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position, and Fund Balance (Continued)

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.

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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position, and Fund Balance (Continued)

11. Deferred Outflows and Inflows of Resources (Continued)

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.

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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position, and Fund Balance (Continued)

12. Fund Balance (Continued)

- 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.

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.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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. All funds have appropriations by department. The detailed budget document, however, is required to contain specific detailed information for expenditure categories and management may revise the detailed line-item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the city council at a regular council meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the city council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the city council. During the year, there were no supplemental budgets. The City does not use encumbrances and appropriations lapse at year end.

Budget amounts shown in the financial statements reflect the original budget amounts.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

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

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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

A. Deposits and Investments (Continued)

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

Credit Risk

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

Investments

As of June 30, 2024, 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>\$ 13,686,996</u>

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk – Investments

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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

A. Deposits and Investments (Continued)

Custodial Credit Risk – Deposits

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

The City holds accounts at US Bank and 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, 2024, the City had deposits of \$295,111 insured by the FDIC and \$679,070 covered by the PFCP.

Deposits

The City's deposits and investments at June 30, 2024 are as follows:

Cash on hand	\$ 200
Checking and savings accounts	575,596
Total investments	<u>13,686,996</u>
Total deposits and investments	<u>\$ 14,262,792</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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	\$ 2,672,049
Transient Room Tax Fund	26,873
Nonmajor governmental funds	<u>1,897,390</u>
Total governmental activities - unrestricted	<u>4,596,312</u>
Business-type activities - unrestricted	
Water Operating Fund	2,341,200
Sewer Operating Fund	<u>1,033,171</u>
Total business-type activities - unrestricted	<u>3,374,371</u>
Total unrestricted cash and investments	<u>7,970,683</u>
Governmental activities - restricted	
Project and Equipment Reserve Fund	711,983
Transient Room Tax Fund	712,400
Nonmajor governmental funds	<u>2,719,150</u>
Total governmental activities - restricted	<u>4,143,533</u>
Business-type activities - restricted	
Sewer SDC Fund	1,510,445
Nonmajor proprietary fund - Water SDC Fund	<u>638,131</u>
Total business-type activities - restricted	<u>2,148,576</u>
Total restricted cash and investments	<u>6,292,109</u>
Total cash and investments	<u>\$ 14,262,792</u>

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

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, 2024, the City recognized lease revenue in the amount of \$10,840.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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

C. Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 2,137,199	\$ -	\$ -	\$ 2,137,199
Construction in progress	250,525	2,280,480	-	2,531,005
Total capital assets not being depreciated	2,387,724	2,280,480	-	4,668,204
Capital assets being depreciated				
Buildings	2,383,895	-	-	2,383,895
Machinery and equipment	1,095,790	39,297	-	1,135,087
Intangibles	8,550	-	-	8,550
Vehicles	1,041,248	-	-	1,041,248
Infrastructure	9,901,747	-	-	9,901,747
Total capital assets being depreciated	14,431,230	39,297	-	14,470,527
Less accumulated depreciation for				
Buildings	(1,088,683)	(70,327)	-	(1,159,010)
Machinery and equipment	(495,209)	(55,567)	-	(550,776)
Intangibles	(8,550)	-	-	(8,550)
Vehicles	(873,292)	(38,982)	-	(912,274)
Infrastructure	(6,474,754)	(217,672)	-	(6,692,426)
Total accumulated depreciation	(8,940,488)	(382,548)	-	(9,323,036)
Total capital assets being depreciated, net	5,490,742	(343,251)	-	5,147,491
Capital assets being amortized				
Intangibles - right to use lease assets				
Phone and network	203,148	-	203,148	-
Postage meter	29,496	-	29,496	-
2023 copier	16,686	-	-	16,686
2024 postage meter	-	10,173	-	10,173
Intangibles - right to use SBITA asset				
Postage subscription	-	2,071	-	2,071
Total capital assets being amortized	249,330	12,244	232,644	28,930

(Continued)

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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

C. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
(Continued)				
Governmental activities				
Less accumulated amortization for				
Intangibles - right to use lease assets				
Phone and network	\$ (189,603)	\$ (13,545)	\$ (203,148)	\$ -
Postage meter	(24,580)	(4,916)	(29,496)	-
2023 copier	(278)	(3,337)	-	(3,615)
2024 postage machine	-	(57)	-	(57)
Intangibles - right to use SBITA asset				
Postage subscription	-	(2)	-	(2)
Total accumulated amortization	<u>(214,461)</u>	<u>(21,857)</u>	<u>(232,644)</u>	<u>(3,674)</u>
Total capital assets being amortized, net	<u>34,869</u>	<u>(9,613)</u>	<u>-</u>	<u>25,256</u>
Governmental activities capital assets, net	<u>\$ 7,913,335</u>	<u>\$ 1,927,616</u>	<u>\$ -</u>	<u>\$ 9,840,951</u>
Business-type activities				
Capital assets not being depreciated				
Construction in progress	\$ 552,550	\$ 402,882	\$ 87,541	\$ 867,891
Capital assets being depreciated				
Buildings	2,159,494	-	-	2,159,494
Machinery and equipment	305,220	-	4,605	300,615
Vehicles	163,694	77,003	20,908	219,789
Infrastructure	<u>12,629,698</u>	<u>225,334</u>	<u>-</u>	<u>12,855,032</u>
Total capital assets being depreciated	<u>15,258,106</u>	<u>302,337</u>	<u>25,513</u>	<u>15,534,930</u>
Less accumulated depreciation for				
Buildings	(658,865)	(44,330)	-	(703,195)
Machinery and equipment	(261,692)	(6,637)	(4,527)	(263,802)
Vehicles	(104,486)	(20,282)	(20,908)	(103,860)
Infrastructure	<u>(6,918,840)</u>	<u>(443,842)</u>	<u>-</u>	<u>(7,362,682)</u>
Total accumulated depreciation	<u>(7,943,883)</u>	<u>(515,091)</u>	<u>(25,435)</u>	<u>(8,433,539)</u>
Total capital assets being depreciated, net	<u>7,314,223</u>	<u>(212,754)</u>	<u>78</u>	<u>7,101,391</u>
Business-type activities capital assets, net	<u>\$ 7,866,773</u>	<u>\$ 190,128</u>	<u>\$ 87,619</u>	<u>\$ 7,969,282</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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

C. Capital Assets (Continued)

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

	Capital Assets	Accumulated Depreciation/ Amortization	Net Capital Assets
Governmental activities			
Land	\$ 2,137,199	\$ -	\$ 2,137,199
Construction in progress	2,531,005	-	2,531,005
Buildings	2,383,895	(1,159,010)	1,224,885
Machinery and equipment	1,135,087	(550,776)	584,311
Intangibles	8,550	(8,550)	-
Vehicles	1,041,248	(912,274)	128,974
Infrastructure	9,901,747	(6,692,426)	3,209,321
Intangibles - right to use lease assets			
2023 copier	16,686	(3,615)	13,071
2024 postage meter	10,173	(57)	10,116
Intangibles - right to use SBITA asset			
Postage subscription	2,071	(2)	2,069
Total governmental activities capital assets	19,167,661	(9,326,710)	9,840,951
Business-type activities			
Construction in progress	867,891	-	867,891
Buildings	2,159,494	(703,195)	1,456,299
Machinery and equipment	300,615	(263,802)	36,813
Vehicles	219,789	(103,860)	115,929
Infrastructure	12,855,032	(7,362,682)	5,492,350
Total business-type activities capital assets	16,402,821	(8,433,539)	7,969,282
Total capital assets	\$ 35,570,482	\$ (17,760,249)	\$ 17,810,233

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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

C. Capital Assets (Continued)

Depreciation expense and amortization expense were charged to functions/programs of the City as follows:

Governmental activities	
Depreciation expense	
General government	\$ 149,723
Public safety	83,872
Roads and streets	148,953
Amortization expense	
General government	<u>21,857</u>
Total governmental activities	<u>\$ 404,405</u>
Business-type activities	
Depreciation expense	
Water	\$ 239,492
Sewer	<u>275,599</u>
Total business-type activities	<u>\$ 515,091</u>

D. 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	Project and Equipment Reserve Fund	Nonmajor Governmental Funds	
Transfers out:				
Governmental activities				
General Fund	\$ -	\$ -	\$ 94,370	\$ 94,370
Transient Room Tax Fund	<u>896,151</u>	<u>1,190,481</u>	<u>742,533</u>	<u>2,829,165</u>
Total governmental activities	<u>896,151</u>	<u>1,190,481</u>	<u>836,903</u>	<u>2,923,535</u>
Business-type activities				
Water Operating Fund	45,000	-	300,000	345,000
Sewer Operating Fund	<u>45,000</u>	<u>-</u>	<u>75,000</u>	<u>120,000</u>
Total business-type activities	<u>90,000</u>	<u>-</u>	<u>375,000</u>	<u>465,000</u>
Total	<u>\$ 986,151</u>	<u>\$ 1,190,481</u>	<u>\$ 1,211,903</u>	<u>\$ 3,388,535</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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

D. Interfund Transfers (Continued)

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.

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

Nonmajor Governmental Funds

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

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

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

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

E. 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	\$ 34,872	\$ 8,423	\$ -	\$ 43,295	\$ 8,659
Business-type activities					
Compensated absences	\$ 59,377	\$ -	\$ 1,986	\$ 57,391	\$ 11,478

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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

F. Long-Term Liabilities

1. Changes in Long-Term Liabilities

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

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
Leases payable							
Phone and network	3%	\$ 203,148	\$ 10,896	\$ -	\$ 10,896	\$ -	\$ -
Postage meter	3%	29,496	4,711	-	4,711	-	-
2023 copier	3%	16,686	16,169	-	3,156	13,013	3,252
2024 postage meter	8%	10,173	-	10,173	-	10,173	1,874
Total leases payable		<u>259,503</u>	<u>31,776</u>	<u>10,173</u>	<u>18,763</u>	<u>23,186</u>	<u>5,126</u>
SBITAs payable							
2024 postage subscription	8%	2,071	-	2,071	-	2,071	381
Bonds							
Series 2020	3%	2,190,000	1,680,000	-	270,000	1,410,000	280,000
Unamortized premium on bonds	N/A	202,427	186,231	-	8,097	178,134	-
Total bonds		<u>2,392,427</u>	<u>1,866,231</u>	<u>-</u>	<u>278,097</u>	<u>1,588,134</u>	<u>280,000</u>
Total long-term liabilities		<u>\$ 2,654,001</u>	<u>\$ 1,898,007</u>	<u>\$ 12,244</u>	<u>\$ 296,860</u>	<u>\$ 1,613,391</u>	<u>\$ 285,507</u>

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. Phone and Network Lease

The agreement was executed on October 31, 2018 to lease a phone and networking system and required 60 monthly payments of \$3,650.30. The lease liability was measured at an implied discount rate of 3%. Right to use lease asset activity can be found in Note III-C. As of June 30, 2024, the lease had been paid in full.

b. Postage Meter Lease

The agreement was executed on April 30, 2019 to lease a postage meter and required 60 monthly payments of \$530. The lease liability was measured at an implied discount rate of 3%. Right to use lease asset activity can be found in Note III-C. As of June 30, 2024, the lease had been paid in full.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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

F. Long-Term Liabilities (Continued)

2. Leases Payable (Continued)

c. 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 8%. As a result of the lease, the City has recorded a right to use lease asset with a net book value of \$13,071 on June 30, 2024. Right to use lease asset activity can be found in Note III-C.

d. 2024 Postage Meter Lease

The agreement was executed on June 20, 2024 to lease a copier and requires 60 monthly payments of \$206.27. The lease liability is measured at an implied discount rate of 8%. As a result of the lease, the City has recorded a right to use lease asset with a net book value of \$10,116 on June 30, 2024. Right to use lease asset activity can be found in Note III-C.

3. SBITA Payable

The City has entered into a subscription-based information technology arrangement (SBITA) and is reported in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

a. Postage Subscription

An agreement was executed on June 28, 2024 for a postage subscription and requires 60 monthly payments of \$42. The SBITA liability is measured at an implied discount rate of 8%. The City has recorded a right to use SBITA asset with a net book value of \$2,069 on June 30, 2024. Right to use SBITA asset activity can be found in Note III-C.

4. Governmental Activity Series 2020 Bonds

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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

F. Long-Term Liabilities (Continued)

5. Governmental Activity Future Maturities of Long-Term Liabilities

The future minimum long-term liability obligations and the net present values of the minimum lease payments as of June 30, 2024 are as follows:

Year Ending June 30	Leases		SBITA		Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 5,126	\$ 1,086	\$ 381	\$ 150	\$ 280,000	\$ 38,100	\$ 285,507	\$ 39,336
2026	5,230	843	383	121	75,000	32,775	80,613	33,739
2027	5,488	585	414	90	80,000	30,450	85,902	31,125
2028	2,204	312	449	55	85,000	27,975	87,653	28,342
2029	5,138	88	444	18	85,000	25,425	90,582	25,531
2030-2034	-	-	-	-	275,000	97,275	275,000	97,275
2035-2039	-	-	-	-	195,000	65,175	195,000	65,175
2040-2044	-	-	-	-	235,000	33,075	235,000	33,075
2045-2046	-	-	-	-	100,000	3,000	100,000	3,000
	<u>\$ 23,186</u>	<u>\$ 2,914</u>	<u>\$ 2,071</u>	<u>\$ 434</u>	<u>\$ 1,410,000</u>	<u>\$ 353,250</u>	<u>\$ 1,435,257</u>	<u>\$ 356,598</u>

G. Constraints on Fund Balances

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

	General Fund	Transient Room Tax Fund	Project and Equipment Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable - prepaids	\$ 24,222	\$ -	\$ -	\$ 359,224	\$ 383,446
Restricted for:					
Debt service	-	-	-	1,871,014	1,871,014
Street maintenance	-	-	-	685,438	685,438
System development	-	-	-	220,680	220,680
Tourism	-	870,552	607,956	-	1,478,508
Assigned to:					
Fire equipment	-	-	-	369,368	369,368
Special projects	-	146,342	-	-	146,342
Debt service	-	-	-	137	137
System improvements	-	-	-	1,523,719	1,523,719
Unassigned	<u>2,556,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,556,061</u>
Total fund balances	<u>\$ 2,580,283</u>	<u>\$ 1,016,894</u>	<u>\$ 607,956</u>	<u>\$ 5,029,580</u>	<u>\$ 9,234,713</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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>.

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

IV. PENSION PLAN (Continued)

B. Benefits Provided (Continued)

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

Death Benefits

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

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

A member's beneficiary may choose a monthly payment for life instead of a lump sum or a combination of a lump sum and monthly payments. The monthly payment must be a minimum of \$200 per month for deaths that occur after July 30, 2003.

As of 2020, the Oregon Legislature introduced an Optional Spouse Death Benefit (OSDB), which may provide a higher survivor benefit than the standard pre-retirement death benefit described above. To be eligible for the OSDB, the member must have died before retiring, named their spouse or other person who is constitutionally required to be treated in the same manner as the spouse as their pre-retirement beneficiary, and met the following conditions:

- the member's date of death is on or after January 1, 2020,
- the member's account is eligible for the employer-matching death benefit (as described above),
- the member has a surviving spouse, and
- the surviving spouse is the member's sole beneficiary as determined by a valid Tier One/Tier Two Pre-Retirement Beneficiary Designation form on file with PERS.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

IV. PENSION PLAN (Continued)

B. Benefits Provided (Continued)

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

Death Benefits (Continued)

The surviving spouse must make written election no later than 60 days after the member's date of death. For members who die before their earliest retirement date, the OSDB is the actuarial equivalent of 50% of the service retirement that would have been paid to the member, calculated as if the member became inactive on their date of death and retired at their earliest retirement date. For members who die after their earliest retirement date, but before normal retirement age, the OSDB is the actuarial equivalent of the service retirement that would have been paid to the member, calculated as if they retired on the first day of the month following their death. For members who die after their normal retirement age, the OSDB is the actuarial equivalent of the benefit that would have been paid to the member, calculated as if the member retired on the first day of the month following their date of death.

The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached the age of their federally required minimum distribution.

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.

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), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0%.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

IV. PENSION PLAN (Continued)

B. Benefits Provided (Continued)

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

Pension Benefits

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

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

Police and fire: 1.8% is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To retire under the police and fire classification, the individual's last 60 months of retirement credit preceding retirement eligibility must be classified as retirement credit for service as a police officer or a firefighter.

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

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

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50% of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached the age of their federally required minimum distribution.

Disability Benefits

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

IV. PENSION PLAN (Continued)

B. Benefits Provided (Continued)

3. OPSRP Individual Account Program (IAP) (Defined Contribution)

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 their employee account, rollover account, and vested employer-funded 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. Installment amounts vary with market returns as the account remains invested while in distribution. When chosen, the distribution option must result in a \$200 minimum distribution amount, or the frequency of the installments will be adjusted to reach that minimum.

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, 2021 actuarial valuation, which became effective July 1, 2023. 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, 2024 were \$248,615, excluding amounts to fund employer-specific liabilities. The rates in effect for the fiscal year ended June 30, 2024 were 25.04% for Tier One/Tier Two general service members, 25.04% for Tier One/Tier Two police and fire members, 18.68% for OPSRP Pension Program general service members, 23.47% for OPSRP Pension Program police and fire members, and 6% for OPSRP IAP.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

IV. PENSION PLAN (Continued)

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

At June 30, 2024, the City reported a liability of \$1,281,833 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to June 30, 2023. 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, 2023, the City's proportion was 0.0068%, which decreased from its proportion of 0.0094% measured as of June 30, 2022.

For the year ended June 30, 2024, the City recognized pension expense of \$(200,956). At June 30, 2024, 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	\$ 62,686	\$ 5,083
Change in assumptions	113,870	849
Net difference between projected and actual earnings on investments	23,040	-
Change in proportionate share	94,289	474,105
Differences between employer contributions and proportionate share of contributions	18,400	169,035
Total (prior to post measurement date contributions)	312,285	649,072
Contributions subsequent to the measurement date	248,615	-
Total	\$ 560,900	\$ 649,072

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

IV. PENSION PLAN (Continued)

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

Deferred outflows of resources related to pensions of \$248,615 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, 2025. 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
2025	\$ 66,893	\$ 207,895
2026	5,376	179,277
2027	169,504	137,775
2028	65,888	95,126
2029	4,624	28,999
	\$ 312,285	\$ 649,072

E. Actuarial Assumptions

The employer contribution rates effective July 1, 2023 through June 30, 2025, 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, 2024

IV. PENSION PLAN (Continued)

E. Actuarial Assumptions (Continued)

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2021
Measurement Date	June 30, 2023
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, 2024

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 January 2023, 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 January 25, 2023.

Asset Class	Target Allocation
Cash	0.00 %
Debt Securities	25.00 %
Public Equity	27.50 %
Private Equity	20.00 %
Real Estate	12.50 %
Real Assets	7.50 %
Diversifying Strategies	<u>7.50 %</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	27.50 %	7.07 %
Private Equity	25.50 %	8.83 %
Core Fixed Income	25.00 %	4.50 %
Real Estate	12.25 %	5.83 %
Master Limited Partnerships	0.75 %	6.02 %
Infrastructure	1.50 %	6.51 %
Hedge Fund of Funds - Multistrategy	1.25 %	6.27 %
Hedge Fund Equity - Hedge	0.63 %	6.48 %
Hedge Fund - Macro	<u>5.62 %</u>	4.83 %
Total	<u>100.00 %</u>	
Assumed Inflation - Mean		2.35 %

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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, 2024

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)	\$ 2,117,346	\$ 1,281,833	\$ 582,596

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

There have been no changes in plan provisions during the July 1, 2022 through June 30, 2023 measurement period.

L. Changes in Plan Provisions Subsequent to Measurement Date

There have been no changes in plan provisions subsequent to the June 30, 2023 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, 2024

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	\$ 48,213	\$ (17,513)	\$ 30,700
Deferred outflows of resources			
Change in proportionate share	-	999	999
Change in assumptions	1,755	-	1,755
Difference between projected and actual earnings on investments	-	50	50
Contributions after measurement date	289	8	297
Total deferred outflows of resources	2,044	1,057	3,101
Deferred inflows of resources			
Difference between expected and actual experience	(42,084)	(440)	(42,524)
Change in proportionate share	-	(1,460)	(1,460)
Change in assumptions	(18,375)	(189)	(18,564)
Total deferred inflows of resources	(60,459)	(2,089)	(62,548)
OPEB expense (Included in program expenses on statement of activities)	1,327	(670)	657

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, 2024

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 \$48,213 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

For the fiscal year ended June 30, 2024, the City recognized OPEB expense from this plan of \$1,327. At June 30, 2024, 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	\$ -	\$ 42,084
Change in assumptions	1,755	18,375
Total (prior to benefit payments)	1,755	60,459
Benefit payments	289	-
Total	\$ 2,044	\$ 60,459

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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 \$289 resulting from the City's benefit payments 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Amortization Period Ending June 30	Deferred Outflows and Inflows
2025	\$ (7,385)
2026	(7,385)
2027	(7,385)
2028	(7,057)
2029	(5,928)
Thereafter	(23,564)
	\$ (58,704)

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	3.65% (change from 3.54% in previous measurement period)
Healthcare Cost Trend Rate	Medical and vision: 6.50% in 2024, varying between 3.75% and 6.00% in future years Dental: 4.00% per year

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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, 2023	\$ 40,150
Changes for the year:	
Service cost	7,042
Interest on total OPEB liability	1,670
Effect of assumption changes or inputs	(607)
Benefit payments	(42)
Balance as of June 30, 2024	\$ 48,213

Changes in assumptions are the result of the change in the discount rate from 3.54% to 3.65%.

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 (2.65%) or one percentage point higher (4.65%) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

	Discount Rate		
	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 54,335	\$ 48,213	\$ 42,711
	Healthcare Cost Trend		
	1% Decrease (5.50%)	Current Trend Rate (6.50%)	1% Increase (7.50%)
Total OPEB liability	\$ 40,189	\$ 48,213	\$ 58,319

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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), established by ORS 238.420, for each of its eligible employees. RHIA is a cost-sharing, multiple-employer, other postemployment benefit plan administered by PERS. 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 they (1) are receiving a retirement benefit or allowance from PERS or (2) were 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, 2021 actuarial valuation, which became effective July 1, 2023. 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 209% as of December 31, 2022. 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, 2024 amounted to \$8.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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, 2024, the City reported an asset of \$17,513 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2023, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2021 rolled forward to June 30, 2023. 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, 2023, the City's proportionate share was 0.0048%, which increased from its proportion of 0.0039% as of June 30, 2022.

For the year ended June 30, 2024, the City recognized OPEB expense from this plan of \$(670). At June 30, 2024, 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	\$ -	\$ 440
Change in assumptions	-	189
Net difference between projected and actual earnings	50	-
Change in proportionate share	999	1,460
Total (prior to post measurement date contributions)	1,049	2,089
Contributions subsequent to the measurement date	8	-
Total	\$ 1,057	\$ 2,089

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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 \$8 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, 2025. 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
2025	\$ 755	\$ 1,679
2026	(586)	410
2027	647	-
2028	233	-
	\$ 1,049	\$ 2,089

5. Actuarial Methods and Assumptions

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

6. Long-Term Expected Rate of Return

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

7. Depletion Date Projection

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

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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

8. Discount Rate

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

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)	\$ (15,919)	\$ (17,513)	\$ (18,880)

10. OPEB Plan Net Position

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

11. Changes in Plan Provisions During Measurement Period

There have been no changes in plan provisions during the July 1, 2022 through June 30, 2023 measurement period.

12. Changes in Plan Provisions Subsequent to Measurement Date

There have been no changes in plan provisions subsequent to the June 30, 2023 measurement date.

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

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, 2024.

C. Commitment

The City has ordered a fire vehicle, partially using a finance purchasing arrangement. Payments of \$86,776 will be made annually on August 1 for ten years. In addition, the City has made a payment of \$350,000, which is recorded as a prepayment. The total cost of the vehicle is \$1,006,413.

D. Restatement

Beginning fund balance was restated to reflect the closure of the Donation Reserve Fund during the year as follows:

GAAP Basis Statements		
	General Fund	Nonmajor Governmental Fund Donation Reserve
Fund balance (deficit) - beginning, as originally reported	\$ 1,739,530	\$ (2,525)
To adjust fund balance to close Donation Reserve Fund	(2,525)	2,525
Fund balance - beginning, as restated	\$ 1,737,005	\$ -
Budget Basis Statements		
	General Fund	Donation Reserve Fund
Fund balance (deficit) - beginning, as originally reported	\$ 1,733,898	\$ (2,525)
To adjust fund balance to close Donation Reserve Fund	(2,525)	2,525
Fund balance - beginning, as restated	\$ 1,731,373	\$ -

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

VI. OTHER INFORMATION (Continued)

E. New Pronouncements

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

GASB Statement No. 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.

GASB Statement No. 102, *Certain Risk Disclosures*, will be effective for the City beginning with its fiscal year ending June 30, 2025. This statement provides users of governmental financial statements the essential information about risks related to the government's vulnerabilities due to certain concentrations or constraints.

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the City beginning with its fiscal year ending June 30, 2026. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

F. Subsequent Events

Management has evaluated subsequent events through December 16, 2024, 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
2024	0.00684349%	\$ 1,281,883	\$ 1,023,959	125.18%	81.70%
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%

Changes in Benefit Terms

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			
2024	\$ 248,615	\$ 248,615	\$ -	\$ 1,273,773	19.52%			
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%			

Changes in Benefit Terms

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>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total OPEB Liability			
Service cost	\$ 7,042	\$ 10,722	\$ 10,418
Interest	1,670	1,949	1,713
Economic/demographic gains or losses	-	(40,867)	-
Change in assumptions	(607)	(11,164)	439
Benefit payments	(42)	-	(296)
Net change in total OPEB liability	8,063	(39,360)	12,274
Total OPEB liability - beginning	<u>40,150</u>	<u>79,510</u>	<u>67,236</u>
Total OPEB liability - ending	<u>\$ 48,213</u>	<u>\$ 40,150</u>	<u>\$ 79,510</u>
Covered employee payroll	\$ 1,273,773	\$ 1,023,959	\$ 905,492
Total OPEB liability as a percentage of covered employee payroll	3.79%	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 June 30, 2024, the discount rate increased to 3.65%. For June 30, 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
2024	0.00478270%	\$ (17,513)	\$ 1,023,959	-1.71%	201.60%
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	
2024	\$ 8	\$ 8	\$ -	\$ 1,273,773	0.001%	
2023	94	94	-	1,023,959	0.009%	
2022	97	97	-	905,492	0.011%	
2021	437	437	-	1,063,702	0.041%	
2020	4,464	4,464	-	1,039,294	0.430%	
2019	4,459	4,459	-	985,173	0.453%	
2018	4,786	4,786	-	1,046,607	0.457%	
2017	3,842	3,842	-	872,539	0.440%	

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, 2024

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Taxes					
Property	\$ 443,500	\$ 63,267	\$ 506,767	\$ (187)	\$ 506,580
Alcohol	26,000	2,147	28,147	-	28,147
Cigarette	1,200	(198)	1,002	-	1,002
Other taxes	30,000	33,587	63,587	-	63,587
Licenses, permits, and fees	455,700	179,994	635,694	-	635,694
Grants	-	42,000	42,000	-	42,000
Charges for services	40,500	2,500	43,000	-	43,000
State revenue sharing	20,000	(1,900)	18,100	-	18,100
Investment earnings	13,350	264,713	278,063	-	278,063
Other revenue	13,000	(1,127)	11,873	-	11,873
	<u>1,043,250</u>	<u>584,983</u>	<u>1,628,233</u>	<u>(187)</u>	<u>1,628,046</u>
EXPENDITURES					
Current					
Administration	908,575	(271,105)	637,470	-	637,470
Public safety	629,712	(334,873)	294,839	(496)	294,343
Fire protection	666,783	(23,973)	642,810	-	642,810
	<u>2,205,070</u>	<u>(629,951)</u>	<u>1,575,119</u>	<u>(496)</u>	<u>1,574,623</u>
Debt service	140,000	(38,074)	101,926	-	101,926
Contingency	200,000	(200,000)	-	-	-
	<u>2,545,070</u>	<u>(868,025)</u>	<u>1,677,045</u>	<u>(496)</u>	<u>1,676,549</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,501,820)</u>	<u>1,453,008</u>	<u>(48,812)</u>	<u>309</u>	<u>(48,503)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	986,151	-	986,151	-	986,151
Transfers out	(94,370)	-	(94,370)	-	(94,370)
	<u>891,781</u>	<u>-</u>	<u>891,781</u>	<u>-</u>	<u>891,781</u>
Net change in fund balance	(610,039)	1,453,008	842,969	309	843,278
Fund balance - beginning, as restated	<u>866,250</u>	<u>865,123</u>	<u>1,731,373</u>	<u>5,632</u>	<u>1,737,005</u>
Fund balance - ending	<u>\$ 256,211</u>	<u>\$ 2,318,131</u>	<u>\$ 2,574,342</u>	<u>\$ 5,941</u>	<u>\$ 2,580,283</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, 2024

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual	
			Budget Basis	GAAP Basis
REVENUES				
Transient room taxes	\$ 2,400,000	\$ 140,821	\$ 2,540,821	\$ 2,540,821
Investment earnings	<u>7,500</u>	<u>11,652</u>	<u>19,152</u>	<u>19,152</u>
Total revenues	<u>2,407,500</u>	<u>152,473</u>	<u>2,559,973</u>	<u>2,559,973</u>
EXPENDITURES				
Current				
Transient Room Tax Program	584,211	(249,496)	334,715	334,715
Contingency	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>594,211</u>	<u>(259,496)</u>	<u>334,715</u>	<u>334,715</u>
Excess (deficiency) of revenues over (under) expenditures	1,813,289	411,969	2,225,258	2,225,258
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(2,829,165)</u>	<u>-</u>	<u>(2,829,165)</u>	<u>(2,829,165)</u>
Net change in fund balance	(1,015,876)	411,969	(603,907)	(603,907)
Fund balance - beginning	<u>1,544,865</u>	<u>75,936</u>	<u>1,620,801</u>	<u>1,620,801</u>
Fund balance - ending	<u>\$ 528,989</u>	<u>\$ 487,905</u>	<u>\$ 1,016,894</u>	<u>\$ 1,016,894</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, 2024

	Special Revenue Funds		Debt Service Funds	
	Roads and Streets	Transportation SDC	Debt Service Reserve	Water Improvements Debt Service
ASSETS				
Cash and cash equivalents	\$ 697,095	\$ 220,680	\$ 229,400	\$ 683,181
Accounts receivable, net	-	-	-	24,730
Prepays and deposits	9,224	-	-	-
 Total assets	\$ 706,319	\$ 220,680	\$ 229,400	\$ 707,911
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 11,657	\$ -	\$ -	\$ -
 Fund balances				
Nonspendable - prepaids	9,224	-	-	-
Restricted for:				
Debt service	-	-	229,400	707,911
Street maintenance	685,438	-	-	-
System development	-	220,680	-	-
Assigned to:				
Fire equipment	-	-	-	-
Debt service	-	-	-	-
System improvements	-	-	-	-
 Total fund balances	694,662	220,680	229,400	707,911
 Total liabilities and fund balances	\$ 706,319	\$ 220,680	\$ 229,400	\$ 707,911

Debt Service Funds		Capital Projects Funds			Total
Sewer Improvements Debt Service	1981 Water Revenue Bond	Fire Equipment Reserve	Water Master Plan Reserve	Sewer Master Plan Reserve	Nonmajor Governmental Funds
\$ 888,794	\$ 137	\$ 379,368	\$ 925,712	\$ 592,173	\$ 4,616,540
44,909	-	-	5,834	-	75,473
-	-	350,000	-	-	359,224
<u>\$ 933,703</u>	<u>\$ 137</u>	<u>\$ 729,368</u>	<u>\$ 931,546</u>	<u>\$ 592,173</u>	<u>\$ 5,051,237</u>
\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ 21,657
-	-	350,000	-	-	359,224
933,703	-	-	-	-	1,871,014
-	-	-	-	-	685,438
-	-	-	-	-	220,680
-	-	369,368	-	-	369,368
-	137	-	-	-	137
-	-	-	931,546	592,173	1,523,719
<u>933,703</u>	<u>137</u>	<u>719,368</u>	<u>931,546</u>	<u>592,173</u>	<u>5,029,580</u>
<u>\$ 933,703</u>	<u>\$ 137</u>	<u>\$ 729,368</u>	<u>\$ 931,546</u>	<u>\$ 592,173</u>	<u>\$ 5,051,237</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, 2024

	Special Revenue Funds		Debt Service Funds	
	Roads and Streets	Transportation SDC	Debt Service Reserve	Water Improvements Debt Service
REVENUES				
Licenses, permits, and fees	\$ -	\$ 14,400	\$ -	\$ -
Grants	650	-	-	-
Debt service fees	-	-	-	153,687
State revenue sharing	119,261	-	-	-
Investment earnings	<u>43,872</u>	<u>2,561</u>	-	<u>1,874</u>
Total revenues	<u>163,783</u>	<u>16,961</u>	-	<u>155,561</u>
EXPENDITURES				
Current				
Fire protection	-	-	-	-
Highways and streets	271,916	-	-	-
Debt service	-	-	-	38,550
Capital outlay	<u>56,921</u>	-	-	-
Total expenditures	<u>328,837</u>	-	-	<u>38,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(165,054)</u>	<u>16,961</u>	-	<u>117,011</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	420,296	-	-	-
Contributed capital out	<u>(91,849)</u>	-	-	-
Total other financing sources (uses)	<u>328,447</u>	-	-	-
Net change in fund balances	163,393	16,961	-	117,011
Fund balances - beginning	<u>531,269</u>	<u>203,719</u>	<u>229,400</u>	<u>590,900</u>
Fund balances - ending	<u>\$ 694,662</u>	<u>\$ 220,680</u>	<u>\$ 229,400</u>	<u>\$ 707,911</u>

Debt Service Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
Sewer Improvements Debt Service	1981 Water Revenue Bond	Fire Equipment Reserve	Water Master Plan Reserve	Sewer Master Plan Reserve	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,400
-	-	-	-	-	650
256,541	-	-	-	-	410,228
-	-	-	-	-	119,261
<u>18,930</u>	<u>-</u>	<u>2,972</u>	<u>43,657</u>	<u>30,281</u>	<u>144,147</u>
<u>275,471</u>	<u>-</u>	<u>2,972</u>	<u>43,657</u>	<u>30,281</u>	<u>688,686</u>
-	-	10,000	-	-	10,000
-	-	-	-	-	271,916
209,150	-	-	-	-	247,700
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,921</u>
<u>209,150</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>586,537</u>
<u>66,321</u>	<u>-</u>	<u>(7,028)</u>	<u>43,657</u>	<u>30,281</u>	<u>102,149</u>
-	-	416,607	300,000	75,000	1,211,903
-	-	-	(165,514)	-	(257,363)
-	-	416,607	134,486	75,000	954,540
66,321	-	409,579	178,143	105,281	1,056,689
<u>867,382</u>	<u>137</u>	<u>309,789</u>	<u>753,403</u>	<u>486,892</u>	<u>3,972,891</u>
<u>\$ 933,703</u>	<u>\$ 137</u>	<u>\$ 719,368</u>	<u>\$ 931,546</u>	<u>\$ 592,173</u>	<u>\$ 5,029,580</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, 2024

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Grants	\$ -	\$ 650	\$ 650	\$ -	\$ 650
State revenue sharing	115,000	4,261	119,261	-	119,261
Investment earnings	16,500	27,372	43,872	-	43,872
Total revenues	131,500	32,283	163,783	-	163,783
EXPENDITURES					
Current					
Roads Program	581,676	(160,990)	420,686	(91,849)	328,837
Contingency	50,000	(50,000)	-	-	-
Total expenditures	631,676	(210,990)	420,686	(91,849)	328,837
Excess (deficiency) of revenues over (under) expenditures	(500,176)	243,273	(256,903)	91,849	(165,054)
OTHER FINANCING SOURCES (USES)					
Transfers in	420,296	-	420,296	-	420,296
Contributed capital out	-	-	-	(91,849)	(91,849)
Total other financing sources (uses)	420,296	-	420,296	(91,849)	328,447
Net change in fund balance	(79,880)	243,273	163,393	-	163,393
Fund balance - beginning	331,829	199,440	531,269	-	531,269
Fund balance - ending	\$ 251,949	\$ 442,713	\$ 694,662	\$ -	\$ 694,662

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, 2024

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Licenses, permits, and fees	\$ 18,000	\$ (3,600)	\$ 14,400	\$ -	\$ 14,400
Investment earnings	<u>1,000</u>	<u>1,561</u>	<u>2,561</u>	<u>-</u>	<u>2,561</u>
Total revenues	19,000	(2,039)	16,961	-	16,961
EXPENDITURES					
Transportation Systems Development Program	<u>185,000</u>	<u>(185,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(166,000)	182,961	16,961	-	16,961
Fund balance - beginning	<u>200,551</u>	<u>3,168</u>	<u>203,719</u>	<u>-</u>	<u>203,719</u>
Fund balance - ending	<u>\$ 34,551</u>	<u>\$ 186,129</u>	<u>\$ 220,680</u>	<u>\$ -</u>	<u>\$ 220,680</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, 2024

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Investment earnings	\$ 2,500	\$ (2,500)	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenses	2,500	(2,500)	-	-	-
Fund balance - beginning	<u>329,435</u>	<u>(100,035)</u>	<u>229,400</u>	<u>-</u>	<u>229,400</u>
Fund balance - ending	<u>\$ 331,935</u>	<u>\$ (102,535)</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, 2024

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Debt service fees	\$ 148,650	\$ 5,037	\$ 153,687	\$ -	\$ 153,687
Investment earnings	<u>1,200</u>	<u>674</u>	<u>1,874</u>	<u>-</u>	<u>1,874</u>
Total revenues	149,850	5,711	155,561	-	155,561
EXPENDITURES					
Debt service	<u>243,650</u>	<u>(205,100)</u>	<u>38,550</u>	<u>-</u>	<u>38,550</u>
Excess (deficiency) of revenues over (under) expenditures	(93,800)	210,811	117,011	-	117,011
Fund balance - beginning	<u>587,722</u>	<u>3,178</u>	<u>590,900</u>	<u>-</u>	<u>590,900</u>
Fund balance - ending	<u>\$ 493,922</u>	<u>\$ 213,989</u>	<u>\$ 707,911</u>	<u>\$ -</u>	<u>\$ 707,911</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, 2024

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
Debt service fees	\$ 245,000	\$ 11,541	\$ 256,541	\$ -	\$ 256,541
Investment earnings	<u>6,000</u>	<u>12,930</u>	<u>18,930</u>	<u>-</u>	<u>18,930</u>
Total revenues	251,000	24,471	275,471	-	275,471
EXPENDITURES					
Debt service	<u>209,375</u>	<u>(225)</u>	<u>209,150</u>	<u>-</u>	<u>209,150</u>
Excess (deficiency) of revenues over (under) expenditures	41,625	24,696	66,321	-	66,321
Fund balance - beginning	<u>847,625</u>	<u>19,757</u>	<u>867,382</u>	<u>-</u>	<u>867,382</u>
Fund balance - ending	<u>\$ 889,250</u>	<u>\$ 44,453</u>	<u>\$ 933,703</u>	<u>\$ -</u>	<u>\$ 933,703</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, 2024

	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	<u>\$ -</u>	<u>\$ 137</u>	<u>\$ 137</u>	<u>\$ -</u>	<u>\$ 137</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

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

PROJECT AND EQUIPMENT RESERVE FUND

For the Year Ended June 30, 2024

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Investment earnings	\$ 3,000	\$ 529	\$ 3,529	\$ -	\$ 3,529
EXPENDITURES					
Project and Equipment Program	<u>2,425,000</u>	<u>(215,843)</u>	<u>2,209,157</u>	<u>-</u>	<u>2,209,157</u>
Excess (deficiency) of revenues over (under) expenditures	(2,422,000)	216,372	(2,205,628)	-	(2,205,628)
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>1,190,481</u>	<u>-</u>	<u>1,190,481</u>	<u>-</u>	<u>1,190,481</u>
Net change in fund balance	(1,231,519)	216,372	(1,015,147)	-	(1,015,147)
Fund balance - beginning	<u>1,631,896</u>	<u>(8,793)</u>	<u>1,623,103</u>	<u>-</u>	<u>1,623,103</u>
Fund balance - ending	<u>\$ 400,377</u>	<u>\$ 207,579</u>	<u>\$ 607,956</u>	<u>\$ -</u>	<u>\$ 607,956</u>

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

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

FIRE EQUIPMENT RESERVE FUND

For the Year Ended June 30, 2024

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Investment earnings	\$ 1,200	\$ 1,772	\$ 2,972	\$ -	\$ 2,972
EXPENDITURES					
Fire Equipment Program	<u>375,000</u>	<u>(15,000)</u>	<u>360,000</u>	<u>(350,000)</u>	<u>10,000</u>
Excess (deficiency) of revenues over (under) expenditures	(373,800)	16,772	(357,028)	350,000	(7,028)
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>416,607</u>	<u>-</u>	<u>416,607</u>	<u>-</u>	<u>416,607</u>
Net change in fund balance	42,807	16,772	59,579	350,000	409,579
Fund balance - beginning	<u>415,000</u>	<u>(105,211)</u>	<u>309,789</u>	<u>-</u>	<u>309,789</u>
Fund balance - ending	<u>\$ 457,807</u>	<u>\$ (88,439)</u>	<u>\$ 369,368</u>	<u>\$ 350,000</u>	<u>\$ 719,368</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, 2024

	Original and Final Budget	Variance with Final Budget Over (Under)	Budget Basis	Actual	
				Adjustments	GAAP Basis
REVENUES					
Investment earnings	\$ 12,000	\$ 31,657	\$ 43,657	\$ -	\$ 43,657
EXPENDITURES					
Water Master Plan Program	550,000	(384,486)	165,514	(165,514)	-
Contingency	30,000	(30,000)	-	-	-
Total expenditures	580,000	(414,486)	165,514	(165,514)	-
Excess (deficiency) of revenues over (under) expenditures	(568,000)	446,143	(121,857)	165,514	43,657
OTHER FINANCING SOURCES (USES)					
Transfers in	300,000	-	300,000	-	300,000
Contributed capital out	-	-	-	(165,514)	(165,514)
Total other financing sources (uses)	300,000	-	300,000	(165,514)	134,486
Net change in fund balance	(268,000)	446,143	178,143	-	178,143
Fund balance - beginning	453,447	299,956	753,403	-	753,403
Fund balance - ending	<u>\$ 185,447</u>	<u>\$ 746,099</u>	<u>\$ 931,546</u>	<u>\$ -</u>	<u>\$ 931,546</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, 2024

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Investment earnings	\$ 9,000	\$ 21,281	\$ 30,281	\$ -	\$ 30,281
EXPENDITURES					
Sewer Master Plan Program	60,000	(60,000)	-	-	-
Contingency	9,000	(9,000)	-	-	-
Total expenditures	69,000	(69,000)	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(60,000)	90,281	30,281	-	30,281
OTHER FINANCING SOURCES (USES)					
Transfers in	75,000	-	75,000	-	75,000
Net change in fund balance	15,000	90,281	105,281	-	105,281
Fund balance - beginning	365,675	121,217	486,892	-	486,892
Fund balance - ending	\$ 380,675	\$ 211,498	\$ 592,173	\$ -	\$ 592,173

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, 2024

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Water sales	\$ 1,317,665	\$ 50,285	\$ 1,367,950	\$ -	\$ 1,367,950
Investment earnings	5,500	15,279	20,779	-	20,779
Other income	<u>2,825,800</u>	<u>(2,805,164)</u>	<u>20,636</u>	<u>-</u>	<u>20,636</u>
Total revenues	<u>4,148,965</u>	<u>(2,739,600)</u>	<u>1,409,365</u>	<u>-</u>	<u>1,409,365</u>
EXPENSES					
Current					
Water Program	4,205,933	(3,208,078)	997,855	(259,209)	738,646
Depreciation	-	-	-	275,599	275,599
Contingency	<u>30,000</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>4,235,933</u>	<u>(3,238,078)</u>	<u>997,855</u>	<u>16,390</u>	<u>1,014,245</u>
Excess (deficiency) of revenues over (under) expenses	<u>(86,968)</u>	<u>498,478</u>	<u>411,510</u>	<u>(16,390)</u>	<u>395,120</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(345,000)	-	(345,000)	-	(345,000)
Contributed capital in	<u>-</u>	<u>-</u>	<u>-</u>	<u>387,021</u>	<u>387,021</u>
Total other financing sources (uses)	<u>(345,000)</u>	<u>-</u>	<u>(345,000)</u>	<u>387,021</u>	<u>42,021</u>
Change in net position	(431,968)	498,478	66,510	370,631	437,141
Net position - beginning	<u>1,661,415</u>	<u>806,380</u>	<u>2,467,795</u>	<u>4,778,829</u>	<u>7,246,624</u>
Net position - ending	<u>\$ 1,229,447</u>	<u>\$ 1,304,858</u>	<u>\$ 2,534,305</u>	<u>\$ 5,149,460</u>	<u>\$ 7,683,765</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, 2024

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Sewer charges	\$ 868,250	\$ 12,472	\$ 880,722	\$ -	\$ 880,722
Investment earnings	15,000	26,027	41,027	-	41,027
Other income	<u>1,000</u>	<u>1,554</u>	<u>2,554</u>	<u>-</u>	<u>2,554</u>
Total revenues	<u>884,250</u>	<u>40,053</u>	<u>924,303</u>	<u>-</u>	<u>924,303</u>
EXPENSES					
Current					
Sewer Program	1,047,913	(186,509)	861,404	(143,408)	717,996
Depreciation	-	-	-	239,492	239,492
Contingency	<u>30,000</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>1,077,913</u>	<u>(216,509)</u>	<u>861,404</u>	<u>96,084</u>	<u>957,488</u>
Excess (deficiency) of revenues over (under) expenses	<u>(193,663)</u>	<u>256,562</u>	<u>62,899</u>	<u>(96,084)</u>	<u>(33,185)</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(120,000)	-	(120,000)	-	(120,000)
Contributed capital out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,411)</u>	<u>(2,411)</u>
Total other financing sources (uses)	<u>(120,000)</u>	<u>-</u>	<u>(120,000)</u>	<u>(2,411)</u>	<u>(122,411)</u>
Change in net position	(313,663)	256,562	(57,101)	(98,495)	(155,596)
Net position - beginning	<u>928,353</u>	<u>341,134</u>	<u>1,269,487</u>	<u>2,157,868</u>	<u>3,427,355</u>
Net position - ending	<u>\$ 614,690</u>	<u>\$ 597,696</u>	<u>\$ 1,212,386</u>	<u>\$ 2,059,373</u>	<u>\$ 3,271,759</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, 2024

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
System development charges	\$ 90,000	\$ (48,770)	\$ 41,230	\$ -	\$ 41,230
Investment earnings	<u>3,200</u>	<u>(593)</u>	<u>2,607</u>	<u>-</u>	<u>2,607</u>
Total revenues	93,200	(49,363)	43,837	-	43,837
EXPENSES					
Sewer Systems Development Program	<u>200,000</u>	<u>(146,180)</u>	<u>53,820</u>	<u>-</u>	<u>53,820</u>
Excess (deficiency) of revenues over (under) expenses	(106,800)	96,817	(9,983)	-	(9,983)
Net position - beginning	<u>1,464,465</u>	<u>55,963</u>	<u>1,520,428</u>	<u>-</u>	<u>1,520,428</u>
Net position - ending	<u>\$ 1,357,665</u>	<u>\$ 152,780</u>	<u>\$ 1,510,445</u>	<u>\$ -</u>	<u>\$ 1,510,445</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, 2024

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
System development charges	\$ 91,800	\$ 18,309	\$ 110,109	\$ -	\$ 110,109
Investment earnings	<u>1,200</u>	<u>3,410</u>	<u>4,610</u>	<u>-</u>	<u>4,610</u>
Total revenues	93,000	21,719	114,719	-	114,719
EXPENSES					
Water Systems Development Program	<u>535,000</u>	<u>(407,753)</u>	<u>127,247</u>	<u>(127,247)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenses	(442,000)	429,472	(12,528)	127,247	114,719
OTHER FINANCING SOURCES (USES)					
Contributed capital out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(127,247)</u>	<u>(127,247)</u>
Change in net position	(442,000)	429,472	(12,528)	-	(12,528)
Net position - beginning	<u>622,123</u>	<u>21,726</u>	<u>643,849</u>	<u>-</u>	<u>643,849</u>
Net position - ending	<u>\$ 180,123</u>	<u>\$ 451,198</u>	<u>\$ 631,321</u>	<u>\$ -</u>	<u>\$ 631,321</u>

OTHER FINANCIAL SCHEDULES

CITY OF ROCKAWAY BEACH
Tillamook County, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Year Ended June 30, 2024

Tax Year	Taxes Receivable July 1, 2023	2023-2024 Levy	Adjustments and Discounts	Collections	Taxes Receivable June 30, 2024
2023-2024	\$ -	\$ 517,794	\$ (13,300)	\$ 493,433	\$ 11,061
2022-2023	9,191	-	(134)	4,675	4,382
2021-2022	3,789	-	(8)	1,711	2,070
2020-2021	1,982	-	(8)	1,235	739
2019-2020	722	-	(7)	564	151
2018-2019	145	-	(7)	33	105
2017-2018	130	-	(7)	27	96
Prior	988	-	(123)	15	850
Subtotal - Prior	<u>16,947</u>	<u>-</u>	<u>(294)</u>	<u>8,260</u>	<u>8,393</u>
Total	<u>\$ 16,947</u>	<u>\$ 517,794</u>	<u>\$ (13,594)</u>	501,693	<u>\$ 19,454</u>

Add:

Other taxes and interest 5,074
Undistributed taxes with county, July 1, 2023 -

Total available 506,767

Less: Turnovers to City (506,767)

Undistributed taxes with county, June 30, 2024 \$ -

**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, 2024, and have issued our report thereon dated December 16, 2024. 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.

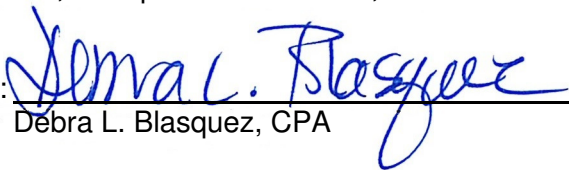
The City does not have any elected officials collecting or receiving money.

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 16, 2024.

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 16, 2024