

City of Depoe Bay, Oregon

Financial Statements

As of and For the Year Ended June 30, 2020

List of Officers

Title	Name	Address
Mayor	Robert Gambino	Depoe Bay, OR 97341
Council President	Kathy Short	Depoe Bay, OR 97341
Council Position 1	Loren Goddard	Depoe Bay, OR 97341
Council Position 2	Debbie Callender	Depoe Bay, OR 97341
Council Position 3	Joyce King	Depoe Bay, OR 97341
Council Position 4	Jerome Grant	Depoe Bay, OR 97341
Council Position 5	Kathy Short	Depoe Bay, OR 97341
Council Position 6	Barbara Leff	Depoe Bay, OR 97341
City Administration		
City Recorder	Barbara Chestler	Depoe Bay, OR 97341
City Superintendent	Brady Weidner	Depoe Bay, OR 97341
City Attorney	Pete Gintner	Newport, OR 97365

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Honorable Mayor and Members of the City Council

City of Depoe Bay, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Depoe Bay, ("City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the basis for disclaimer of opinion paragraph, however, We are not able to obtain sufficient appropriate audit evidence to provide a basis for audit opinions.

Basis for Disclaimer of Opinions

We were unable to provide opinions on the financial statements and supplementary information because information and documentation provided for the engagement was insufficient to serve as evidence supporting financial statement amounts and disclosures. Due to turnover of City employees, internal control was inadequate to safeguard assets and ensure the proper recording of transactions. The information and documentation provided was inadequate to permit the application of auditing procedures, or alternative procedures, to serve as a basis for expressing opinions on the financial statements referred to in the first paragraph and the supplementary information as listed in the table of contents

Disclaimer of Opinions

Because of the significance of the matters described in the basis for disclaimer of opinions paragraph, We were unable to obtain sufficient appropriate evidence to provide the basis for our audit opinions, and, accordingly, we do not express opinions on the financial statements referred to in the first paragraph, including the required supplemental information as listed in the table of contents.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

The required supplementary schedules of the City's Proportionate Share of Net Pension Liability and the City's Pension Contributions; and the budgetary comparison information that accounting principles generally accepted in the United States of America are required to be presented to supplement the basic financial statements. Because of the significance of the matters described in the basis for disclaimer of opinions paragraph. We were unable to confirm or verify by alternative means the financial statements amounts for the required supplementary schedules.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the significance of the matters described in the basis for disclaimer of opinions paragraph, We were unable to confirm or verify by alternative means the financial statements amounts for the combining and individual nonmajor fund financial statements. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary for the amounts included in the combining and individual nonmajor fund financial.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated April 30, 2025 on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Isler CPA



Paul R Nielson, CPA, a member of the firm
Eugene, Oregon
April 30, 2025

City of Depoe Bay, Oregon
STATEMENT OF NET POSITION
June 30, 2020

	Government Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,033,477	\$ 2,782,513	\$ 6,815,990
Receivables	-	204,024	204,024
Inventory	-	37,076	37,076
Due to other funds	-	157,336	157,336
Restricted assets			
Cash and cash equivalents	188,080	1,278,393	1,466,473
Property taxes	15,433	19,044	34,477
Capital assets, net	4,449,177	8,998,813	13,447,990
Total assets	8,686,167	13,477,199	22,163,366
DEFERRED OUTFLOWS OF RESOURCES			
Pension related inflows	116,325	208,226	324,551
Total assets and deferred outflow of resources	8,802,492	13,685,425	22,487,917
LIABILITIES:			
Accounts payable	16,622	26,124	42,746
Payroll and related liabilities	10,695	24,954	35,649
Unearned revenue	-	49,010	49,010
Deposits, payable from restricted	3,050	318	3,368
Due to other funds	157,336	-	157,336
Long-term obligations			
Due within one year			
Compensated absences	16,887	37,728	54,615
Bonds payable	-	325,000	325,000
Due in more than one year			
Compensated absences	8,161	21,222	29,383
Bonds payable	-	1,891,240	1,891,240
Net pension liability	347,800	622,569	970,369
Total liabilities	560,551	2,998,165	3,558,716
DEFERRED INFLOW OF RESOURCES			
Pension related inflows	86,789	155,355	242,144
Total liabilities and deferred inflow of resources	647,340	3,153,520	3,800,860
NET POSITION:			
Net investment in capital assets	4,449,177	6,782,573	11,231,750
Restricted for:			
Agate Beach closure	94,062	-	94,062
Debt service	94,018	313,651	407,669
SDC	-	927,709	927,709
Capital projects	-	37,033	37,033
Unrestricted	3,517,895	2,470,939	5,988,834
Total net position	\$ 8,155,152	\$ 10,531,905	\$ 18,687,057

City of Depoe Bay, Oregon
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

ACTIVITIES	Program Revenues					Net Revenue (Expense) and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Capital System Development Charges	Governmental Activities	Business-Type Activities	Totals
FUNCTIONS/PROGRAMS								
Governmental activities:								
General government	\$ 280,365	\$ 37,293	\$ 90,341	\$ -	\$ -	\$ (152,731)	\$ -	\$ (152,731)
Streets	161,551	-	93,569	-	21,312	(46,670)	-	(46,670)
Community development	12,247	-	796	-	-	(11,451)	-	(11,451)
Culture and recreation	167,133	2,250	-	-	-	(164,883)	-	(164,883)
Depreciation, net of direct	94,720	-	-	-	-	(94,720)	-	(94,720)
Total governmental activities	716,016	39,543	184,706	-	21,312	(470,455)	-	(470,455)
Business-type activities:								
Water	588,751	670,246	-	-	32,495	-	113,990	113,990
Sanitary	873,568	685,024	-	135,024	21,492	-	(32,028)	(32,028)
Harbor	607,589	331,783	6,300	-	-	-	(269,506)	(269,506)
Total business-type activities	2,069,908	1,687,053	6,300	135,024	53,987	-	(187,544)	(187,544)
Total	<u>\$ 2,785,924</u>	<u>\$ 1,726,596</u>	<u>\$ 191,006</u>	<u>\$ 135,024</u>	<u>\$ 75,299</u>	<u>(470,455)</u>	<u>(187,544)</u>	<u>(657,999)</u>
General Revenues								
Property taxes levied						270,094	300,307	570,401
Franchise taxes and fees						167,539	-	167,539
Transient room taxes						910,821	-	910,821
Miscellaneous income						10,918	8,286	19,204
Investment earnings						8,897	2,054	10,951
Transfers						(322,336)	322,336	-
Total general revenues and transfers						<u>1,045,933</u>	<u>632,983</u>	<u>1,678,916</u>
Change in net position						575,478	445,439	1,020,917
Net position - beginning as restated see Note 7						<u>7,579,674</u>	<u>10,086,466</u>	<u>17,666,140</u>
Net position - ending						<u>\$ 8,155,152</u>	<u>\$ 10,531,905</u>	<u>\$ 18,687,057</u>

City of Depoe Bay, Oregon

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020**

	Combined General Fund	State Tax Street Fund	URA Project Fund	URA Debt Service Fund	Nonmajor Fund	Total Governmental Funds
ASSETS						
Cash and equivalents	\$ 2,518,017	\$ 590,326	\$ 1,017,286	\$ 91,822	\$ 4,106	\$ 4,221,557
Receivables	-	-	-	15,433	-	15,433
Due from other funds	143,031	-	-	-	-	143,031
Total assets	\$ 2,661,048	\$ 590,326	\$ 1,017,286	\$ 107,255	\$ 4,106	\$ 4,380,021
LIABILITIES						
Accounts payable	8,698	7,730	194	-	-	16,622
Due to other funds	-	-	300,367	-	-	300,367
Deposits	3,050	-	-	-	-	3,050
Payroll and payroll taxes	7,843	2,852	-	-	-	10,695
Total liabilities	19,591	10,582	300,561	-	-	330,734
DEFERRED INFLOW OF RESOURCES						
Property taxes	-	-	-	13,237	-	13,237
FUND BALANCES (DEFICITS)						
Restricted						
Agate Beach closure	94,062	-	-	-	-	94,062
Debt service	-	-	-	94,018	-	94,018
Capital projects	-	-	-	-	-	-
Committed						
Parks and buildings	30,826	-	-	-	-	30,826
Streets	-	579,744	-	-	-	579,744
Salmon enhancement	-	-	-	-	4,106	4,106
Unassigned	2,516,569	-	716,725	-	-	3,233,294
Total fund balances	2,641,457	579,744	716,725	94,018	4,106	4,036,050
Total liabilities, deferred inflows of resources and fund balances	\$ 2,661,048	\$ 590,326	\$ 1,017,286	\$ 107,255	\$ 4,106	\$ 4,380,021

City of Depoe Bay, Oregon
RECONCILIATION OF STATEMENT OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

TOTAL FUND BALANCE			\$ 4,036,050
Total net position shown in the Statement of Net Position are different because:			
Capital assets are not financial resources for budgetary purposes and therefore are not reported in the governmental funds.			4,449,177
Other long-term assets are not available to pay current-period expenditures and, therefore, are reported as unavailable revenue in the funds.			13,237
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.			
Deferred outflows - pension related	\$ 116,325		
Deferred inflows - pension related	<u>(86,789)</u>		
			29,536
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.			
Compensated absences	(25,048)		
Net pension liability	<u>(347,800)</u>	<u>(372,848)</u>	
TOTAL NET POSITION			<u>\$ 8,155,152</u>

City of Depoe Bay, Oregon
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	Combined General Fund	State Tax Street Fund	URA Project Fund	URA Debt Service Fund	Nonmajor Fund	Total Governmental Funds
REVENUES						
Taxes	\$ 910,821	\$ -	\$ -	\$ 269,336	\$ -	\$ 1,180,157
Licenses, permits and fees	36,198	21,312	-	-	-	57,510
Franchises	167,539	-	-	-	-	167,539
Lease, rental	2,250	-	-	-	-	2,250
Intergovernmental	89,023	93,569	-	-	-	182,592
Interest earnings	8,057	148	170	520	2	8,897
Donations	318	-	-	-	796	1,114
Grants	1,000	-	-	-	-	1,000
Agate Beach Closure Fund	1,095	-	-	-	-	1,095
Other revenue	10,918	-	-	-	-	10,918
Total revenues	<u>1,227,219</u>	<u>115,029</u>	<u>170</u>	<u>269,856</u>	<u>798</u>	<u>1,613,072</u>
EXPENDITURES						
Current:						
General government	314,832	-	-	-	-	314,832
Streets	-	161,551	-	-	-	161,551
Community development	-	-	12,165	-	-	12,165
Culture and recreation	166,841	-	-	-	292	167,133
Capital outlay:						
General government	18,233	-	-	-	-	18,233
Street improvements and equipment	-	197,656	-	-	-	197,656
Total expenditures	<u>499,906</u>	<u>359,207</u>	<u>12,165</u>	<u>-</u>	<u>292</u>	<u>871,570</u>
Excess (deficiency) of revenue over expenditures	<u>727,313</u>	<u>(244,178)</u>	<u>(11,995)</u>	<u>269,856</u>	<u>506</u>	<u>741,502</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	125,000	183,964	1,049,970	-	-	1,358,934
Transfers out	<u>(315,000)</u>	<u>-</u>	<u>(316,300)</u>	<u>(1,049,970)</u>	<u>-</u>	<u>(1,681,270)</u>
Total other financing sources (uses)	<u>(190,000)</u>	<u>183,964</u>	<u>733,670</u>	<u>(1,049,970)</u>	<u>-</u>	<u>(322,336)</u>
Net change in fund balances	537,313	(60,214)	721,675	(780,114)	506	419,166
Fund Balance - beginning of year	<u>2,104,144</u>	<u>639,958</u>	<u>(4,950)</u>	<u>874,132</u>	<u>3,600</u>	<u>3,616,884</u>
Fund balances - end of year	<u>\$ 2,641,457</u>	<u>\$ 579,744</u>	<u>\$ 716,725</u>	<u>\$ 94,018</u>	<u>\$ 4,106</u>	<u>\$ 4,036,050</u>

City of Depoe Bay, 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, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 419,166

Amounts reported for governmental activities in the
Statement of Activities are different because of the following:

Governmental funds report capital assets additions as expenditures while
governmental activities report depreciation expense to allocate those expenditures
over the life of the assets. The difference between these two amounts is:

Capital outlay	\$ 215,889	
Depreciation	<u>(94,720)</u>	121,169

Receivables that do not meet the measurable and available criteria are not recognized as revenue in the current year in governmental funds. In the Statement of Activities they are recognized as revenue when levied or earned.	758
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In the governmental funds, long-term liabilities are recorded when paid and
and amortization expenses are not reported. On the Statement of Activities
they are recorded when accrued:

Change in compensated absences	(1,703)	
Pension Activity, Net	<u>36,088</u>	<u>34,385</u>

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 575,478

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City of Depoe Bay, Oregon
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Water Enterprise	Sewer Enterprise	Harbor Enterprise	Totals
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,272,314	\$ 1,333,416	\$ 176,783	\$ 2,782,513
Receivable	131,700	89,647	1,721	223,068
Due from other funds	-	-	157,336	157,336
Inventory	32,924	4,152	-	37,076
Total current assets	<u>1,436,938</u>	<u>1,427,215</u>	<u>335,840</u>	<u>3,199,993</u>
Noncurrent assets				
Restricted				
Cash and cash equivalents	635,844	642,549	-	1,278,393
Capital assets, net	2,923,626	3,734,532	2,340,655	8,998,813
Total noncurrent assets	<u>3,559,470</u>	<u>4,377,081</u>	<u>2,340,655</u>	<u>10,277,206</u>
Total assets	<u>4,996,408</u>	<u>5,804,296</u>	<u>2,676,495</u>	<u>13,477,199</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions	<u>81,087</u>	<u>84,952</u>	<u>42,187</u>	<u>208,226</u>
Total assets and deferred outflow of resources	<u>5,077,495</u>	<u>5,889,248</u>	<u>2,718,682</u>	<u>13,685,425</u>
LIABILITIES				
Current liabilities				
Accounts payable	10,357	8,617	7,150	26,124
Due to other funds	-	-	-	-
Payroll taxes	11,051	9,625	4,278	24,954
Unearned revenue	-	-	49,010	49,010
Deposits	318	-	-	318
Compensated absences - current	937	590	675	2,202
Bonds payable - current	115,000	210,000	-	325,000
Total current liabilities	<u>137,663</u>	<u>228,832</u>	<u>61,113</u>	<u>427,608</u>
Noncurrent liabilities				
Bonds payable	1,180,577	710,663	-	1,891,240
Compensated absences	25,083	22,116	9,549	56,748
Net pension liability	242,439	253,997	126,133	622,569
Total noncurrent liabilities	<u>1,448,099</u>	<u>986,776</u>	<u>135,682</u>	<u>2,570,557</u>
Total liabilities	<u>1,585,762</u>	<u>1,215,608</u>	<u>196,795</u>	<u>2,998,165</u>
DEFERRED INFLOW OF RESOURCES				
Pension related inflows	<u>60,498</u>	<u>63,382</u>	<u>31,475</u>	<u>155,355</u>
Total liabilities and deferred inflow of resources	<u>1,646,260</u>	<u>1,278,990</u>	<u>228,270</u>	<u>3,153,520</u>
NET POSITION				
Net investment in capital assets	1,628,049	2,813,869	2,340,655	6,782,573
Restricted				
Debt service	192,627	121,024	-	313,651
SDC	406,184	521,525	-	927,709
Capital projects	37,033	-	-	37,033
Unrestricted	1,167,342	1,153,840	149,757	2,470,939
Total net position	<u>\$ 3,431,235</u>	<u>\$ 4,610,258</u>	<u>\$ 2,490,412</u>	<u>\$ 10,531,905</u>

City of Depoe Bay, Oregon
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2020

	Water Fund	Sanitary Fund	Harbor Fund	Totals
OPERATING REVENUES				
User fees	\$ 670,246	\$ 820,048	\$ 331,783	\$ 1,822,077
SDC fees	32,495	21,492	-	53,987
Other revenue	7,903	-	383	8,286
Total operating revenues	<u>710,644</u>	<u>841,540</u>	<u>332,166</u>	<u>1,884,350</u>
OPERATING EXPENSES				
Cost of sales and services	402,397	643,817	493,019	1,539,233
Depreciation	145,588	209,948	114,570	470,106
Total operating expenses	<u>547,985</u>	<u>853,765</u>	<u>607,589</u>	<u>2,009,339</u>
Operating income (loss)	<u>162,659</u>	<u>(12,225)</u>	<u>(275,423)</u>	<u>(124,989)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	1,082	972	-	2,054
Property taxes	192,484	107,823	-	300,307
Grants	-	-	6,300	6,300
Contributions	-	-	-	-
Interest expense	<u>(40,766)</u>	<u>(19,803)</u>	<u>-</u>	<u>(60,569)</u>
Total nonoperating revenues (expenses)	<u>152,800</u>	<u>88,992</u>	<u>6,300</u>	<u>248,092</u>
Income before transfers	315,459	76,767	(269,123)	123,103
Transfers in/out				
Transfer in	7,000	3,500	322,336	332,836
Transfers out	<u>-</u>	<u>-</u>	<u>(10,500)</u>	<u>(10,500)</u>
	<u>7,000</u>	<u>3,500</u>	<u>311,836</u>	<u>322,336</u>
Change in net position	322,459	80,267	42,713	445,439
Net position - beginning of year	<u>3,108,776</u>	<u>4,529,991</u>	<u>2,447,699</u>	<u>10,086,466</u>
Net position - end of year	<u>\$ 3,431,235</u>	<u>\$ 4,610,258</u>	<u>\$ 2,490,412</u>	<u>\$ 10,531,905</u>

City of Depoe Bay, Oregon
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2020

	Water Enterprise	Sanitary Enterprise	Harbor Enterprise	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 706,360	\$ 844,917	\$ 192,033	\$ 1,743,310
Receipts from other revenues	7,903	-	383	8,286
Payments to suppliers	(115,719)	(293,514)	(305,505)	(714,738)
Payments to employees	(294,149)	(370,375)	(219,641)	(884,165)
Net cash provided by (used for) operating activities	<u>304,395</u>	<u>181,028</u>	<u>(332,730)</u>	<u>152,693</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Grants	-	-	6,300	6,300
Property taxes	192,470	110,316	-	302,786
Transfers in (out)	<u>7,000</u>	<u>3,500</u>	<u>311,836</u>	<u>322,336</u>
Net cash provided by (used for) noncapital financing activities	<u>199,470</u>	<u>113,816</u>	<u>318,136</u>	<u>631,422</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(138,639)	(54,811)	(14,346)	(207,796)
Principal paid on long-term obligations	(115,000)	(200,000)	-	(315,000)
Premium on bonds issued	(4,195)	(11,901)	-	(16,096)
Interest paid on long-term obligations	<u>(40,766)</u>	<u>(19,803)</u>	<u>-</u>	<u>(60,569)</u>
Net cash provided by (used for) capital and related financing activities	<u>(298,600)</u>	<u>(286,515)</u>	<u>(14,346)</u>	<u>(599,461)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	<u>1,082</u>	<u>972</u>	<u>-</u>	<u>2,054</u>
Net increase (decrease) in cash and cash equivalents	206,347	9,301	(28,940)	186,708
Cash and cash equivalents - beginning of year (restricted cash \$1,547,066)	<u>1,701,811</u>	<u>1,966,664</u>	<u>205,723</u>	<u>3,874,198</u>
Cash and cash equivalents - end of year (restricted cash \$1,278,393)	<u>\$ 1,908,158</u>	<u>\$ 1,975,965</u>	<u>\$ 176,783</u>	<u>\$ 4,060,906</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 162,659	\$ (12,225)	\$ (275,423)	(124,989)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	145,588	209,948	114,570	470,106
Changes in assets, deferred outflows, liabilities and deferred inflows				-
Accounts receivable	(2,857)	2,135	2,304	1,582
Unearned revenue	-	-	15,282	15,282
Due to other funds	-	-	(157,336)	(157,336)
Accounts payable	4,842	(4,857)	(28,293)	(28,308)
Accrued payroll	6,836	7,096	2,762	16,694
Compensated absences payable	2,194	(5,494)	1,140	(2,160)
Net pension activity	<u>(14,867)</u>	<u>(15,575)</u>	<u>(7,736)</u>	<u>(38,178)</u>
Net cash provided by (used for) operating activities	<u>\$ 304,395</u>	<u>\$ 181,028</u>	<u>\$ (332,730)</u>	<u>\$ 152,693</u>

City of Depoe Bay
Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Depoe Bay have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body establishing governmental financial reporting standards.

Reporting Entity – The City of Depoe Bay was incorporated May 22, 1973 and operates under the provisions of the City Charter established in 1976, which authorizes a mayor and council form of government. The mayor is elected for a two-year term with a limit of three consecutive terms. Six city council members are elected for four-year terms and three council members are elected every two years.

The basic financial statements present the City and its blended component unit, the Depoe Bay Urban Renewal Agency (Agency), an entity for which the City is financially accountable. The Agency, although a legally separate entity, is a part of the City's operations. It was organized to construct and administer capital improvements as outlined in the City's Urban Renewal Plan. The City Council and two "at large" members serve as the Agency's governing board. All activities of the Agency are recorded in a capital projects fund and a debt service fund and reported in the City's financial statements. Complete financial statements for the Agency can be obtained at City Hall, Depoe Bay, Oregon or on the City's website.

These financial statements include all funds, organizations, departments and offices that are not legally separate from the City of Depoe Bay. The Depoe Bay Urban Renewal Agency, a component unit of the City, is included for financial reporting purposes. There are no other organizations, due to either their nature or significance to the City, that would make these basic financial statements incomplete or misleading by their exclusion.

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 overall activities of the City. For the most part, the effect of interfund activity has been removed from these statements except where doing so would materially distort the presentation of activities for a fund. Governmental activities are financed primarily through franchise taxes and transient room taxes and are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

City of Depoe Bay
Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Government-wide financial statements and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method revenues are recognized when measurable and available. Revenues are considered available when they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred. Debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when the payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered susceptible to accrual and recognized as revenue of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the City. When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources to the limits of the governing policies and statutes, then unrestricted resources as they are needed.

The City reports the following major governmental funds:

Combined General Fund – the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.

State Tax Street Fund – accounts for the maintenance, operation, and construction of the City's streets. The primary source of revenues is State of Oregon shared highway funds.

Urban Renewal Project Fund (Component Unit) – accounts for the capital projects undertaken by the City's Urban Renewal Agency. Primary sources of revenue are loan proceeds.

Urban Renewal Debt Service Fund (Component Unit) – accounts for reserves and debt service payments related to carrying out the City's Urban Renewal Plan. Tax increment (property tax) is the primary revenue to the fund.

City of Depoe Bay
Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The City reports the following major proprietary funds:

Water Fund – reports financial activity related to the supply, treatment, and distribution of water. User fees are the primary revenue source to the fund.

Sewer Fund – accounts for the resources and expenses related to collection and treatment of wastewater. User fees are the primary revenue source to the fund.

Harbor Fund – reports financial activity related to port facilities and operations. Primary revenues to the fund are moorage fees.

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

Pensions – The City's net pension liability/(asset), deferred outflows and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Oregon Public Employee Retirement System (OPERS), and additions to/deductions from OPERS' fiduciary 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 of pension assets are reported at fair value.

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Financial Position and the proprietary fund statements report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an expenditure/expense until then. The City reports deferred outflows of resources related to pensions which consist of City contributions to respective plans after the measurement date, experience differences, and changes in proportion.

City of Depoe Bay
Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

In addition to liabilities, the Statement of Financial Position and the proprietary fund statements report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as revenue until then. The City reports deferred inflows of resources related to pensions and OPEB which consist of differences between projected and actual investment earnings, changes in the City's proportion, and differences between the City's contribution and the proportionate share of contributions. The City also reports a deferred inflow of resources for unavailable revenue from property taxes in the Governmental Funds Balance Sheet. This amount is deferred and recognized as revenue in the period in which it becomes available.

Deposits and Investments – The City's cash and cash equivalents are comprised of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the Statement of Cash Flows, the proprietary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The City's investment policies are governed by Oregon statutes. The statutes authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, high-grade commercial paper and the State Treasurer's Government Investment Pool (LGIP). Short-term investments have a term of one year or less at the time of purchase.

Receivables – Uncollected receivables are deemed to be substantially collectible or recoverable through liens or other collection efforts; therefore, no allowance for uncollectible accounts has been established.

Inventory – Inventories are valued at cost, which approximates fair value using the first-in-first-out (FIFO) method. The cost of governmental fund type inventories is recorded as an expenditure when purchased.

Restricted Assets – Assets that may be refunded or are committed to be used for the payment of bonded debt or capital projects are classified as restricted assets on the balance sheet. Restricted resources are expended first to fund appropriations for which those restrictions are to be utilized.

City of Depoe Bay
Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure (e.g. streets, roads, sidewalks and similar public domain items) are reported in the applicable governmental activities and business-type activities columns in the government-wide financial statements, and in the proprietary fund financial statements. Capital assets are defined in the City's capitalization policy as having a historic cost or market value in excess of \$1,000 and a life beyond one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are valued at their estimated fair value at the date of the donation.

Additions, improvements and other capital outlays that significantly improve the useful life or increase the capacity of an asset are capitalized. Other costs incurred for maintenance and repairs are expensed. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

	<u>Years</u>
Buildings and Structures	25-40
Equipment	5-20
Vehicles	5
Infrastructure	40

Long Term Obligations – In the government-wide financial statements, and in the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the debt. Debt issuance costs are treated as period costs in the year of issue.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued and related premiums are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from net proceeds received, are reported as debt service expenditures.

City of Depoe Bay
Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences – It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Interfund Transactions – Transactions that constitute reimbursements to another fund for services provided are recorded as expenses in the reimbursing fund and revenue in the fund that is reimbursed. All other interfund transactions are reported as transfers and generally are eliminated from the financial statements.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Net Position/Fund Balance – In the government-wide statement of net position, equity is referred to as net position and is segregated into the following three components: 1) net invested in capital assets, 2) restricted, and 3) unrestricted.

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance is categorized as follows:

Nonspendable fund balance -represents amounts that are not in a spendable form. The nonspendable fund balance typically represents inventories and prepaid items.

Restricted fund balance -represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or by other governments) or are restricted by law (constitutionally or by enabling legislation).

Committed fund balance -represents funds formally set aside by the City for a particular purpose. The Council may commit a fund balance by resolution. The Council may also modify or rescind commitments by resolution.

City of Depoe Bay
Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Assigned fund balance -represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the Council or by an official to whom that authority has been given by the Council.

Unassigned fund balance -is the residual classification of the General Fund. Other governmental funds would report any deficit residual fund balance as unassigned.

The Council has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and lastly, unassigned fund balance.

Use of Estimates – The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Governmental Funds Balance Sheet includes a reconciliation between total fund balances and total net position of governmental activities in the government-wide Statement of Net Position. The elements of that reconciliation are as follows:

Capital assets are not financial resources in the governmental funds but are reported in the Statement of Net Position at their net depreciable value.

Property tax revenues not considered to be available are reported as deferred revenue in the governmental funds but are reported as revenue in the government-wide financial statements.

Net pension and OPEB liability/asset and related deferred outflows and inflows are not considered to be current financial sources or uses and are not reported in the governmental funds but are reported in the Statement of Net Position.

The Statement of Revenues, Expenditures, and Changes in Fund Balance for governmental funds includes a reconciliation between total net change in fund balances and changes in net position of governmental activities in the government-wide Statement of Activities. The elements of that reconciliation are as follows:

City of Depoe Bay
Notes to Financial Statements

June 30, 2020

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS, continued

Acquisition of capital assets is recorded as an expenditure in governmental funds, but the Statement of Activities allocates the cost of capital outlays over their estimated useful lives as depreciation expense.

Depreciation and other changes and activity involving capital assets are not recorded in governmental funds but are reported in the Statement of Activities.

Property tax revenues reported as deferred revenue in governmental funds are reported as revenue in the Statement of Activities.

Pension and OPEB income and expense are not considered current resources or uses and not reported in the governmental funds but are reported in the Statement of Activities.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Law and Practice - The City legally adopts an annual budget for each governmental and proprietary fund type prior to July 1 through passage of a resolution in accordance with the legal requirements set forth in the Oregon Local Budget Law.

The resolution authorizes fund appropriations at the following control levels: personnel services, materials and services, capital outlay, debt service, interfund transactions, operating contingency, and all other requirement levels. Expenditures cannot legally exceed appropriations at these control levels.

Budgets are prepared using a modified accrual basis of accounting. The legally adopted budget may be amended when unexpected modifications are required in estimated revenues and appropriations. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

Unexpected additional resources may be added to the budget through a supplemental budget. The supplemental budget process requires hearings before the public, publications in newspapers, and approval by the City Council. Only City Council may modify original and supplemental budgets through appropriation transfers between the levels of control. Such transfers and increases require approval by the City Council by adoption of a resolution. Budget appropriation amounts shown in the financial statements include the original and revised budget appropriations as approved by the City Council. Appropriations are limited to a single fiscal year; therefore, all spending authority of the City lapse at year end.

City of Depoe Bay
Notes to Financial Statements

June 30, 2020

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, continued

Excess Expenditures Over Appropriations – the City over-expended its appropriation authority during the 2019-20 fiscal year in the following instances:

- General Fund over-expended in transfers out to Parks and Building fund by \$40,000
- State Tax Street Fund over-expended in materials and services by \$72,886
- Transient Room tax Fun over-expended in tsunami sirens maintenance \$40
- URA Debt Service Fund over-expended in transfers out to URA Projects fund by \$34,970
- Water Bond Fund over-expended in debt service by \$1,096
- Harbor Fund over-expended in personnel services by \$20,278

NOTE 4 – DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Cash and investments as of June 30, 2020 are classified in the accompanying Statement of Net Position as follows:

	<u>Balance</u>
Cash and cash equivalents	\$ 6,815,990
Restricted Cash and cash equivalents	1,466,473
Total cash and cash equivalents	<u><u>\$ 8,282,463</u></u>

Cash, cash equivalents and investments as of June 30, 2020 consist of the following:

	Balance
Cash on hand	\$ 29,960
Deposits with financial institutions	7,957,796
Local Government Investment Pool	<u>294,707</u>
Total cash and investments	<u><u>\$ 8,282,463</u></u>

City of Depoe Bay
Notes to Financial Statements
June 30, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS, continued

Deposits and Investments, continued

Deposits – At the end of the fiscal year, the City's total deposits with financial institutions have a bank value of \$8,310,883.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. For deposits in excess of federal depository insurance, the Oregon Legislature created a shared liability structure of qualified depositories. At year end, \$250,000 of the City's deposits were insured by the FDIC and the remaining balance was in a qualified depository bank. The City does not have a formally adopted deposit policy addressing custodial credit risk.

Local Government Investment Pool (LGIP):

The Oregon State Treasurer maintains the Oregon Short Term Fund (OSTF), of which the Local Government Investment Pool (LGIP) is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The LGIP was created to offer a short-term investment alternative to Oregon local governments and it is not registered with the U.S. Securities and Exchange Commission. The investments are regulated by the OSTF and approved by the Oregon Investment Council. At the end of the fiscal year, the fair value of the City's deposits with the LGIP approximately equals the value of the pool shares. The OSTF financial statements are available at <http://www.ost.state.or.us>.

Interest rate risk -- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has a formal investment policy that limits investment maturities to no more than one year as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk -- Oregon Statutes limit investments to general obligations of U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, high-grade commercial paper and the State Treasurer's Local Government Investment Pool. The LGIP is unrated for credit risk. The City has an investment policy that would further limit its investment choices to the LGIP, bank savings accounts, money market accounts, certificate of deposit, and deposits with the Lincoln County Treasurer.

Concentration of credit risk -- At June 30 the City had 100% of investments in the Oregon State Treasurer's Local Government Investment Pool. The City places no limit on the amount that may be invested in any one issuer.

City of Depoe Bay
Notes to Financial Statements
June 30, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS, continued

Receivables

Receivables at June 30, 2020 consist of the following:

	URA Debt Service	Water	Sewer	Harbor	Total
Property taxes	\$ 15,433	\$ 13,921	\$ 5,123	\$ -	\$ 34,477
Accounts receivable	-	117,779	84,524	1,721	204,024
	<u>\$ 15,433</u>	<u>\$ 131,700</u>	<u>\$ 89,647</u>	<u>\$ 1,721</u>	<u>\$ 238,501</u>

Property Taxes -- Property taxes are levied and become a lien on all taxable property as of July 1. Taxes are levied on November 15 with collection dates: November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. In the Governmental funds taxes collected within approximately sixty days of the fiscal year end are recognized as revenue, and the remaining balance of property taxes receivable is recorded as deferred revenue as it is not considered available to finance operations of the current period. The only fund that collect property taxes is the Urban Renewal Debt Service Fund.

City of Depoe Bay
Notes to Financial Statements
June 30, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS, continued

Capital Assets

The following is a summary of changes in Governmental Activities capital assets:

	7/1/2019 Balance	Increases	Decreases	6/30/2020 Balance
Governmental Activities				
Capital assets not being depreciated				
Land and improvements	\$ 2,441,712	\$ 2,500	\$ -	\$ 2,444,212
Construction in progress	-	35,691		35,691
Total non-depreciable	<u>2,441,712</u>	<u>38,191</u>	<u>-</u>	<u>2,479,903</u>
Capital assets being depreciated				
Buildings and structures	874,932	7,311	-	882,243
Equipment and vehicles	362,315	18,099	-	380,414
Infrastructure	1,690,481	155,288	-	1,845,769
Total depreciable at historical cost	<u>2,927,728</u>	<u>180,698</u>	<u>-</u>	<u>3,108,426</u>
Accumulated depreciation				
Buildings and structures	(239,034)	(23,187)	-	(262,221)
Equipment and vehicles	(277,103)	(24,571)	-	(301,674)
Infrastructure	(525,295)	(49,962)	-	(575,257)
Total accumulated depreciation	<u>(1,041,432)</u>	<u>(97,720)</u>	<u>-</u>	<u>(1,139,152)</u>
Total depreciable, net	<u>1,886,296</u>	<u>82,978</u>	<u>-</u>	<u>1,969,274</u>
Governmental Activities capital assets, net	<u><u>\$ 4,328,008</u></u>	<u><u>\$ 121,169</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,449,177</u></u>

City of Depoe Bay
Notes to Financial Statements
June 30, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS, continued

Capital Assets, continued

The following is a summary of changes in Business-type Activities capital assets:

	7/1/2019 Balance	Increases	Decreases	6/30/2020 Balance
Business-type Activities				
Capital assets not being depreciated				
Land and improvements	\$ 83,649	\$ -	\$ -	\$ 83,649
Construction in process	4,233	21,985	-	26,218
Total assets not being depreciated	87,882	21,985	-	109,867
Capital assets being depreciated				
Buildings and structures	18,404,498	5,209	-	18,409,707
Equipment and vehicles	720,174	180,602	-	900,776
Infrastructure	-	-	-	-
Total depreciable at historical cost	19,124,672	185,811	-	19,310,483
Accumulated depreciation				
Buildings and structures	(9,388,161)	(416,579)	-	(9,804,740)
Equipment and vehicles	(563,270)	(53,527)	-	(616,797)
Infrastructure	-	-	-	-
Total accumulated depreciation	(9,951,431)	(470,106)	-	(10,421,537)
Total depreciable, net	9,173,241	(284,295)	-	8,888,946
Business-type Activities capital assets, net	\$ 9,261,123	\$ (284,295)	\$ -	\$ 8,998,813

Depreciation expense was charged to functions/program as follows:

	Balance		Balance
Governmental activities:		Business-type activities:	
General government	\$ 3,000	Water	\$ 145,588
Unclassified	94,720	Sewer	209,948
total depreciation expense for governmental activities	\$ 97,720.00	Harbor	114,570
		total depreciation expense for business-type activities	\$ 470,106

City of Depoe Bay
Notes to Financial Statements
June 30, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS, continued

Interfund Transfers and Balances

The following table presents the City's interfund transfer activity for the year ended June 30, 2020:

	Transfers Out	Transfers In						
		General Fund	State Street Tax Fund	URA Project Fund	URA Debt Service Fund	Water Fund	Sewer Fund	Harbor Fund
General Fund	\$ (315,000)	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 165,000
URA Project Fund	(316,300)	125,000	33,964	-	-	-	-	157,336
URA Debt Service Fund	(1,049,970)			1,049,970				
Harbor Fund	(10,500)	-				7,000	3,500	-
Total Transfers	<u>\$ (1,691,770)</u>	<u>\$ 125,000</u>	<u>\$ 183,964</u>	<u>\$ 1,049,970</u>	<u>\$ -</u>	<u>\$ 7,000</u>	<u>\$ 3,500</u>	<u>\$ 322,336</u>

Inter-fund transfers primarily to provide resources to funds which are not self-supporting.

Long Term Liabilities

During the year ended June 30, 2020 the following changes occurred in long-term liabilities:

	Original Amount	06/30/2019 Balance	Additions	Reductions	06/30/2020 Balance	Due Within One Year
Governmental Activities:						
Compensated absences		\$ 23,345	\$ 15,875	\$ (14,172)	\$ 25,048	\$ 16,887
Business-type Activities:						
2012 GO Refunding	805,000	620,000	-	(35,000)	585,000	35,000
2012 GO Refunding	1,310,000	760,000	-	(80,000)	680,000	80,000
2012 GO Refunding	2,365,000	1,080,000	-	(200,000)	880,000	210,000
Total bonds payable		2,460,000	-	(315,000)	2,145,000	325,000
Premium - Water Fund		34,772	-	(4,195)	30,577	
Premium - Sewer Fund		52,564	-	(11,901)	40,663	
Total bonds payable, net					<u>2,216,240</u>	
Compensated absences		61,110	37,042	(39,202)	58,950	37,728
Total business-type		2,608,446	37,042	(370,298)	4,491,430	362,728
Total long-term liabilities		<u>\$ 2,631,791</u>	<u>\$ 52,917</u>	<u>\$ (384,470)</u>	<u>\$ 4,516,478</u>	<u>\$ 379,615</u>

City of Depoe Bay
Notes to Financial Statements
June 30, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS, continued

Long Term Liabilities, continued

Total interest expense for the year was \$60,569.

Compensated Absences - Compensated absences are liquidated primarily by the General, State Tax Street, Parks and Building, Water, Sewer, and Harbor funds.

Bonds Payable

Water Fund

The City issued general obligation refunding bonds to retire previous bonds and loans for the acquisition and construction of major capital water improvements. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The bonds have terms as follows:

	Year of Maturity	Annual Rate	Annual Principal Payment	6/30/20 Balance
2012 GO Refunding	2036	2-3.6%	\$25,000-45,000	\$ 585,000
2012 GO Refunding	2027	2-3.6%	\$75,000-105,000	680,000
				1,265,000
			Bond premium	30,577
			Bonds, net	<u>\$ 1,295,577</u>

Sewer Fund

In 2012, the City issued general obligation refunding bonds to retire a loan from the Economic Development Dept. of the State of Oregon for \$2,365,000 to upgrade its wastewater treatment plant. The bond is payable in annual installments of \$170,000- 230,000 with interest at 2-3.6%. The loan matures in 2024, with a current balance of \$880,000 at June 30, 2020.

Unamortized bond premium at June 30, 2020 was \$40,663.

City of Depoe Bay
Notes to Financial Statements
June 30, 2020

NOTE 4 – DETAILED NOTES ON ALL FUNDS, continued

Long Term Liabilities, continued

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	GO Bonds		Total
	Principal	Interest	
2021	\$ 325,000	\$ 67,065	\$ 392,065
2022	335,000	55,490	390,490
2023	350,000	42,515	392,515
2024	355,000	30,915	385,915
2025	135,000	23,565	158,565
2026-30	395,000	68,070	463,070
2031-35	215,000	26,190	241,190
2036-40	35,000	630	35,630
Total	<u>\$ 2,145,000</u>	<u>\$ 314,440</u>	<u>\$ 2,459,440</u>

NOTE 5 – PENSION PLAN

Oregon Public Employees Retirement System (PERS)

Plan Description - Employees of the City are provided with pension benefits 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 Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The pension program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report (CAFR) and Actuarial Valuation that can be obtained by writing to: Oregon PERS, PO Box 23700, Tigard OR 97281-3700 or at:

http://www.oregon.gov/PERS/EMP/Pages/section/er_general_information/gasb-68.aspx.

City of Depoe Bay
Notes to Financial Statements
June 30, 2020

NOTE 5 – PENSION PLAN, continued

PERS Tier One/Tier Two Pension (Chapter 238)

Pension Benefits - The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options including survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. 1.67% 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 contribution before August 21, 1981), or a money match computation if a greater benefit results.

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

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

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

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

Benefit Changes After Retirement - Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living adjustments (COLAs). The cap on the COLA in fiscal year 2018 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits over \$60,000.

City of Depoe Bay
Notes to Financial Statements
June 30, 2020

NOTE 5 – PENSION PLAN, continued

OPSRP Defined Benefit Pension Program (238A)

Pension Benefits - The ORS 238A Defined Benefit Pension Program 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 percent 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.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes at least 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, 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 percent of the pension that would otherwise have been paid to the deceased member.

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

Benefit Changes After Retirement - Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA for creditable service earned before October 2013 is 2.00%. The COLA for creditable service earned after October 2013 is calculated as 1.25% on the first \$60,000 of annual benefit and 0.15% on amounts above \$60,000 of annual benefit.

OPSRP Individual Account Program (238A)

Pension Benefits -An OPSRP Individual Account Program (IAP) member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

City of Depoe Bay
Notes to Financial Statements
June 30, 2020

NOTE 5- PENSION PLAN, continued

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

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

Recordkeeping -PERS contracts with Voya Financial to maintain IAP participant records.

Contributions: The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. OPERS 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. The funding policy applies to the OPERS defined benefit plan and the other Post-Employment Benefit Plans. In some circumstances, payments are made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements. The rates, expressed as a percentage of payroll, first became effective July 1, 2019. City contributions for the year ending June 30, 2020 were \$127,587, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2020 were 24.32 percent for Tier One/Tier Two General Service and Fire Members, 18.43 percent of OPSRP General Service Members, 23.06 percent for OPSRP Fire Members, and 6 percent for OPSRP Individual Account Members.

Net Pension Liability - At June 30, 2020, the City reported a net pension liability of \$970,369 for its proportionate share of the system-wide pension liability. The net pension liability was measured as of June 30, 2019, and the system-wide pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. The City's proportionate share of the system-wide 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 long-term contributions of all participating employers, actuarially determined. These proportion percentages for the City were 0.00560985 and 0.00739699 for the fiscal years ending June 30, 2020 and 2019 respectively. For the year ended June 30, 2020, the City recognized pension expense of \$182,442.

City of Depoe Bay
Notes to Financial Statements
June 30, 2020

NOTE 5- PENSION PLAN, continued

At June 30, 2020, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 53,513	\$ -
Changes of assumptions	131,642	-
Net difference between projected and actual earnings on investments	-	27,509
Changes in proportion	-	213,258
Differences between employer contributions and proportionate share of contributions	11,809	1,377
Total	196,964	242,144
Contributions subsequent to measurement date	127,587	-
Total	<u>\$ 324,551</u>	<u>\$ 242,144</u>

Deferred outflows of resources of \$127,587 relates to pensions resulting from City contributions subsequent to the measurement date to be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other pension amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expenses as follows:

Year Ended	Deferred Outflow(Inflow) of resources (prior to post- measurement date contributions)
<u>June 30</u>	
2021	\$ 30,929
2022	(45,335)
2023	(14,804)
2024	(12,998)
2025	(2,972)
	<u>\$ (45,180)</u>

**City of Depoe Bay
Notes to Financial Statements
June 30, 2020**

NOTE 5- PENSION PLAN, continued

Actuarial Methods and Assumptions:

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Valuations - The employer contribution rates effective July 1, 2019, through June 30, 2020, were set using the projected unit credit 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 employees during the current service year) and (2), an amount for the amortization of unfunded accrued actuarial liabilities, which are being amortized over a fixed period with new unfunded accrued actuarial liabilities being amortized over 20 years. For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by employees during the current service year) and (b) an amount for the amortization of unfunded accrued actuarial liabilities, which are being amortized over a fixed period with new unfunded accrued actuarial liabilities being amortized over 16 years. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probabilities 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 future results. Experience studies were performed as of December 31 on even numbered years. The methods and assumptions shown above are based on the 2017 experience study, which reviewed experience for the four-year period ending December 31, 2017.

City of Depoe Bay
Notes to Financial Statements
June 30, 2020

NOTE 5- PENSION PLAN, continued

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	Health retirees and beneficiaries: RP-2014 healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active Members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

City of Depoe Bay
Notes to Financial Statements
June 30, 2020

NOTE 5- PENSION PLAN, continued

Long-Term Expected Rate of Return – To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS 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 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 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/Strategy	Assumed Asset Allocation		
	Low Range	High Range	Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	13.5%	21.5%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>

City of Depoe Bay
Notes to Financial Statements
June 30, 2020

NOTE 5- PENSION PLAN, continued

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.30%	6.69%
Micro Cap US Equities	1.30%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Foreign Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equities	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-Driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	100.00%	
Assumed Inflation - Mean		2.50%

City of Depoe Bay
Notes to Financial Statements
June 30, 2020

NOTE 5- PENSION PLAN, continued

Discount Rate – The discount rate used to measure the total pension liability was 7.50 percent 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 fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Discount Rate – The following presents the City's net pension liability calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) and one percentage point higher (8.50 percent) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Net Pension Liability			
(Asset)	\$ 1,553,961	\$ 970,369	\$ 481,984

NOTE 7 - OTHER INFORMATION

Commitments – The City of Depoe Bay and Gleneden Sanitary District (a sanitary district in Lincoln County) entered into an agreement whereby the District shares in the annual total cost for shared wastewater facilities. Costs include annual cost of administration, construction not paid from bond or grant proceeds, operations, maintenance, and debt service for the shared facility. In November of 1999, the City and Miroco Water District signed an agreement whereby Miroco transferred its assets and obligations of \$44,925 to a separate reserve fund (an enterprise fund) in the City. In return, the City services the inhabitants of the former District for twenty-five years. The agreement spells out obligations the City has agreed to abide by, including arrangements for funding, if needed, to fulfill any obligations in the event the reserve fund is inadequate.

City of Depoe Bay
Notes to Financial Statements
June 30, 2020

NOTE 7 - OTHER INFORMATION, continued

In 1994 a landfill in Agate Beach was closed. The City and other governmental units in Lincoln County now share the costs of clean-up and closure of the site. The City collects fees for the closure through North Lincoln Sanitary Services and pays its share of costs to the Lincoln County Solid Waste Consortium. Restricted cash held by the City related to the Agate Beach Landfill totals \$94,062. Activity for the year is as follows:

	Balance
Fees Collected	\$ 1,047
Expenditures	(3,919)
Excess (deficit) of revenues over expenditures	<u>\$ (2,872)</u>

Tax Abatement – The City has not entered into any tax abatement agreements as of the end of the fiscal year; therefore, there are no amounts to disclose.

Risk Management – The City is exposed to various risks of loss related to theft of, damage to and destruction of assets; tort; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for such risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

City of Depoe Bay
Notes to Financial Statements
June 30, 2020

NOTE 7 - OTHER INFORMATION, continued

Restatement of fund balance and net position

In Fiscal Year 2019, the City had several errors in its financial statement. The beginning fund balances and net positions have been changed as follows:

	General Fund	State Street Tax Fund	Water Enterprise	Sewer Enterprise	Habor Enterprise
Balance as originally reported	\$ 2,237,246	\$ 633,437	\$ 3,336,409	\$ 4,442,273	\$ 2,498,651
Increase (decrease) of cash	(247,431)		(152,289)	(161,888)	-
Increase (decrease) of accounts receivable	99,889		(9,264)	(112,574)	-
(Increase) decrease of accounts payable	(2,384)		(7,108)	(5,239)	-
(Increase) decrease of accrued payroll	16,824	6,521	(8,440)	(6,597)	-
Increase (decrease) in capital assets	-	-	(50,529)	374,016	(50,952)
Restate beginning balance	<u>\$ 2,104,144</u>	<u>\$ 639,958</u>	<u>\$ 3,108,779</u>	<u>\$ 4,529,991</u>	<u>\$ 2,447,699</u>

CITY OF DEPOE BAY OREGON

REQUIRED SUPPLEMENTAL INFORMATION SECTION

City of Depoe Bay, Oregon
Schedule of Revenues, Expenditures and Changes in Fund
Balance- Budget and Actual
For the Year Ended June 30, 2020
General Fund

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Franchises	\$ 161,230	\$ 167,539	\$ 6,309
Revenue sharing	25,795	23,970	(1,825)
Cigarette tax	1,400	1,418	18
Liquor tax	23,805	23,056	(749)
Marijuana tax	9,100	40,579	31,479
Permits - Building and other	8,000	7,152	(848)
Business licenses and fees	26,000	26,122	122
City marijuana tax	10,000	-	(10,000)
Grants	1,500	1,000	(500)
Interest earnings	1,300	5,782	4,482
Agate Beach Closure Fund	1,041	1,095	54
Miscellaneous	1,000	466	(534)
Total revenues	<u>270,171</u>	<u>298,179</u>	<u>28,008</u>
Expenditures			
Personnel services	166,661	130,406	36,255
Materials and services	272,209	176,893	95,316
Capital outlay	22,500	6,339	16,161
Contingency	24,604	-	24,604
Total expenditures	<u>485,974</u>	<u>313,638</u>	<u>172,336</u>
Excess (deficiency) of revenue over expenditures	(215,803)	(15,459)	200,344
Other financing sources and uses			
Transfer from Transient Room Tax Fund	700,000	700,000	-
Transfer from URA Project Fund	200,000	125,000	(75,000)
Transfer to Harbor Fund	(165,000)	(165,000)	-
Transfer to Street Fund	(150,000)	(150,000)	-
Transfer to Parks and Building Fund	(110,000)	(150,000)	(40,000)
Total other financing sources and uses	<u>475,000</u>	<u>360,000</u>	<u>(115,000)</u>
Change in fund balance	259,197	344,541	85,344
Fund Balance - beginning of year	<u>525,335</u>	<u>995,344</u>	<u>440,048</u>
Fund Balance - end of year	<u>\$ 784,532</u>	<u>\$ 1,339,885</u>	<u>\$ 525,392</u>
Restatement of beginning fund balance			
Balance reported on June 30, 2019 statements		\$ 1,134,782	
Corrections to June 30, 2019 balances			
Cash decrease		(247,431)	
Receivables increase		99,889	
Accounts payable increase		(2,384)	
Accrued payroll decrease		10,488	
		<u>\$ 995,344</u>	

City of Depoe Bay, Oregon
Schedule of Revenues, Expenditures and Changes in Fund
Balance- Budget and Actual
For the Year Ended June 30, 2020
State Tax Street Fund

	Original and Final Budget	Actual	Variance
Revenues			
State Highway Apportionment	\$ 108,614	\$ 93,569	\$ (15,045)
SDC charges	58,822	21,312	(37,510)
Grants	100,000	-	(100,000)
Interest earnings	300	148	(152)
Miscellaneous	-	-	-
Total revenues	<u>267,736</u>	<u>115,029</u>	<u>(152,707)</u>
Expenditures			
Personnel services	173,330	88,665	84,665
Materials and services	-	72,886	(72,886)
Capital outlay	673,116	197,656	475,460
Contingency	1,000	-	1,000
Total expenditures	<u>847,446</u>	<u>359,207</u>	<u>488,239</u>
Excess (deficiency) of revenue over expenditures	(579,710)	(244,178)	335,532
Other financing sources and uses			
Transfer from General Fund	150,000	150,000	-
Transfer from Urban Renewal Project Fund	74,000	33,964	(40,036)
Total other financing sources and uses	<u>224,000</u>	<u>183,964</u>	<u>(40,036)</u>
Change in fund balance	(355,710)	(60,214)	295,496
Fund Balance - beginning of year	<u>504,119</u>	<u>639,958</u>	<u>135,839</u>
Fund Balance - end of year	<u>\$ 148,409</u>	<u>\$ 579,744</u>	<u>\$ 431,335</u>

OREGON PUBLIC EMPLOYEE RETIREMENT SYSTEM

Last Six Fiscal Years

Fiscal Year Ended	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 position (Asset)Liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.005610%	\$ 970,370	\$ 717,726	135.20%	80.20%
2019	0.007397%	1,120,547	661,590	169.37%	82.10%
2018	0.007556%	1,018,560	648,213	157.13%	83.10%
2017	0.008371%	1,256,699	620,249	202.50%	80.50%
2016	0.008544%	490,595	639,024	76.80%	91.90%
2015	0.009050%	(205,188)	658,037	-31.20%	103.60%

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date for each year presented.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

OREGON PUBLIC EMPLOYEE RETIREMENT SYSTEM

Last Six fiscal years

Fiscal Year Ended	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
2020	\$ 127,587	\$ 127,587	\$ -	\$ 708,195	17.80%
2019	(57,406)	(57,406)	-	717,726	-8.68%
2018	104,300	104,300	-	661,590	15.77%
2017	87,360	87,360	-	648,213	13.48%
2016	82,930	84,057	(1,127)	620,249	13.55%
2015	76,062	77,398	(1,336)	639,024	12.11%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. 10-years of information will be presented when available

NOTES TO THE SCHEDULES OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(ASSET) AND CONTRACTUALLY REQUIRED CONTRIBUTIONS

Changes in Benefit Terms

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

A legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. 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 Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation. Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

Changes in Assumptions

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. 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 were updated.

**GOVERNMENTAL-MAJOR FUNDS
DESCRIPTION OF BUDGETARY FUNDS**

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances requires budget and actual be displayed for each fund where legally adopted budgets are required.

Budgetary comparison schedules for the following major governmental funds:

General Fund - is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Transient Room Tax accounts for the collection of transient room tax.

Parks and Building Fund accounts for the funds accumulated for maintenance and acquisition of capital assets.

Reconciliation is for presentation purposes, these three funds are folded into one fund and presented as the Combined General Fund.

State Tax Street Fund - accounts for the maintenance, operation and construction of the City's streets. The primary source of revenues is state shared highway funds.

Urban Renewal Project Fund - accounts for the capital projects undertaken by the Agency The primary sources of revenue are loan proceeds and transfer from the Debt Service Fund.

Urban Renewal Debt Service Fund - accounts for reserves and debt service to carry out the City's urban renewal plan. The primary source of revenue is property taxes.

City of Depoe Bay, Oregon
Reconciliation of Revenues and Expenditures - Budgetary Basis
to the Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020
Combined General Fund

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Net</u>
Budgetary Basis:			
General Fund	\$ 1,123,179	\$ 778,638	\$ 344,541
Transient Room Tax Fund	912,107	707,533	204,574
Parks and Building Fund	166,933	178,735	(11,802)
Total Budgetary Basis	<u>\$ 2,202,219</u>	<u>\$ 1,664,906</u>	537,313
 Fund Balance - beginning of year			<u>2,104,144</u>
Fund Balance - end of year			<u>\$ 2,641,457</u>
Restatement of beginning fund balance			
Balance reported on June 30, 2019 statements			\$ 2,237,245
Corrections to June 30, 2019 balances			
Cash decrease			(247,431)
Receivables increase			99,889
Accounts payable increase			(2,384)
Accrued payroll decrease			16,825
Restated beginning fund balance			<u>\$ 2,104,144</u>

City of Depoe Bay, Oregon
Schedule of Revenues, Expenditures and Changes in Fund
Balance- Budget and Actual
For the Year Ended June 30, 2020
Transient Room Tax Fund

	Original and Final Budget	Actual	Variance
Revenues			
Transient room tax	\$ 877,000	\$ 910,821	\$ 33,821
Interest earnings	700	1,286	586
Total revenues	<u>877,700</u>	<u>912,107</u>	<u>34,407</u>
Expenditures			
Public safety	673,000	7,533	665,467
Law enforcement	12,000	-	12,000
Tsunami sirens maintenance		40	(40)
Total expenditures	<u>685,000</u>	<u>7,573</u>	<u>677,427</u>
Excess (deficiency) of revenue over expenditures	192,700	904,534	711,834
Other financing sources and uses			
Transfer to General Fund	(700,000)	(700,000)	-
Change in fund balance	(507,300)	204,534	711,834
Fund Balance - beginning of year	<u>750,000</u>	<u>1,066,172</u>	<u>316,172</u>
Fund Balance - end of year	<u>\$ 242,700</u>	<u>\$ 1,270,706</u>	<u>\$ 1,028,006</u>

City of Depoe Bay, Oregon
Schedule of Revenues, Expenditures and Changes in Fund
Balance- Budget and Actual
For the Year Ended June 30, 2020
Parks and Building Fund

	Original and Final Budget	Actual	Variance
Revenues			
Memorial plaque sales	\$ 13,301	\$ 10,452	\$ (2,849)
SDC charges	9,195	2,924	(6,271)
Rental fee income	4,200	2,250	(1,950)
Miscellaneous	-	-	-
Donations	1,000	318	(682)
Interest earnings	550	989	439
Total revenues	<u>28,246</u>	<u>16,933</u>	<u>(11,313)</u>
Expenditures			
Personnel services	133,119	106,535	26,584
Materials and services	115,627	60,306	55,321
Capital outlay	357,850	11,894	345,956
Contingency	5,000	-	5,000
Total expenditures	<u>611,596</u>	<u>178,735</u>	<u>432,861</u>
Excess (deficiency) of revenue over expenditures	(583,350)	(161,802)	421,548
Other financing sources and uses			
Transfer from General Fund	186,237	150,000	(36,237)
Change in fund balance	<u>(397,113)</u>	<u>(11,802)</u>	<u>385,311</u>
Fund Balance - beginning of year	<u>371,884</u>	<u>42,628</u>	<u>(329,256)</u>
Fund Balance - end of year	<u>\$ (25,229)</u>	<u>\$ 30,826</u>	<u>\$ 56,055</u>
Restatement of beginning fund balance			
Balance reported on June 30, 2019 statements		\$ 36,292	
Corrections to June 30, 2019 balances			
Accrued payroll decrease		<u>6,336</u>	
Restated fund balance		<u>\$ 42,628</u>	

City of Depoe Bay, Oregon
Schedule of Revenues, Expenditures and Changes in Fund
Balance- Budget and Actual
For the Year Ended June 30, 2020
Urban Renewal Area Project Fund

	Original and Final Budget	Actual	Variance
Revenues			
Interest earnings	\$ 10	\$ 170	\$ 160
Expenditures			
Personnel services	10,000	6,955	3,045
Materials and services	9,300	5,292	4,008
Total expenditures	<u>19,300</u>	<u>12,247</u>	<u>7,053</u>
Excess (deficiency) of revenues over expenditures	<u>(19,290)</u>	<u>(12,077)</u>	<u>7,053</u>
Other financing sources and uses			
Transfer from URA Debt Fund	1,015,000	1,049,970	34,970
Transfer to General Fund	(200,000)	(125,000)	75,000
Transfer to Harbor Fund	(158,000)	(157,336)	664
Transfer to Street Fund	(74,000)	(33,964)	40,036
Total other financing sources and uses	<u>583,000</u>	<u>733,670</u>	<u>150,670</u>
Change in fund balance	563,710	721,593	157,723
Fund Balance - beginning of year	<u>12,780</u>	<u>(4,868)</u>	<u>(17,648)</u>
Fund Balance - end of year	<u>\$ 576,490</u>	<u>\$ 716,725</u>	<u>\$ 140,235</u>

City of Depoe Bay, Oregon
Schedule of Revenues, Expenditures and Changes in Fund
Balance- Budget and Actual
For the Year Ended June 30, 2020
Urban Renewal Area Debt Service Fund

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 237,000	\$ 269,336	\$ 32,336
Interest earnings	300	520	220
Total revenues	<u>237,300</u>	<u>269,856</u>	<u>32,556</u>
Other Financing Sources and Uses			
Transfer to URA Project Fund	<u>(1,015,000)</u>	<u>(1,049,970)</u>	<u>(34,970)</u>
Change in fund balance	(777,700)	(780,114)	(2,414)
Fund Balance - beginning of year	<u>821,111</u>	<u>874,132</u>	<u>53,021</u>
Fund Balance - end of year	<u><u>\$ 43,411</u></u>	<u><u>\$ 94,018</u></u>	<u><u>\$ 50,607</u></u>

CITY OF DEPOE BAY OREGON

NONMAJOR FUNDS

Special Revenue Fund

SPECIAL REVENUE FUND DESCRIPTION OF BUDGETARY FUND

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances requires budget and actual be displayed for each fund where legally adopted budgets are required.

Budgetary comparison schedule for the following special revenue fund:

Salmon Enhancement Project Fund accounts for funds received for salmon enhancement Principal sources of revenue are donations and interest income.

City of Depoe Bay, Oregon
Schedule of Revenues, Expenditures and Changes in Fund
Balance- Budget and Actual
For the Year Ended June 30, 2020
Salmon Enhancement Project Fund

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Interest earnings	\$ 1	\$ 2	\$ 1
Donations	150	796	646
Total revenues	<u>151</u>	<u>798</u>	<u>647</u>
Expenditures			
Materials and services	<u>3,151</u>	<u>292</u>	<u>2,859</u>
Change in fund balance	(3,000)	506	3,506
Fund Balance - beginning of year	<u>3,000</u>	<u>3,600</u>	<u>600</u>
Fund Balance - end of year	<u>\$ -</u>	<u>\$ 4,106</u>	<u>\$ 4,106</u>

CITY OF DEPOE BAY OREGON

Proprietary Funds – Major Funds

PROPRIETARY FUNDS DESCRIPTION OF BUDGETARY FUNDS

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances requires budget and actual be displayed for each fund where legally adopted budgets are required.

Budgetary comparison schedules for the following major proprietary funds:

Water Fund reports financial activity related to supply, treatment and distribution of water, with the primary revenue coming from user fees.

Water Bond Fund recognizes the property taxes and transfers in to service debt obligations of the Water Fund.

Miroco Water Fund was formed to receipt in the funds from the closed water district.

Reconciliation is for presentation purposes. These three funds are folded in to one fund and presented as the Water Fund.

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

Sanitary Bond Fund accounts for the resources and expense related to collection and treatment of wastewater. The primary source of revenue is user fees.

Reconciliation is for presentation purposes. These two funds are folded in to one fund and presented as the Sewer Fund.

Harbor Fund reports financial activity related to port facilities. Primary revenue is from moorage fees.

City of Depoe Bay, Oregon
Schedule of Revenues, Expenditures and Changes in Fund
Balance- Budget and Actual
For the Year Ended June 30, 2020
Water Service Fund

	Original and Final Budget	Actual	Variance
Revenues			
User charges	\$ 680,000	\$ 665,525	\$ (14,475)
Connection fees	7,800	4,721	(3,079)
SDC charges	64,509	32,495	(32,014)
Miroco billing	10,000	-	(10,000)
Interest earnings	500	875	375
Miscellaneous	9,659	7,903	(1,756)
Total revenues	<u>772,468</u>	<u>711,519</u>	<u>(60,949)</u>
Expenditures			
Personnel services	348,000	286,916	61,084
Materials and services	223,515	138,500	85,015
Capital outlay	855,455	138,639	716,816
Contingency	50,000	-	50,000
Total expenditures	<u>1,476,970</u>	<u>564,055</u>	<u>912,915</u>
Excess (deficiency) of revenues over expenditures	<u>(704,502)</u>	<u>147,464</u>	<u>851,966</u>
Other Financing Sources and Uses			
Transfer from Harbor Fund	7,000	7,000	-
Transfer to Water Bond Fund	(20,000)	(20,000)	-
Total other financing sources and uses	<u>(13,000)</u>	<u>(13,000)</u>	<u>-</u>
Change in fund balance	(717,502)	134,464	851,966
Fund Balance - beginning of year (Restated)	<u>1,100,000</u>	<u>1,668,589</u>	<u>568,589</u>
Fund Balance - end of year	<u>\$ 382,498</u>	<u>\$ 1,803,053</u>	<u>\$ 1,420,555</u>
Restatement of beginning fund balance			
Balance reported on June 30, 2019 statements		\$ 1,845,690	
Corrections to June 30, 2019 balances			
Cash decrease		(157,934)	
Receivables increase		(3,619)	
Accounts payable increase		(7,108)	
Accrued payroll decrease		(8,440)	
Restated fund balance		<u>\$ 1,668,589</u>	

City of Depoe Bay, Oregon
Schedule of Revenues, Expenditures and Changes in Fund
Balance- Budget and Actual
For the Year Ended June 30, 2020
Water Bond Fund

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 196,748	\$ 192,484	\$ (4,264)
Interest earnings	130	189	59
Total revenues	<u>196,878</u>	<u>192,673</u>	<u>(4,205)</u>
Expenditures			
Debt service	<u>158,865</u>	<u>159,961</u>	<u>(1,096)</u>
Excess (deficiency) of revenues over expenditures	38,013	32,712	(5,301)
Other Financing Sources and Uses			
Transfer from Water Service Fund	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Change in fund balance	58,013	52,712	(5,301)
Fund Balance - beginning of year	<u>97,402</u>	<u>139,915</u>	<u>42,513</u>
Fund Balance - end of year	<u>\$ 155,415</u>	<u>\$ 192,627</u>	<u>\$ 37,212</u>
Restatement of beginning fund balance			
Balance reported on June 30, 2019 statements		\$ 134,270	
Corrections to June 30, 2019 balances			
Cash increase		<u>5,645</u>	
Restated fund balance		<u>\$ 139,915</u>	

City of Depoe Bay, Oregon
Schedule of Revenues, Expenditures and Changes in Fund
Balance- Budget and Actual
For the Year Ended June 30, 2020

Miroco Water Fund

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Interest earnings	\$ 20	\$ 18	\$ (2)
Fund Balance - beginning of year	<u>37,182</u>	<u>37,015</u>	<u>(167)</u>
Fund Balance - end of year	<u>\$ 37,202</u>	<u>\$ 37,033</u>	<u>\$ (169)</u>

City of Depoe Bay, Oregon
Reconciliation of Revenues and Expenditures - Budgetary Basis
to the Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020

Water Fund

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Net</u>
Budgetary Basis:			
Water Service Fund	\$ 718,519	\$ 584,055	\$ 134,464
Water Bond Fund	212,673	159,961	52,712
Miroco Water Fund	18	-	18
Total Budgetary Basis	<u>\$ 931,210</u>	<u>\$ 744,016</u>	187,194
Add (deduct) items to reconcile to Net			
Income on GAAP-basis			
Capital asset activity			
Additions			138,639
Depreciation			(145,588)
Pension activity - net			25,213
Compensated absences			(2,194)
Long-term debt activity			
Payment of principal on outstanding debt			115,000
Bond premium amortization			4,195
Change in net position			<u>322,459</u>
Net Position - beginning of year			3,108,776
Net Position - end of year			<u>\$ 3,431,235</u>

City of Depoe Bay, Oregon
Schedule of Revenues, Expenditures and Changes in Fund
Balance- Budget and Actual
For the Year Ended June 30, 2020
Sanitary Service Fund

	Original and Final Budget	Actual	Variance
Revenues			
User charges	\$ 1,200,000	\$ 478,171	\$ (721,829)
User charges - Gleneden Sanitary	-	204,000	204,000
Connection fees	650	1,407	757
SDC charges	3,500	21,492	17,992
Interest earnings	650	820	170
Miscellaneous	1,000	-	(1,000)
Total revenues	<u>1,205,800</u>	<u>705,890</u>	<u>(499,910)</u>
Expenditures			
Personnel services	373,976	355,903	18,073
Materials and services	370,654	319,822	50,832
Capital outlay	1,374,403	54,811	1,319,592
Contingency	60,000	-	60,000
Total expenditures	<u>2,179,033</u>	<u>730,536</u>	<u>1,448,497</u>
Excess (deficiency) of revenues over expenditures	<u>(973,233)</u>	<u>(24,646)</u>	<u>948,587</u>
Other Financing Sources and Uses			
Transfer from Harbor Fund	3,500	3,500	-
Transfer to Sanitary Bond Fund	(10,000)	(10,000)	-
Total other financing sources and uses	<u>(6,500)</u>	<u>(6,500)</u>	<u>-</u>
Change in fund balance	(979,733)	(31,146)	948,587
Fund Balance - beginning of year (Restated)	<u>1,200,000</u>	<u>1,943,108</u>	<u>743,108</u>
Fund Balance - end of year	<u>\$ 220,267</u>	<u>\$ 1,911,962</u>	<u>\$ 1,691,695</u>
Restatement of beginning fund balance			
Balance reported on June 30, 2019 statements		\$ 2,229,406	
Corrections to June 30, 2019 balances			
Cash decrease		(161,888)	
Receivables decrease		(112,574)	
Accounts payable increase		(5,239)	
Accrued payroll increase		(6,597)	
Restated fund balance		<u>\$ 1,943,108</u>	

City of Depoe Bay, Oregon
Schedule of Revenues, Expenditures and Changes in Fund
Balance- Budget and Actual
For the Year Ended June 30, 2020
Sanitary Bond Fund

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 112,595	\$ 107,823	\$ (4,772)
Interest earnings	100	152	52
Gleneden Sanitary debt	135,024	135,024	-
Nonresident contributions	1,000	1,446	446
Total revenues	<u>248,719</u>	<u>244,445</u>	<u>(4,274)</u>
Expenditures			
Debt service	<u>232,800</u>	<u>231,704</u>	<u>1,096</u>
Excess (deficiency) of revenues over expenditures	15,919	12,741	(3,178)
Other Financing Sources and Uses			
Transfer from Sanitary Service Fund	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Change in fund balance	25,919	22,741	(3,178)
Fund Balance - beginning of year (Restated)	<u>73,474</u>	<u>98,283</u>	<u>24,809</u>
Fund Balance - end of year	<u>\$ 99,393</u>	<u>\$ 121,024</u>	<u>\$ 21,631</u>
Restatement of beginning fund balance			
Balance reported on June 30, 2019 statements		\$ 92,638	
Corrections to June 30, 2019 balances			
Cash increase		<u>5,645</u>	
Restated beginning fund balance		<u>\$ 98,283</u>	

City of Depoe Bay, Oregon

**Reconciliation of Revenues and Expenditures - Budgetary Basis
to the Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020**

Sanitary Fund

	Total Revenues	Total Expenditures	Net
Budgetary Basis:			
Sanitary Service Fund	\$ 709,390	\$ 740,536	\$ (31,146)
Sanitary Bond Fund	254,445	231,704	22,741
Total Budgetary Basis	<u>\$ 963,835</u>	<u>\$ 972,240</u>	(8,405)
Add (deduct) items to reconcile to Net			
Income on GAAP-basis			
Capital asset activity			
Additions			54,811
Depreciation			(209,948)
Pension activity - net			26,414
Compensated absences			5,494
Long-term debt activity			
Payment of principal on outstanding debt			200,000
Bond premium amortization			11,901
Change in net position			<u>80,267</u>
Net Position - beginning of year			4,529,991
Net Position - end of year			<u>\$ 4,610,258</u>
Restatement of beginning net position			
Balance reported on June 30, 2019 statements			\$ 4,442,273
Corrections to June 30, 2019 balances			
Cash decrease			(161,888)
Receivables decrease			(112,574)
Accounts payable increase			(5,239)
Accrued payroll increase			(6,597)
Increase in capital assets			374,016
Restated beginning net position			<u>\$ 4,529,991</u>

City of Depoe Bay, Oregon
Schedule of Revenues, Expenditures and Changes in Fund
Balance- Budget and Actual
For the Year Ended June 30, 2020
Harbor Fund

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Moorage - annual	\$ 75,000	\$ 64,894	\$ (10,106)
Moorage - transient	8,500	6,044	(2,456)
Leases	27,500	27,018	(482)
Grants	6,300	6,300	-
Electricity surcharge	7,500	10,819	3,319
Fuel sales	235,000	218,368	(16,632)
Interest earnings	115	-	(115)
Launch fees	3,700	4,640	940
Miscellaneous	1,000	383	(617)
Total revenues	<u>364,615</u>	<u>338,466</u>	<u>(26,149)</u>
Expenditures			
Personnel services	195,529	215,807	(20,278)
Materials and services	292,009	289,190	2,819
Capital outlay	415,500	14,346	401,154
Contingency	10,000	-	10,000
Total expenditures	<u>913,038</u>	<u>519,343</u>	<u>393,695</u>
Excess (deficiency) of revenues over expenditures	<u>(548,423)</u>	<u>(180,877)</u>	<u>367,546</u>
Other Financing Sources and Uses			
Transfer from General Fund	165,000	165,000	-
Transfer from Urban Renewal Fund	158,000	157,336	(664)
Transfer to Sewer Fund	(3,500)	(3,500)	-
Transfer to Water Service Fund	(7,000)	(7,000)	-
Total other financing sources and uses	<u>312,500</u>	<u>311,836</u>	<u>(664)</u>
Change in fund balance	(235,923)	130,959	366,882
Fund Balance - beginning of year (Budget basis)	<u>235,923</u>	<u>132,445</u>	<u>(103,478)</u>
Fund Balance - end of year (Budget basis)	<u>\$ -</u>	<u>263,404</u>	<u>\$ 263,404</u>
GAAP ADJUSTMENTS - Reconciled to June 30, 2019 (Restated)		2,315,254	
Capital asset activity			
Additions		14,346	
Depreciation		(114,570)	
Compensated absences		(1,140)	
Pension activity, net		<u>13,118</u>	
Net Position - end of year		<u>\$ 2,490,412</u>	

CITY OF DEPOE BAY OREGON

Compliance Section



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

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Honorable Mayor and Members
of the City Council
City of Depoe Bay
Depoe Bay, Oregon

We have audited the basic financial statements of the City of Depoe Bay ("City") as of and for the year ended June 30, 2020, and have issued our report thereon dated January 25, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grants including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320, of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295)
- Budgets legally required (ORS Chapter 294)
- Insurance and fidelity bonds in force or required by law
- Programs funded from outside sources
- Authorized investment of surplus funds (ORS Chapter 294)
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

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

1. Excess of expenditures over appropriations as described in Note 2. B.
2. Could not perform testing for other budget requirements due to lack of information.
3. Could not test public contracting and purchasing due to lack of information.

OAR 162-10-0230 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 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's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified deficiencies in internal control over financial reporting that we consider to be a material weakness, as described in the AU-C Section 265 written communication.

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

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

ISLER CPA

Paul R. Nielson

Paul R Nielson, CPA, a member of the firm
Eugene, Oregon
April 30, 2025