



FINANCIAL STATEMENTS AND SUPPLEMENTAL
INFORMATION

FOR THE YEAR ENDED JUNE 30, 2020

WITH

INDEPENDENT AUDITOR'S REPORT

CITY OF CANNON BEACH, OREGON
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
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CITY OF CANNON BEACH, OREGON
Financial Statements and Supplemental Information
For the Year Ended June 30, 2020

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INTRODUCTORY SECTION

CITY OF CANNON BEACH, OREGON

List of Elected and Appointed Officials

June 30, 2020

ELECTED OFFICIALS - CITY COUNCIL

Mayor	Sam Steidel
Councilor	Mike Benefield
Councilor	Nancy McCarthy
Councilor	Brandon Ogilvie
Councilor	Robin Risley

Mailing Address

PO Box 368
Cannon Beach, OR 97110

APPOINTED OFFICIALS

City Manager	Bruce St. Denis
City Attorney	Beery Elsner & Hammond LLP

Mailing Address

PO Box 368
Cannon Beach, OR 97110

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Cannon Beach, 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 Cannon Beach, Oregon, ("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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cannon Beach, Oregon, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, the Tourism and Arts Fund, the Transient Room Tax Fund, the Clatsop County TRT Fund, and the Road Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of the Proportionate Share of the Net Pension Liability, the Schedule of Pension Contributions, and the Schedule of Changes in Total OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such 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.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 introductory section, combining and individual fund financial statements and schedules and the schedule of continuing disclosures are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and schedule of continuing disclosures related to general obligation bonds have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated December 21, 2020 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
December 21, 2020



Management's Discussion and Analysis

The management of the City of Cannon Beach offers readers of the City of Cannon Beach's financial statements this narrative overview and analysis of the financial activities of the City of Cannon Beach for the fiscal year ended June 30, 2020.

Financial Highlights

- The City's total assets at June 30, 2020 were \$29,887,527.
- The City's total deferred outflows at June 30, 2020 were \$1,655,262.
- The City's total liabilities at June 30, 2020 were \$8,522,712.
- The City's total deferred inflows at June 30, 2020 were \$927,716.
- The net position of the City at June 30, 2020 was \$22,092,361. Of this amount, \$793,969 represents unrestricted net position, which can be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2020, the City's governmental funds reported combined ending fund balances of \$4,182,364.
- At the end of the fiscal year, the City's total combined governmental funds had a non-spendable fund balance of \$102,390, a restricted fund balance of \$1,016,240, an assigned fund balance of \$1,328,807, and an unassigned fund balance of \$1,734,927.
- The General Fund's unassigned fund balance is \$1,734,927 at the end of the current fiscal year, or 37.9% of General Fund expenditures plus net transfers.

Overview of the Financial Statements

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

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

The statement of net position presents information on all of the City of Cannon Beach's total assets and deferred outflows and total liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Cannon Beach is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Cannon Beach that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Cannon Beach include general government, building, community development, public works, public safety, and emergency management. The business-type activities include a recreational vehicle (RV) park, recycling, water, wastewater and storm drainage services.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Cannon Beach, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Cannon Beach can be divided into two categories: governmental funds and proprietary funds.

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

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

The City of Cannon Beach maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the six major funds: The General Fund, Tourism and Arts Fund, Transient Room Tax Fund, Clatsop TRT Fund, Road Fund, and General Reserve Fund. The City's nonmajor governmental funds are made up of the Building Official Fund, Affordable Housing Fund, Debt Service Fund, Ecola Forest Reserve Fund, and the Bridge Reserve Fund.

The City of Cannon Beach adopts an annual appropriated budget for all the Governmental Funds. A budgetary comparison statement has been provided for the General Fund, Tourism and Arts Fund, and Road Fund to demonstrate compliance with the budget.

Proprietary funds. Proprietary funds are used to account for activities where the emphasis is placed on net income determination. The City of Cannon Beach maintains two types of proprietary funds: enterprise funds and internal service funds. The City of Cannon Beach uses five enterprise funds to account for its water, wastewater, storm drain, recycling, and RV Park activities. The City uses an internal service fund for services provided on behalf of the City. The internal service fund activity has been included within the governmental activities on the government-wide financial statements.

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

The City also adopts an annual appropriated budget for all proprietary funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the enterprise funds as supplemental information as listed in the table of contents. The proprietary fund financial statements can also be found in the basic financial statements as listed in the table of contents.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support City programs. The accounting used for fiduciary funds is similar to that used for proprietary funds. The City of Cannon Beach currently does not have any fiduciary funds.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including financial information and disclosures that are required by the GASB, but are not considered a part of the basic financial statements. Combining statements are presented for nonmajor governmental and enterprise funds. Budgetary comparison schedules are presented for the nonmajor governmental, enterprise, and internal service funds.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Cannon Beach, total assets and deferred outflows exceeded total liabilities and deferred inflows by \$22,096,757 at the close of the most recent fiscal year.

By far, the largest portion, 91.5%, of the City of Cannon Beach's net position reflects its investment in capital assets, net of accumulated depreciation (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Cannon Beach uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Cannon Beach's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, 4.9%, represents resources that are subject to external restrictions on how they may be used. The remaining portion of total net position, 3.6% which is unrestricted, represents excess available to meet ongoing obligations.

At the end of the current fiscal year, the City of Cannon Beach is able to report positive balances of net position in the government as a whole.

City of Cannon Beach Net Position						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 5,378,913	\$ 4,537,728	\$ 2,621,327	\$ 2,595,844	\$ 8,000,240	\$ 7,133,572
Capital assets, net	7,697,593	7,278,437	14,189,694	14,428,344	21,887,287	21,706,781
Total assets	13,076,506	11,816,165	16,811,021	17,024,188	29,887,527	28,840,353
Deferred outflows of resources	1,354,617	1,465,367	300,645	403,582	1,655,262	1,868,949
Noncurrent liabilities	6,853,065	6,960,513	858,353	951,409	7,711,418	7,911,922
Other liabilities	579,557	516,225	231,737	146,290	811,294	662,515
Total liabilities	7,432,622	7,476,738	1,090,090	1,097,699	8,522,712	8,574,437
Deferred inflows of resources	847,866	245,760	79,850	75,705	927,716	321,465
Net position:						
Net investment in capital assets	6,018,096	5,387,584	14,189,694	14,428,344	20,207,790	19,815,928
Restricted	1,090,602	964,816	-	-	1,090,602	964,816
Unrestricted	(958,063)	(793,366)	1,752,032	1,826,022	793,969	1,032,656
Total net position	\$ 6,150,635	\$ 5,559,034	\$ 15,941,726	\$ 16,254,366	\$ 22,092,361	\$ 21,813,400

The City's net position increased by \$278,961 during the current fiscal year. This fiscal year was impacted by Covid-19 and as a result, transient room taxes, water utility charges, and wastewater utility charges were the most impacted by state-wide closures and affected tourism-based revenues in Cannon Beach. For the most part, other revenues of the city met forecasted amounts. The impacts began mid-March through May. Tourism related revenues rebounded in June.

The City's total assets at June 30, 2020 increased \$1,047,174 from \$28,840,353 to \$29,887,527, or 3.6% from the prior year. Cash increased by \$861,778, or 16.5% from the prior year. Receivables decreased by \$448,195, or 27.1% from the prior year. The city implemented GASB 87, Accounting for Leases, this fiscal year, which shows the value of future payments on the leases through the term of the contracts. The amount, \$520,560 is offset by a deferred inflow of resources. Capital assets, net, increased by \$180,508, or .8%, from the prior year. Deferred outflows increased \$480,567, or 33.8% from the prior year.

The City's total liabilities at June 30, 2020 decreased by \$51,725, or .7%, from the prior year. Accounts payable increased \$105,298, or 24.1%, from the prior year. Accrued payroll increased \$43,975, or 27.9% at the end of the year. The City's non-current liabilities decreased \$200,504, or 4.4%.

City of Cannon Beach Change in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Fines, fees, and charges for services	\$ 755,673	\$ 631,944	\$ 4,498,961	\$ 4,882,874	\$ 5,254,634	\$ 5,514,818
Operating grants and contributions	203,671	164,402	701	-	204,372	164,402
Capital grants and contributions	9,500	30,824	32,402	34,028	41,902	64,852
General revenues:						
Property taxes	1,322,781	1,250,349	-	-	1,322,781	1,250,349
Transient room taxes	4,251,218	4,628,696	-	-	4,251,218	4,628,696
Franchise fees	197,919	202,173	-	-	197,919	202,173
Unrestricted state revenue sharing	106,753	97,871	-	-	-	97,871
Unrestricted investment earnings	143,980	140,326	-	-	143,980	140,326
Total revenues	6,991,495	7,146,585	4,532,064	4,916,902	11,523,559	12,063,487
Expenses:						
General government	2,312,664	2,193,972			2,312,664	2,193,972
Building	224,287	217,779			224,287	217,779
Community Development	348,861	344,133			348,861	344,133
Public Works	1,304,303	1,231,356			1,304,303	1,231,356
Public Safety	1,717,853	1,686,594			1,717,853	1,686,594
Emergency Management	192,991				192,991	-
Unallocated depreciation	302,282	299,856			302,282	299,856
Interest on long-term liabilities	126,438	137,892			126,438	137,892
Water utility			1,214,381	1,190,495	1,214,381	1,190,495
Wastewater utility			1,525,954	1,506,319	1,525,954	1,506,319
Storm Drain			201,826	288,589	201,826	288,589
RV Park			1,536,845	1,708,404	1,536,845	1,708,404
Recycling			235,913	228,363	235,913	228,363
Total expenses	6,529,679	6,111,582	4,714,919	4,922,170	11,244,598	11,033,752
Increase in net position before transfers	461,816	1,035,003	(182,855)	(5,268)	278,961	1,029,735
Transfers	129,785	(82,605)	(129,785)	82,605	-	-
Increase (decrease) in net position	591,601	952,398	(312,640)	77,337	278,961	1,029,735
Net position, July 1	5,559,034	4,606,636	16,254,366	16,177,029	21,813,400	20,783,665
Net position, June 30	\$ 6,150,635	\$ 5,559,034	\$ 15,941,726	\$ 16,254,366	\$ 22,092,361	\$ 21,813,400

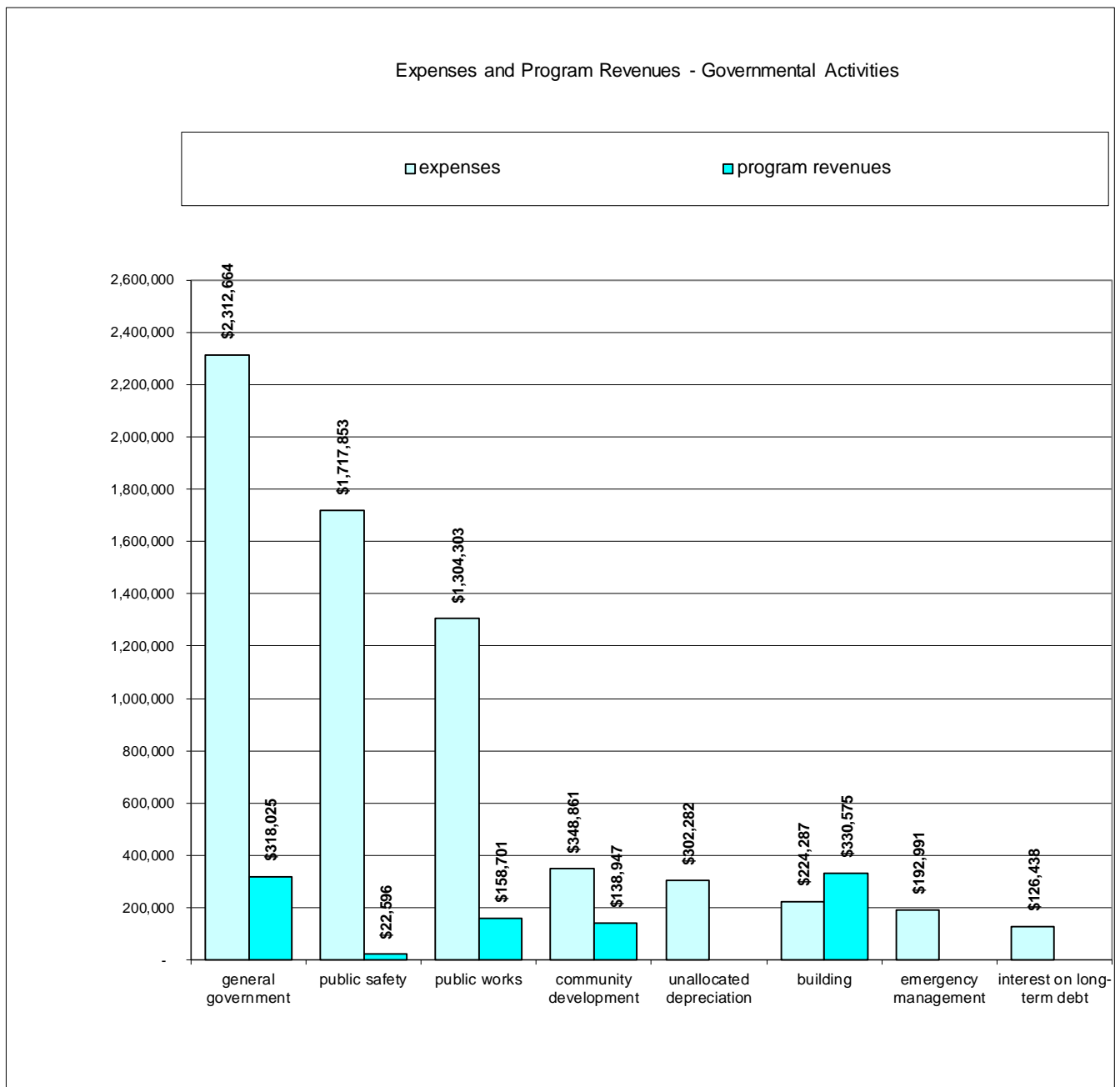
Governmental activities. Governmental activities increased the City's net position by \$591,601. The primary elements of the change in total net position are as follows:

- Revenues overall decreased \$155,090 from the prior year.
- Program revenues such as fines, fees, and charges for service increased \$123,729. This type of revenue is derived mostly from business licensing, court fines, community development fees, land leases, and other miscellaneous fees charged by the city.
- The other program revenues, operating and capital grants show increases of \$17,945 as previous year grants were replaced with new grants this year. Included in this was a decrease in state fuel tax that was likely related to Covid-19 as travel and commuting was discouraged. State fuel tax is considered an operating contribution and is not included in Unrestricted state revenue sharing due to the restrictions placed upon that funding mechanism.
- General revenues such as Transient room taxes were impacted greatly from Covid-19 and decreased from the prior year by \$377,478. Property taxes show increases of \$72,432. Transient room tax revenues are dependent upon tourism demand which all but stopped Mid-March through May this fiscal year. Property tax increases arise mostly from a yearly increase of 3% assessed value and new property builds and improvements.
- Other general revenues such as franchise fees show a decrease of \$4,254. Franchise fees are payments made to the city for the use of city right of ways by public utilities. Unrestricted state revenue sharing increased \$8,882 and

unrestricted investment earnings show modest increases of \$3,654. Revenue sharing are distributions from tax collections by the State of Oregon and shared with cities in Oregon and consist of cigarette tax, liquor tax, and marijuana tax. Investment earnings are bank interest income. Interest rates fluctuate based on the economic conditions during the year. This fiscal year, interest rates ranged from 2.75% and fell to 1.30% at the end of the year.

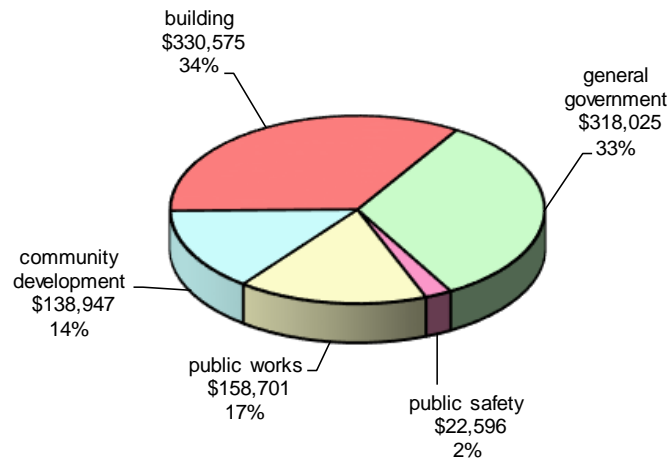
- Total expenses, increased by \$418,097 with each program showing increases with the exception of Interest on long-term liabilities which had a decrease from the prior year of \$11,454.
- Transfers resulted in an increase to net position in the amount of \$129,785.

The following graph summarizes the 2019-2020 governmental activity program revenues and corresponding expenses. The revenues shown total \$968,844 (an increase from the prior year of \$141,674) and are directly attributable to each activity (program revenues) and **do not** include property taxes, transient room taxes, franchise fees, unrestricted state revenue sharing, unrestricted investment earnings, and other one-time or extraordinary revenue streams which are discretionary (general revenues). Discretionary revenues amount to \$6,022,651 and decreased by \$296,764, from the prior year.



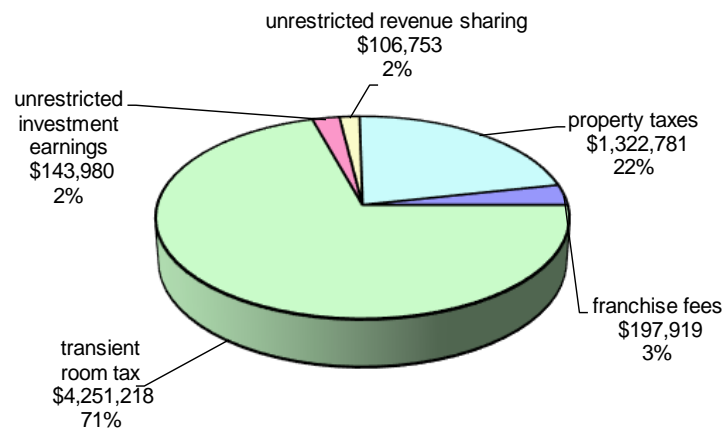
This next chart shows the 2019-2020 total functional revenues for each program in the amount of \$968,844 and the percentage of the total.

**Program Revenues - Governmental Activities -
Charges for Service, Operating and Capital Grants**



As the next chart reflects, most 2019-2020 governmental activities relied on general discretionary revenues to support the function. This graph shows total discretionary revenues in the amount of \$6,022,651 and the percentage in each category.

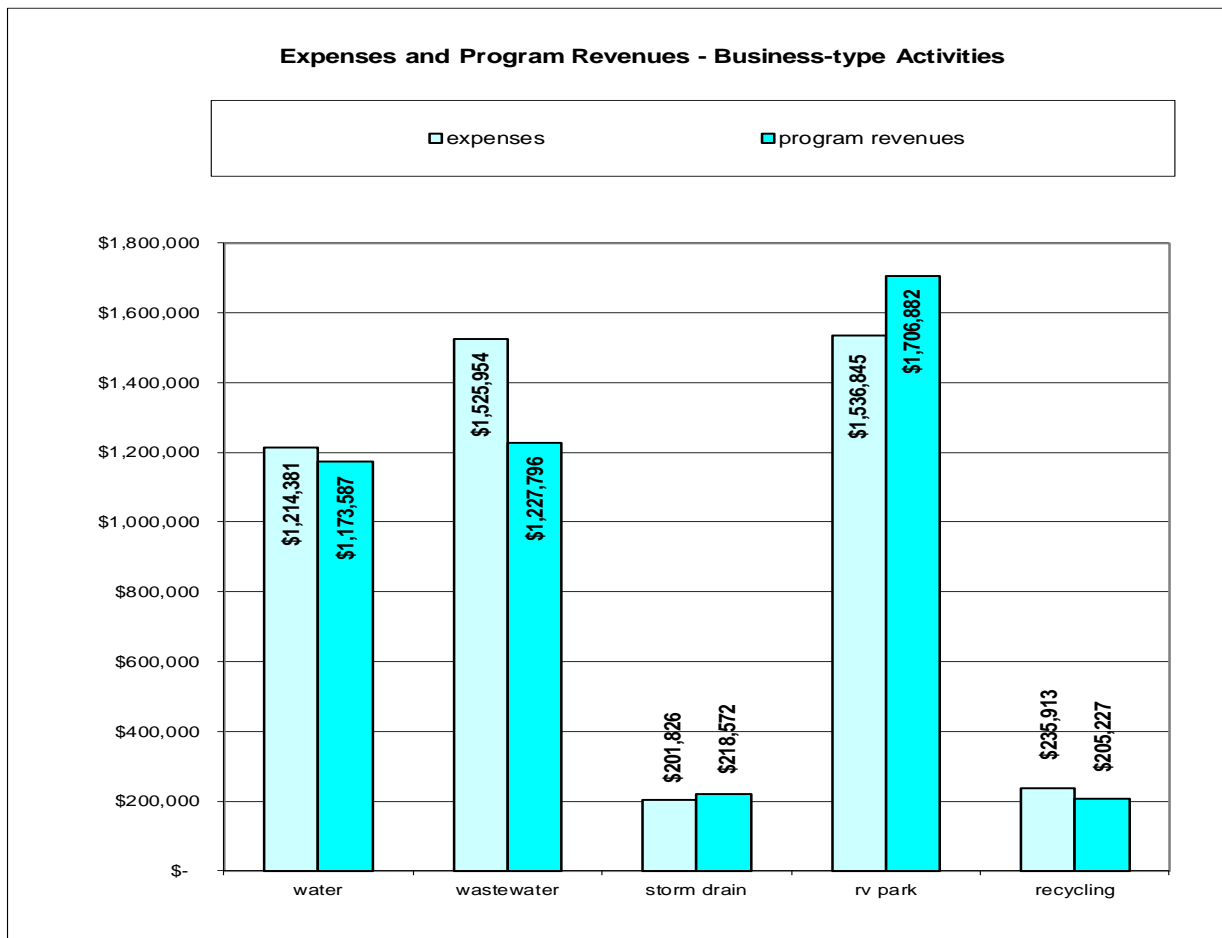
**Discretionary General Revenues by Source -
Governmental Activities**



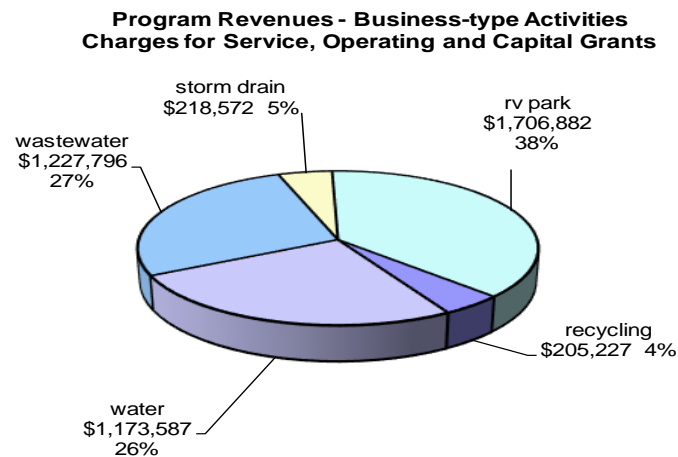
Business-type activities. Business-type activities decreased the City's net position by \$312,640. Business-type activities' main source of revenue comes from charges for service. Key elements of this decrease are as follows:

- Fines, fees, and charges for services include the utility revenue in the Water, Wastewater, Storm Drain, Recycling and RV Park enterprises. There was a net decrease in fees in the amount of \$383,913 from the prior year. Of this amount the Water, Wastewater, RV Park, and Recycling funds had decreases of \$98,800, \$92,030, \$248,259, and \$1,575, respectively.
- In the current year, 105,734,906 gallons of water were sold compared to the prior year amount of 120,470,782 and is a 12.2% decrease.
- Storm Drain had a rate increase this year of 39% on the fixed amount per unit of \$5.16 to \$7.19
- There were no rate increases in Water or Wastewater utilities this fiscal year.
- There were decreases in total capital grants, which consist of system development charges, in the amount of \$1,626.
- Total operating expenses overall decreased from the prior year in the amount of \$207,2514.
- Covid-19 impacts occurred mostly in Water, Wastewater, and RV Park. Water and Wastewater are billed on consumption and during the period Mid-March through May consumption was down due to the lack of tourism. The city was closed to tourists. This also affected the RV Park revenue because of the closure. Utilities such as Storm Drain which have fixed rates were able to maintain their revenue stream. Recycling revenue is from a franchise fee from the city's sanitation vendor and that revenue stream stayed pretty even during Covid-19.

Business-type activities of the City of Cannon Beach are supported by charges for utility service, capital contributions, development fees, and grants. The graph below summarizes the 2019-2020 expenses and revenues of those funds.



Total program revenues in the business-type activities of the City total \$4,532,064 as represented by the percentages in the chart below for 2019-2020.



Financial Analysis of the Government's Funds

As noted earlier, the City of Cannon Beach uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City of Cannon Beach's governmental funds reported combined ending fund balances of \$4,182,364, an increase of \$214,092 in comparison with the prior year.

The general fund is the chief operating fund of the City of Cannon Beach. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,735,317. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures.

The fund balance of the City's General Fund increased by \$66,490 during the current fiscal year. Key elements of the net decrease to fund balance are as follows:

- Taxes and assessments increased by \$28,090 during the year. Revenue in this category comes from property taxes and state revenue sharing programs which include liquor, cigarettes, and marijuana. Most of the increase in this category is from property tax in the amount of \$19,209 and then slight increases in liquor and marijuana. Cigarettes decreased \$89 from the prior year and is the current trend.
- Transient room tax decreased by \$604,919. This revenue decreased due to Covid-19 and the city shut down Mid-March through May. The city's room tax rate is 8%.
- Franchise fees, which are revenues generated by utilities use of our right-of-way, decreased \$4,254 from the prior year.
- Licenses, permits, and fees decreased by \$3,314.
- Grants and donations decreased by \$8,825. This is a category that depends on available grant awards and fluctuating donations. Most of the net change came from public safety, in the amount of \$4,394 and emergency management, in the amount of \$7,982 with an increase of \$4,863 in Haystack Rock Awareness Program (HRAP) donations.
- Interest income increased by \$3,678. Currently, interest rates are trending down.
- Other revenues increased \$7,071.

- Overall, total revenues decreased \$582,472 from the prior year.
- Expenditures and other uses (net transfers out) in the General Fund decreased \$276,915 from the prior year. The decreases occurred in the executive department and net transfers in the amount of \$226,490 and \$422,817, respectively. The other departments, community development, public works, public safety, emergency management, and non-departmental had increases in the amounts of \$29,864, \$41,660, \$98,039, and \$184,202, respectively.

The Tourism and Arts Fund has a total fund balance of \$206,337. The net decrease in fund balance during the current year in the fund was \$157,873. This fund's normal revenue comes solely from transient room tax and is distributed to tourism purposes. This year, this fund had eligible expenses to receive a Cares Act grant.

- Transient room tax revenue decreased \$64,158.
- Grant revenue from the Cares Act to make business grants to give Covid-19 relief amounted to \$50,855
- Expenses for visitor and tourism purposes decreased \$52,739
- Covid-19 business grants increased \$297,644.

The Transient Room Tax Fund has a total fund balance of \$537. The net decrease in fund balance during the current year in the fund was \$1,910. This fund's revenue comes solely from transient room tax and is distributed to tourism purposes during the year.

- Transient room tax increased \$64,158.
- Total expenses for visitor and tourism purposes decreased \$59,801.

The Clatsop County TRT (Transient Room Tax) Fund was formed last year to account for the room tax given to the city from the 1% tax collected by the County. This comprises the 70% of the tax that is dedicated to tourism purposes. The county elected to forgo a tourism purposes program of their own and is distributing the tax to the cities in the county in which the tax was collected. The Clatsop County TRT Fund has a total fund balance of \$7,596. The net decrease in fund balance during the current year in the fund was \$40,540. This fund's revenue comes solely from transient room tax and is distributed to tourism purposes during the year.

- Transient room tax increased \$312,081.
- Total expenses for visitor and tourism purposes increased \$400,757. This expenditure is the purchase price of the Cannon Beach Elementary School. Some funding for the purchase came from a loan with the Tourism and Arts Fund, in the amount of \$102,000 to be paid back over a three-year term.

The Roads Fund has a total fund balance of \$472,266, all of which is restricted for road maintenance. The net increase in fund balance during the current year in the fund was \$140,706 and is attributable to the following:

- Total revenue decreased from the prior year by \$34,672.
- Taxes and assessments, which is property taxes and state fuel taxes, decreased \$819.
- Interest income and other revenue decreased from the prior year by \$3,029.
- Capital contributions decreased \$30,824 as the contribution from last year was not met with another contribution source this year.
- Transfers in from the General Fund increased by \$167,473.
- Expenditures increased \$87,728 from the prior year.

The General Reserve Fund has a total fund balance of \$1,313,821, all of which is restricted for use by council. The net increase in fund balance during the current year in the fund was \$0 and is attributable to the following:

- There were no transfers in from the General Fund.
- There were no expenditures from this fund in the current year.

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

Unrestricted net position of the Water Enterprise at the end of the year amounted to \$482,434, those for the Wastewater Enterprise at the end of the year amounted to \$486,406, those for the Storm Drain Enterprise at the end of the year amounted to \$91,396, those for the RV Park Enterprise at the end of the year amounted to \$686,611, and those for the Recycling

Enterprise at the end of the year amounted to a negative \$5,185. The total decrease in net position for all enterprise funds was \$312,640. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Cannon Beach's business-type activities.

General Fund Budgetary Highlights

- Adjustments to the adopted budget during the fiscal year were made by resolution and approved by city council.

Capital Asset and Debt Administration

City of Cannon Beach's Capital Assets, Net of Accumulated Depreciation						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 4,087,985	\$ 3,759,675	\$ 1,293,338	\$ 1,283,338	\$ 5,381,323	\$ 5,043,013
Buildings	1,054,179	948,116	1,605,723	1,632,411	2,659,902	2,580,527
Equipment and vehicles	579,914	506,298	325,041	305,792	904,955	812,090
Infrastructure	1,975,515	2,064,348	10,965,592	11,108,734	12,941,107	13,173,082
Construction in progress	-	-	-	98,069	-	98,069
Total	\$ 7,697,593	\$ 7,278,437	\$ 14,189,694	\$ 14,428,344	\$ 21,887,287	\$ 21,706,781

Capital assets. The City of Cannon Beach's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$21,887,287 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, and bridges.

Net capital assets decreased by \$180,506 during the year because capital asset additions of \$1,187,548 less current year depreciation in the amount of \$1,007,042 net to the overall decrease of capital assets at the end of the year.

Major capital asset additions during the current fiscal year included the following:

- Cannon Beach Elementary School, \$400,757
- Enclosure for Headworks UV, \$258,700
- Poplar Waterline, \$110,057
- 2nd St Bathroom Fixture Replacement, \$70,127
- 2020 Chevy Tahoe-Police, \$69,992
- Fuel Dispensing System-RV Park, \$52,148
- Noatak Stairs, \$37,027
- 2019 Ford F250-Public Works, \$35,360
- 2020 Ford F250-Haystack Rock Awareness Program, \$34,295
- 2020 Chevy Colorado-Code Enforcement, \$25,923

The above 10 items comprise 92.2% of the total dollar value of additions this year or \$1,094,386. There are a total of 19 acquisitions this year.

Additional information on the City of Cannon Beach's capital assets can be found in note III B.

Long-term debt. At the end of the fiscal year, the City of Cannon Beach had total long-term debt outstanding of \$3,286,261, which is debt backed by the full faith and credit of the government.

City of Cannon Beach's Outstanding Debt General Obligation Bonds						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 3,135,000	\$ 3,615,000	\$ -	\$ -	\$ 3,135,000	\$ 3,615,000
Original Issue Premium	151,261	178,970			151,261	178,970
Total	\$ 3,286,261	\$ 3,793,970	\$ -	\$ -	\$ 3,286,261	\$ 3,793,970

The City of Cannon Beach's total long-term debt decreased by \$507,709 during the current fiscal year.

Additional information on the City of Cannon Beach's long-term debt can be found in note III D.

Economic Factors and Next Year's Budgets and Rates

- The budget was prepared to address Covid-19 and revenues and expenditures were downgraded due to unknown economic factors in the next year.
- An expected decrease in room tax revenue of 50%.
- An expected increase in property tax revenue in the range of 2% - 3%.
- Zero utility rate increases in the 2020 fiscal year end.
- Zero cost of living adjustments to wages

All of these factors were considered in preparing the City of Cannon Beach's budget for the 2021 fiscal year end and can be viewed on the city's website.

Requests for information

This financial report is designed to provide a general overview of the City of Cannon Beach's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Laurie A. Sawrey, CPA, Finance Director, PO Box 368, 163 E. Gower Street, Cannon Beach, Oregon 97110.

BASIC FINANCIAL STATEMENTS

CITY OF CANNON BEACH, OREGON

Statement of Net Position

June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 3,836,906	\$ 2,241,801	\$ 6,078,707
Receivables	996,705	211,001	1,207,706
Internal balances	(5,977)	5,977	-
Prepaid expenses	30,719	5,299	36,018
Inventory	-	157,249	157,249
Lease receivable	520,560	-	520,560
Capital assets:			
Nondepreciable assets	4,087,985	1,293,338	5,381,323
Depreciable assets (net of accumulated depreciation)	3,609,608	12,896,356	16,505,964
Total assets	<u>13,076,506</u>	<u>16,811,021</u>	<u>29,887,527</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	102,465	-	102,465
Related to pensions	1,246,408	299,046	1,545,454
Related to OPEB	5,744	1,599	7,343
Total deferred outflows	<u>1,354,617</u>	<u>300,645</u>	<u>1,655,262</u>
 Total assets and deferred outflows	<u>14,431,123</u>	<u>17,111,666</u>	<u>31,542,789</u>
LIABILITIES			
Accounts payable and accrued expenses	312,603	229,237	541,840
Accrued payroll	201,350	-	201,350
Deposits	-	2,500	2,500
Accrued interest payable	9,881	-	9,881
Unearned revenue	55,723	-	55,723
Noncurrent liabilities:			
Due within one year	696,522	36,217	732,739
Due in more than one year	2,748,552	-	2,748,552
Net pension liability	3,291,908	789,813	4,081,721
Net OPEB liability	116,083	32,323	148,406
Total liabilities	<u>7,432,622</u>	<u>1,090,090</u>	<u>8,522,712</u>
DEFERRED INFLOWS OF RESOURCES			
Related to leases	520,560	-	520,560
Related to pensions	293,007	70,299	363,306
Related to OPEB	34,299	9,551	43,850
Total deferred inflows	<u>847,866</u>	<u>79,850</u>	<u>927,716</u>
 Total liabilities and deferred inflows	<u>8,280,488</u>	<u>1,169,940</u>	<u>9,450,428</u>
NET POSITION			
Net investment in capital assets	6,018,096	14,189,694	20,207,790
Restricted for:			
Building inspection program	220,898	-	220,898
Affordable housing	185,470	-	185,470
Tourism and arts	156,145	-	156,145
Road maintenance	483,991	-	483,991
Debt service	44,098	-	44,098
Unrestricted	(958,063)	1,752,032	793,969
Total net position	<u>\$ 6,150,635</u>	<u>\$ 15,941,726</u>	<u>\$ 22,092,361</u>

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

CITY OF CANNON BEACH, OREGON
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Indirect Expense Allocation	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:							
General government	\$ 3,089,447	\$ (776,783)	\$ 226,818	\$ 81,707	\$ 9,500	\$ (1,994,639)	\$ -
Building	184,353	39,934	330,575	-	-	106,288	-
Community development	348,861	-	138,947	-	-	(209,914)	-
Public works	1,592,338	(288,035)	41,024	117,677	-	(1,145,602)	-
Public safety	1,717,853	-	18,309	4,287	-	(1,695,257)	-
Emergency management	192,991	-	-	-	-	(192,991)	-
Unallocated depreciation	302,282	-	-	-	-	(302,282)	-
Interest on long-term liabilities	126,438	-	-	-	-	(126,438)	-
Total governmental activities	7,554,563	(1,024,884)	755,673	203,671	9,500	(5,560,835)	-
Business-type activities:							
Water	832,659	381,722	1,160,540	-	13,047	-	(40,794)
Wastewater	1,145,698	380,256	1,214,928	701	12,167	-	(298,158)
Storm drain	140,325	61,501	211,384	-	7,188	-	16,746
RV park	1,397,892	138,953	1,706,882	-	-	-	170,037
Recycling	173,461	62,452	205,227	-	-	-	(30,686)
Total business-type activities	3,690,035	1,024,884	4,498,961	701	32,402	-	(182,855)
Total activities	\$ 11,244,598	\$ -	\$ 5,254,634	\$ 204,372	\$ 41,902	(5,560,835)	(5,743,690)
General revenues:							
Taxes:							
Property taxes						1,322,781	-
Transient room taxes						4,251,218	-
Franchise fees						197,919	-
Unrestricted State revenue sharing						106,753	-
Unrestricted investment earnings						143,980	-
Transfers						129,785	(129,785)
Total general revenues and transfers						6,152,436	6,022,651
Change in net position						591,601	(312,640)
Net position, beginning						5,559,034	16,254,366
Net position, ending						\$ 6,150,635	\$ 15,941,726
							\$ 22,092,361

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

CITY OF CANNON BEACH, OREGON
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2020

	General Fund (010)	Tourism and Arts Fund (012)	Transient Room Tax Fund (013)	Clatsop County TRT Fund (014)	Road Fund (040)	General Reserve Fund (059)	Nonmajor Funds	Total Governmental Funds
ASSETS								
Cash and investments	\$ 1,519,683	\$ 40,041	\$ 18,702	\$ 951	\$ 507,840	\$ 1,313,821	\$ 435,868	\$ 3,836,906
Receivables:								
Room taxes	508,371	53,918	53,918	152,320	-	-	-	768,527
Accounts	41,442	-	-	-	7,286	-	7,342	56,070
Property taxes	48,255	-	-	-	17,713	-	28,910	94,878
Other	-	77,230	-	-	-	-	-	77,230
Due from other funds	6,256	-	-	-	741	-	475	7,472
Prepaid expenses	390	-	-	-	-	-	-	390
Advances to other funds	-	102,000	-	-	-	-	-	102,000
Lease receivable	520,560	-	-	-	-	-	-	520,560
Total assets	\$ 2,644,957	\$ 273,189	\$ 72,620	\$ 153,271	\$ 533,580	\$ 1,313,821	\$ 472,595	\$ 5,464,033
LIABILITIES								
Accounts payable and accrued expenses	\$ 100,056	\$ 66,852	\$ 72,083	\$ -	\$ 49,589	\$ -	\$ 7,143	\$ 295,723
Accrued payroll	201,350	-	-	-	-	-	-	201,350
Unearned revenue	55,723	-	-	-	-	-	-	55,723
Advances from other funds	-	-	-	102,000	-	-	-	102,000
Total liabilities	357,129	66,852	72,083	102,000	49,589	-	7,143	654,796
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues:								
Property taxes	31,951	-	-	-	11,725	-	18,962	62,638
Transient room taxes	-	-	-	43,675	-	-	-	43,675
Related to leases	520,560	-	-	-	-	-	-	520,560
Total deferred inflows of resources	552,511	-	-	43,675	11,725	-	18,962	626,873
FUND BALANCES								
Nonspendable:								
Prepaid items	390	-	-	-	-	-	-	390
Interfund advances	-	102,000	-	-	-	-	-	102,000
Restricted:								
Building inspection	-	-	-	-	-	-	220,898	220,898
Affordable housing	-	-	-	-	-	-	185,470	185,470
Road maintenance	-	-	-	-	472,266	-	-	472,266
Tourism and arts	-	104,337	537	7,596	-	-	-	112,470
Debt service	-	-	-	-	-	-	25,136	25,136
Assigned:								
Reserves	-	-	-	-	-	1,313,821	14,986	1,328,807
Unassigned	1,734,927	-	-	-	-	-	-	1,734,927
Total fund balances	1,735,317	206,337	537	7,596	472,266	1,313,821	446,490	4,182,364
Total liabilities, deferred inflows of resources and fund balances	\$ 2,644,957	\$ 273,189	\$ 72,620	\$ 153,271	\$ 533,580	\$ 1,313,821	\$ 472,595	\$ 5,464,033

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

CITY OF CANNON BEACH, OREGON
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2020

Fund balances - governmental funds	\$ 4,182,364
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Amounts reported for governmental activities in the statement of net position
are different because:

Receivables that are not available to pay for current expenditures are reported as unavailable revenue in the funds.	106,313
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Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds:

Nondepreciable assets	\$ 4,087,985	
Depreciable assets	8,163,720	
Accumulated depreciation	<u>(4,665,230)</u>	
		7,586,475

Long-term liabilities are not due and payable in the current period and,
therefore, are not reported in the funds:

General obligation bonds payable	(3,135,000)	
Deferred charges	102,465	
Issuance premiums	(151,261)	
Compensated absences	(89,891)	
Accrued interest payable	(9,881)	
Net pension liability	(2,144,944)	
Net OPEB liability	<u>(79,531)</u>	
		(5,508,043)

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 (pension
and OPEB) are recognized as deferred outflows of resources and deferred inflows
of resources on the statement of net position:

Deferred outflows of resources related to pensions	812,134	
Deferred outflows of resources related to OPEB	3,935	
Deferred inflows of resources related to pensions	(190,918)	
Deferred inflows of resources related to OPEB	<u>(23,498)</u>	
		601,653

Internal service funds are used by management to charge the costs of
administrative services to individual funds. The assets, deferred
outflows of resources, liabilities, and deferred inflows of resources
of the internal service fund are included in governmental activities
in the statement of net position.

(818,127)

Net position of governmental activities	\$ <u>6,150,635</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF CANNON BEACH, OREGON
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2020

	General Fund (010)	Tourism and Arts Fund (012)	Transient Room Tax Fund (013)	Clatsop County TRT Fund (014)	Road Fund (040)	General Reserve Fund (059)	Nonmajor Funds	Total Governmental Funds
Revenues:								
Taxes & assessments	\$ 775,403	\$ -	\$ -	\$ -	\$ 363,039	\$ -	\$ 511,602	\$ 1,650,044
Transient room taxes	3,174,044	336,641	336,641	360,217	-	-	-	4,207,543
Franchise fees	197,919	-	-	-	-	-	-	197,919
Licenses, permits, and fees	255,930	-	-	-	-	-	330,328	586,258
Grants and donations	30,341	50,855	-	-	-	-	-	81,196
Investment earnings	143,883	-	-	-	97	-	-	143,980
Other revenue	65,218	-	-	-	2,962	-	247	68,427
Total revenues	<u>4,642,738</u>	<u>387,496</u>	<u>336,641</u>	<u>360,217</u>	<u>366,098</u>	<u>-</u>	<u>842,177</u>	<u>6,935,367</u>
Expenditures:								
Current:								
General government	1,166,926	545,369	338,551	-	-	-	-	2,050,846
Building	-	-	-	-	-	-	206,161	206,161
Community development	322,232	-	-	-	-	-	11,516	333,748
Public works	406,822	-	-	-	765,641	-	-	1,172,463
Public safety	1,602,537	-	-	-	-	-	-	1,602,537
Emergency management	184,202	-	-	-	-	-	-	184,202
Debt service:								
Principal	-	-	-	-	-	-	480,000	480,000
Interest	-	-	-	-	-	-	135,025	135,025
Capital outlay	266,099	-	-	400,757	19,222	-	-	686,078
Total expenditures	<u>3,948,818</u>	<u>545,369</u>	<u>338,551</u>	<u>400,757</u>	<u>784,863</u>	<u>-</u>	<u>832,702</u>	<u>6,851,060</u>
Excess (deficiency) of revenues over (under) expenditures	<u>693,920</u>	<u>(157,873)</u>	<u>(1,910)</u>	<u>(40,540)</u>	<u>(418,765)</u>	<u>-</u>	<u>9,475</u>	<u>84,307</u>
Other Financing Sources (Uses):								
Transfers in	210,775	-	-	-	559,471	-	197,744	967,990
Transfers out	(838,205)	-	-	-	-	-	-	(838,205)
Total other financing sources (uses)	<u>(627,430)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>559,471</u>	<u>-</u>	<u>197,744</u>	<u>129,785</u>
Net change in fund balances	66,490	(157,873)	(1,910)	(40,540)	140,706	-	207,219	214,092
Fund Balances:								
Beginning of year	1,668,827	364,210	2,447	48,136	331,560	1,313,821	239,271	3,968,272
End of year	<u>\$ 1,735,317</u>	<u>\$ 206,337</u>	<u>\$ 537</u>	<u>\$ 7,596</u>	<u>\$ 472,266</u>	<u>\$ 1,313,821</u>	<u>\$ 446,490</u>	<u>\$ 4,182,364</u>

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

CITY OF CANNON BEACH, 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 - governmental funds \$ 214,092

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

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenue in the funds. 41,830

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of these assets is allocated
over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	\$ 686,078	
Current year depreciation	<u>(284,345)</u>	
		401,733

Some expenses reported in the statement of activities do not require
the use of current financial resources and, therefore, are not reported
as expenditures in the governmental funds.

Change in:		
Compensated absences payable	(19,318)	
Accrued interest	1,371	
Expenses related to pension obligations	(198,055)	
Expenses related to OPEB obligations	3,690	
Amortization of bond premiums	27,709	
Amortization of deferred charge on refunding	<u>(20,493)</u>	
		(205,096)

The issuance of long-term debt provides current financial resources
to governmental funds, while the repayment of the principal of
long-term debt consumes the current financial resources of
governmental funds. Neither transaction, however, has any effect
on net position. Also, governmental funds report the effect of
premiums, discounts, and similar items when debt is first
issued, whereas these amounts are deferred and amortized
in the statement of activities.

Principal repayments	<u>480,000</u>	
		480,000

The internal service funds are used by management to charge the costs of
administrative services to individual funds. The net revenue of certain
activities of internal service funds is reported with governmental activities. (340,958)

Change in net position of governmental activities \$ 591,601

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

CITY OF CANNON BEACH, OREGON**GENERAL FUND****Statement of Resources and Requirements**

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance
Resources:				
Beginning fund balance	\$ 1,000,000	\$ 1,000,000	\$ 1,668,827	\$ 668,827
Taxes and assessments	758,685	758,685	775,403	16,718
Transient room tax	3,953,190	3,953,190	3,174,044	(779,146)
Franchise fees	203,000	203,000	197,919	(5,081)
Licenses, permits and fees	263,115	263,115	255,930	(7,185)
Grants and donations	220,550	220,550	30,341	(190,209)
Investment earnings	90,000	90,000	143,883	53,883
Other revenue	53,835	53,835	65,218	11,383
Transfers in	210,775	210,775	210,775	-
Total resources	<u>\$ 6,753,150</u>	<u>\$ 6,753,150</u>	<u>\$ 6,522,340</u>	<u>\$ (230,810)</u>
Requirements:				
Executive	\$ 668,501	\$ 668,501	\$ 607,906	\$ 60,595
Planning	529,987	529,987	328,854	201,133
Public works	742,366	742,366	536,088	206,278
Public safety	1,842,756	1,842,756	1,698,452	144,304
Emergency management	394,911	394,911	184,202	210,709
Non-departmental	675,572	675,572	593,316	82,256
Transfers out	1,438,205	1,438,205	838,205	600,000
Contingency	242,705	242,705	-	242,705
Total expenditures	6,535,003	6,535,003	4,787,023	1,747,980
Ending fund balance	218,147	218,147	1,735,317	(1,517,170)
Total requirements	<u>\$ 6,753,150</u>	<u>\$ 6,753,150</u>	<u>\$ 6,522,340</u>	<u>\$ 230,810</u>

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

CITY OF CANNON BEACH, OREGON

012 - TOURISM & ARTS FUND

Statement of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 263,875	\$ 263,875	\$ 364,210	\$ 100,335
Transient room tax	419,277	419,277	336,641	(82,636)
Grants and donations	-	-	50,855	50,855
Total resources	<u>\$ 683,152</u>	<u>\$ 683,152</u>	<u>\$ 751,706</u>	<u>\$ 68,554</u>
Requirements:				
Tourism and Arts Program:				
Materials and services	\$ 469,277	\$ 469,277	\$ 545,369	\$ (76,092)
Ending fund balance	<u>213,875</u>	<u>213,875</u>	<u>206,337</u>	<u>7,538</u>
Total requirements	<u>\$ 683,152</u>	<u>\$ 683,152</u>	<u>\$ 751,706</u>	<u>\$ (68,554)</u>

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

CITY OF CANNON BEACH, OREGON

013 - TRANSIENT ROOM TAX FUND

Statement of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 25,378	\$ 25,378	\$ 2,447	\$ (22,931)
Transient room tax	<u>419,277</u>	<u>419,277</u>	<u>336,641</u>	<u>(82,636)</u>
Total resources	<u>\$ 444,655</u>	<u>\$ 444,655</u>	<u>\$ 339,088</u>	<u>\$ (105,567)</u>
Requirements:				
Transient Room Tax Program:				
Materials and services	\$ 444,655	\$ 444,655	\$ 338,551	\$ 106,104
Ending fund balance	<u>-</u>	<u>-</u>	<u>537</u>	<u>(537)</u>
Total requirements	<u>\$ 444,655</u>	<u>\$ 444,655</u>	<u>\$ 339,088</u>	<u>\$ 105,567</u>

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

CITY OF CANNON BEACH, OREGON

014 - CLATSOP COUNTY TRT FUND

Schedule of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ -	\$ -	\$ 48,136	\$ 48,136
Transient room tax	<u>419,277</u>	<u>419,277</u>	<u>360,217</u>	<u>(59,060)</u>
Total resources	<u>\$ 419,277</u>	<u>\$ 419,277</u>	<u>\$ 408,353</u>	<u>\$ (10,924)</u>
Requirements:				
Transient Room Tax Program:				
Materials and services	\$ 419,277	\$ 419,277	\$ -	\$ 419,277
Capital outlay	<u>-</u>	<u>-</u>	<u>400,757</u>	<u>(400,757)</u>
Total program-specific	<u>419,277</u>	<u>419,277</u>	<u>400,757</u>	<u>18,520</u>
Ending fund balance	<u>-</u>	<u>-</u>	<u>7,596</u>	<u>(7,596)</u>
Total requirements	<u>\$ 419,277</u>	<u>\$ 419,277</u>	<u>\$ 408,353</u>	<u>\$ 10,924</u>

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

CITY OF CANNON BEACH, OREGON

040 - ROAD FUND

Schedule of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 200,000	\$ 200,000	\$ 331,560	\$ 131,560
Taxes and assessments	372,106	372,106	363,039	(9,067)
Investment earnings	-	-	97	97
Other revenue	-	-	2,962	2,962
Transfers in	<u>559,471</u>	<u>559,471</u>	<u>559,471</u>	<u>-</u>
Total resources	<u>\$ 1,131,577</u>	<u>\$ 1,131,577</u>	<u>\$ 1,257,129</u>	<u>\$ 125,552</u>
Requirements:				
Roads Program:				
Personal services	\$ 253,125	\$ 253,125	\$ 247,558	\$ 5,567
Materials and services	674,856	674,856	518,083	156,773
Capital outlay	<u>15,000</u>	<u>15,000</u>	<u>19,222</u>	<u>(4,222)</u>
Total program-specific	<u>942,981</u>	<u>942,981</u>	<u>784,863</u>	<u>158,118</u>
Contingency	<u>188,596</u>	<u>188,596</u>	<u>-</u>	<u>188,596</u>
Total expenditures	<u>1,131,577</u>	<u>1,131,577</u>	<u>784,863</u>	<u>346,714</u>
Ending fund balance	<u>-</u>	<u>-</u>	<u>472,266</u>	<u>(472,266)</u>
Total requirements	<u>\$ 1,131,577</u>	<u>\$ 1,131,577</u>	<u>\$ 1,257,129</u>	<u>\$ (125,552)</u>

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

CITY OF CANNON BEACH, OREGON
PROPRIETARY FUNDS
Statement of Net Position
June 30, 2020

	Business-type Activities - Enterprise Funds						Governmental
	Major Funds				Nonmajor		Activities
	Water Enterprise	Wastewater Enterprise	RV Park Enterprise	Recycling Enterprise	Storm Drain Enterprise	Total	Administrative Services Fund
ASSETS							
Current assets:							
Cash and investments	\$ 620,410	\$ 615,791	\$ 781,197	\$ 96,067	\$ 128,336	\$ 2,241,801	\$ -
Accounts receivable	87,388	87,208	-	18,744	17,661	211,001	-
Due from other funds	1,444	1,254	2,794	342	143	5,977	-
Inventory	99,979	38,033	19,237	-	-	157,249	-
Prepaid expenses	-	5,299	-	-	-	5,299	30,329
Total current assets	<u>809,221</u>	<u>747,585</u>	<u>803,228</u>	<u>115,153</u>	<u>146,140</u>	<u>2,621,327</u>	<u>30,329</u>
Noncurrent assets:							
Capital assets:							
Nondepreciable assets	493,888	-	799,450	-	-	1,293,338	-
Depreciable, net	<u>3,926,539</u>	<u>6,624,729</u>	<u>1,595,091</u>	<u>186,213</u>	<u>563,784</u>	<u>12,896,356</u>	<u>111,118</u>
Total noncurrent assets	<u>4,420,427</u>	<u>6,624,729</u>	<u>2,394,541</u>	<u>186,213</u>	<u>563,784</u>	<u>14,189,694</u>	<u>111,118</u>
Total assets	5,229,648	7,372,314	3,197,769	301,366	709,924	16,811,021	141,447
DEFERRED OUTFLOWS OF RESOURCES							
Related to pensions	139,246	87,936	-	50,691	21,173	299,046	434,274
Related to OPEB	<u>568</u>	<u>695</u>	<u>-</u>	<u>171</u>	<u>165</u>	<u>1,599</u>	<u>1,809</u>
Total assets and deferred outflows	<u>5,369,462</u>	<u>7,460,945</u>	<u>3,197,769</u>	<u>352,228</u>	<u>731,262</u>	<u>17,111,666</u>	<u>577,530</u>
LIABILITIES							
Current liabilities:							
Accounts payable and accrued expenses	30,148	67,896	116,617	4,089	10,487	229,237	16,880
Deposits	2,500	-	-	-	-	2,500	-
Due to other funds	-	-	-	-	-	-	13,449
Compensated absences	<u>18,575</u>	<u>10,785</u>	<u>-</u>	<u>6,485</u>	<u>372</u>	<u>36,217</u>	<u>68,922</u>
Total current liabilities	51,223	78,681	116,617	10,574	10,859	267,954	99,251
Noncurrent liabilities:							
Net pension liability	367,763	232,250	-	133,880	55,920	789,813	1,146,964
Net OPEB liability	<u>11,487</u>	<u>14,054</u>	<u>-</u>	<u>3,443</u>	<u>3,339</u>	<u>32,323</u>	<u>36,552</u>
Total liabilities	430,473	324,985	116,617	147,897	70,118	1,090,090	1,282,767
DEFERRED INFLOWS OF RESOURCES							
Related to pensions	32,734	20,672	-	11,916	4,977	70,299	102,089
Related to OPEB	<u>3,394</u>	<u>4,153</u>	<u>-</u>	<u>1,017</u>	<u>987</u>	<u>9,551</u>	<u>10,801</u>
Total liabilities and deferred inflows	<u>466,601</u>	<u>349,810</u>	<u>116,617</u>	<u>160,830</u>	<u>76,082</u>	<u>1,169,940</u>	<u>1,395,657</u>
NET POSITION							
Net investment in capital assets	4,420,427	6,624,729	2,394,541	186,213	563,784	14,189,694	111,118
Unrestricted	<u>482,434</u>	<u>486,406</u>	<u>686,611</u>	<u>5,185</u>	<u>91,396</u>	<u>1,752,032</u>	<u>(929,245)</u>
Total net position	<u>\$ 4,902,861</u>	<u>\$ 7,111,135</u>	<u>\$ 3,081,152</u>	<u>\$ 191,398</u>	<u>\$ 655,180</u>	<u>\$ 15,941,726</u>	<u>\$ (818,127)</u>

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

CITY OF CANNON BEACH, OREGON
PROPRIETARY FUNDS
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds						Governmental
	Major Funds						Activities
	Water Enterprise	Wastewater Enterprise	RV Park Enterprise	Recycling Enterprise	Storm Drain Enterprise	Total	Administrative Services Fund
Operating Revenues:							
Charges for services	\$ 1,148,075	\$ 1,212,892	\$ 1,706,857	\$ 204,362	\$ 210,741	\$ 4,482,927	\$ 1,803,786
Other operating revenues	12,465	2,036	25	865	643	16,034	-
Total operating revenues	<u>1,160,540</u>	<u>1,214,928</u>	<u>1,706,882</u>	<u>205,227</u>	<u>211,384</u>	<u>4,498,961</u>	<u>1,803,786</u>
Operating Expenses:							
Personal services	325,930	245,471	-	127,044	10,718	709,163	1,648,280
Cost of operations	697,211	871,988	1,467,786	98,518	165,493	3,300,996	492,825
Depreciation	191,240	408,495	69,059	10,351	25,615	704,760	17,937
Total operating expenses	<u>1,214,381</u>	<u>1,525,954</u>	<u>1,536,845</u>	<u>235,913</u>	<u>201,826</u>	<u>4,714,919</u>	<u>2,159,042</u>
Operating income (loss)	(53,841)	(311,026)	170,037	(30,686)	9,558	(215,958)	(355,256)
Nonoperating Revenues (Expenses):							
Intergovernmental	-	701	-	-	-	701	14,298
Income (loss) before contributions and transfers	(53,841)	(310,325)	170,037	(30,686)	9,558	(215,257)	(340,958)
Capital contributions	13,047	12,167	-	-	7,188	32,402	-
Transfers in	-	-	-	39,418	41,572	80,990	-
Transfers out	-	-	(210,775)	-	-	(210,775)	-
Change in net position	(40,794)	(298,158)	(40,738)	8,732	58,318	(312,640)	(340,958)
Net Position:							
Beginning of year	4,943,655	7,409,293	3,121,890	182,666	596,862	16,254,366	(477,169)
End of year	<u>\$ 4,902,861</u>	<u>\$ 7,111,135</u>	<u>\$ 3,081,152</u>	<u>\$ 191,398</u>	<u>\$ 655,180</u>	<u>\$ 15,941,726</u>	<u>\$ (818,127)</u>

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

CITY OF CANNON BEACH, OREGON
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds						Governmental
	Major Funds				Nonmajor		Activities
	Water	Wastewater	RV Park	Recycling	Storm Drain		Administrative
	Enterprise	Enterprise	Enterprise	Enterprise	Enterprise	Total	Services Fund
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 1,193,756	\$ 1,249,641	\$ 1,706,882	\$ 209,521	\$ 206,154	4,565,954	\$ -
Receipts from interfund services provided	-	-	-	-	-	-	1,817,235
Payments to suppliers and contractors	(306,032)	(441,754)	(1,289,910)	(32,245)	(99,116)	(2,169,057)	(518,502)
Payments to employees	(294,800)	(278,247)	(130)	(111,489)	(10,471)	(695,137)	(1,289,899)
Payments for interfund services used	(383,166)	(381,510)	(141,747)	(62,794)	(61,644)	(1,030,861)	-
Net cash provided (used) by operating activities	<u>209,758</u>	<u>148,130</u>	<u>275,095</u>	<u>2,993</u>	<u>34,923</u>	<u>670,899</u>	<u>8,834</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Operating grants	-	701	-	-	-	701	14,298
Transfers in	-	-	-	39,418	41,572	80,990	-
Transfers out	-	-	(210,775)	-	-	(210,775)	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>701</u>	<u>(210,775)</u>	<u>39,418</u>	<u>41,572</u>	<u>(129,084)</u>	<u>14,298</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital contributions	13,047	12,167	-	-	7,188	32,402	-
Acquisition and construction of capital assets	(74,294)	(274,488)	(69,460)	-	-	(418,242)	(35,360)
Net cash provided by (used in) capital and related financing activities	<u>(61,247)</u>	<u>(262,321)</u>	<u>(69,460)</u>	<u>-</u>	<u>7,188</u>	<u>(385,840)</u>	<u>(35,360)</u>
Net change in cash and investments	148,511	(113,490)	(5,140)	42,411	83,683	155,975	(12,228)
Cash and investments:							
Beginning of year	<u>471,899</u>	<u>729,281</u>	<u>786,337</u>	<u>53,656</u>	<u>44,653</u>	<u>2,085,826</u>	<u>12,228</u>
End of year	<u>\$ 620,410</u>	<u>\$ 615,791</u>	<u>\$ 781,197</u>	<u>\$ 96,067</u>	<u>\$ 128,336</u>	<u>\$ 2,241,801</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (53,841)	\$ (311,026)	\$ 170,037	\$ (30,686)	\$ 9,558	\$ (215,958)	\$ (355,256)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	191,240	408,495	69,059	10,351	25,615	704,760	17,937
Net increase (reduction) of expense under GASB 68	32,089	(32,009)	-	14,802	3,566	18,448	335,086
Net increase (reduction) of expense under GASB 75	(1,282)	(3,416)	-	(389)	(411)	(5,498)	16,890
(Increase) decrease in current assets:							
Receivables	33,216	34,713	-	4,294	(5,230)	66,993	-
Internal balances	(1,444)	(1,254)	(2,794)	(342)	(143)	(5,977)	13,449
Inventory	20,893	384	18,587	-	-	39,864	-
Prepaid expenses	(27,500)	14,032	58	2,911	582	(9,917)	(28,058)
Increase (decrease) in liabilities:							
Accounts payable and accrued expenses	15,564	35,562	20,278	910	4,294	76,608	2,381
Deposits	500	-	-	-	-	500	-
Compensated absences	<u>323</u>	<u>2,649</u>	<u>(130)</u>	<u>1,142</u>	<u>(2,908)</u>	<u>1,076</u>	<u>6,405</u>
Net cash provided (used) by operating activities	<u>\$ 209,758</u>	<u>\$ 148,130</u>	<u>\$ 275,095</u>	<u>\$ 2,993</u>	<u>\$ 34,923</u>	<u>\$ 670,899</u>	<u>\$ 8,834</u>

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

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2020

Note I - Summary of significant accounting policies

The financial statements of the City of Cannon Beach, Oregon ("City") have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City of Cannon Beach, Oregon's significant accounting policies are described below.

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

The City of Cannon Beach, Oregon was incorporated in March 1957 as a municipal government under state law. The City operates under a council-city manager form of government. The governing body (City Council) consists of a mayor and four at-large councilors who serve four-year terms. The City Manager administers policies and coordinates the activities of the City. The City Manager reports to and is responsible to the City Council. The heads of various departments, formed to provide various services, are under the direct supervision of the City Manager.

C. Basis of presentation - government-wide and fund financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The fund financial statements provide information about the City's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all of the financial operations of the City except those required to be accounted for in another fund. Principal sources of revenue are property taxes, transient room taxes, licenses and permits, and state shared revenues. Primary expenditures are for general government and public safety.

The *tourism and arts fund* accounts for receipts generated by the 1% increase in lodging taxes that went into effect July 1, 2010. The principal source of revenue is 70% of the 1% increase. Revenues in this fund will be used in accordance with Oregon state statutes and will be distributed by the Tourism & Arts commission via a grant application process.

The *transient room tax fund* accounts for receipts generated by the 1% increase in lodging taxes that went into effect in October 15, 2015. The principal source of revenue is 70% of the 1% increase. Revenues in this fund will be used in accordance with Oregon state statutes.

The *Clatsop County TRT fund* accounts for the transient room tax revenue distributed to the City from Clatsop County. The County implemented a 1% transient room tax on January 1, 2019 and will distributed 70% of the collections from those paying the tax that are within City limits to the City. The City will use these funds for promotions and tourism related facilities.

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2020

Note I - Summary of significant accounting policies, continued

A. Basis of presentation - government-wide and fund financial statements, continued

The *road fund* accounts for tax revenues which are levied by the Cannon Beach Road District, revenues from state gasoline taxes which are to be expended as outlined in the Constitution of the State of Oregon, Article IX, Section 3, and for grants that are received for the construction, maintenance and repair of streets and roads.

The *general reserve fund* accounts for financial resources used for the acquisition or construction of major capital facilities for the general fund. Primary source of revenue is transfers in.

The City reports the following major enterprise funds:

The *water enterprise fund* (a combination of the operating and reserve funds) accounts for the costs of operating the water system of the City and paying for its costs and renovation. User fees provide the revenue.

The *wastewater enterprise fund* (a combination of the operating and reserve funds) accounts for the costs of operating the wastewater public utility. User fees provide the revenue.

The *RV park enterprise fund* (a combination of the operating and reserve funds) accounts for the costs of operating the RV park. User fees provide the revenue.

The *recycling enterprise fund* (a combination of the operating and reserve funds) accounts for the costs of operating the recycling operations. User fees provide the revenue.

Additionally, the City reports the following nonmajor funds within the governmental fund type:

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The *Debt service fund* accounts for the servicing of general long-term debt. Revenue sources are property taxes levied for general obligation bonds and other general governmental revenues.

Capital project funds account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by business-type or proprietary funds).

The City reports the following nonmajor enterprise fund:

The *storm drain enterprise fund* (a combination of the operating and reserve funds) accounts for the costs of operating the storm drain public utility. User fees provide the revenue.

Additionally, the City reports an *internal service fund* to account for the service of the Administrative Services Fund provided to other funds of the City.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2020

Note I - Summary of significant accounting policies, continued

D. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide 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 recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, transient room tax and franchise fees are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, transient room taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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.

E. Assets, liabilities, deferred outflows/inflows of resources, and net position or fund balance

1. Deposits and investments

The City's cash and equivalents are considered to be cash on hand, demand deposits, investments in the State of Oregon Local Government Investment Pool ("LGIP"), and short-term investments with original maturities of eighteen months or less from the date of acquisition. For purposes of the statement of cash flows, the City's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

LGIP is managed by the State, Office of the Treasurer, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in the Pool are valued at the Pool's share price, the price at which the investment could be sold.

State statutes also authorize the City to invest in obligations of the U.S. Treasury and agency debt obligations, commercial paper, corporate bonds, and repurchase agreements. Investments are reported at fair value.

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2020

Note I - Summary of significant accounting policies, continued

E. Assets, liabilities, deferred outflows/inflows of resources, and net position or fund balance, continued

2. Receivables and revenue

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes are levied and become a lien on July 1st. Property taxes are assessed in October and tax payments are due November 15th of the same year. Under the partial payment schedule, the first one-third of taxes are due November 15th of the same year, the second one-third on February 15th, and the remaining one-third on May 15th. A three percent discount is allowed if full payment is made by November 15th and a two percent discount is allowed if two-thirds payment is made by November 15th. Taxes become delinquent if not paid by the due date and interest accrues after each trimester at a rate of one percent per month.

3. Inventories and prepaid items

Inventories of materials and supplies in the proprietary funds are stated at average cost, on a first-in, first-out basis, and charged to expense as used.

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

4. Capital assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	25
Infrastructure and utility systems	25 - 50
Vehicles	5 - 10
Equipment	7 - 25

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2020

Note I - Summary of significant accounting policies, continued

E. Assets, liabilities, deferred outflows/inflows of resources, and net position or fund balance, continued

5. *Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position, and deferred amounts related to pension and OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and transient room taxes collected by Clatsop County. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the City reports deferred amounts related to leases and deferred amounts related to pension and OPEB.

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

7. *Net position*

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted net position* consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted net position* is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2020

Note I - Summary of significant accounting policies, continued

E. Assets, liabilities, deferred outflows/inflows of resources, and net position or fund balance, continued

8. Fund balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The City's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- *Nonspendable* fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.
- *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- *Committed* fund balance represents amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the City's Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation.
- *Assigned* fund balance represents amounts that are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council has by resolution authorized the finance director to assign fund balance. The Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- *Unassigned* fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As previously mentioned, sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Leases

The City is a lessor for noncancellable leases of a parking lot and cell tower sites. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2020

Note I - Summary of significant accounting policies, continued

E. Assets, liabilities, deferred outflows/inflows of resources, and net position or fund balance, continued

9. Leases, continued

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

10. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note II - Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 - Local Budget Law).

On or before June 30 of each year, the City enacts resolutions approving the budget, appropriating the expenditures, and levying the property taxes. Prior to enacting this resolution, the proposed budget is presented to a budget committee consisting of members of the City Council and a like number of interested citizens. The budget committee presents the budget to the City Council for budget hearings prior to enactment of the resolution.

The resolution authorizing appropriations for each fund sets the legal level of control by which expenditures cannot legally exceed appropriations. Total expenditures by department as established by the resolution are the legal level of control for the general and administrative services funds. Expenditure categories of fund program, debt service, transfers out and contingency are the legal levels of control for all other funds. The detail budget document, however, is required to contain more specific information for the above mentioned expenditure categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and adoption by the City Council. Management may modify original and supplemental budgets by the use of appropriation transfers between the legal levels of control within a fund. Such transfers require approval by the City Council. Management may not amend the budget without seeking approval of the Council. The City Council approved various transfer resolutions during the year.

B. Excess of expenditures over appropriations

For the year ended June 30, 2020 expenditures exceeded appropriations as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Tourism & Arts Fund - Tourism and Arts Program	\$ 469,277	\$ 545,369	\$ (76,092)

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2020

Note III - Detailed notes on all funds

A. Deposits and investments

The City maintains a cash and investment pool for its cash and cash equivalents in which each fund participates. Cash and investments are comprised of the following:

Petty cash	\$	200
Deposits with financial institutions		219,141
Local Government Investment Pool		<u>5,859,366</u>
Total	\$	<u>6,078,707</u>

Custodial Credit Risk - Deposits. There is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal policy for custodial credit risk, but follows the requirements of ORS 295. The City's cash is covered by federal depository insurance or by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

Credit Risk - Investments. The City has no investment policy for credit risk, but in practice follows state statutes which 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, certain commercial papers and the State Treasurer's Investment Pool (LGIP), among others.

LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. These funds must be invested and the investments managed as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-term Funds Board, which establish diversification percentages and specify the types of maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually. LGIP is not rated by a national rating service. The financial statements are available at www.ost.state.or.us.

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair value by limiting the maximum maturity to the anticipated use of the cash or 18 months, whichever is shorter.

The weighted-average maturity of the LGIP is less than one year.

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2020

Note III - Detailed notes on all funds, continued

B. Lease receivable

Lease receivable activity for the year ended June 30, 2020 was as follows:

	Original Amount	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:					
Parking Lot Lease; interest at 3.25%, principal and interest of \$640 monthly, due August 2032	\$ 89,823	\$ 84,987	\$ -	\$ (4,992)	\$ 79,995
Cell Tower Site Lease; interest at 7%, principal and interest of \$1,025 monthly, due September 2032	120,262	116,256	-	(4,296)	111,960
Cell Tower Site Lease; interest at 3%, principal and interest of \$600 monthly, due August 2040.	133,548	130,311	-	(3,336)	126,975
Cell Tower Site Lease; interest at 5%, principal and interest of \$1,288 monthly, due March 2034	214,529	209,118	-	(7,488)	201,630
	<u>\$ 540,672</u>	<u>\$ -</u>	<u>\$ (20,112)</u>	<u>\$ 520,560</u>	

Future maturities are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2021	\$ 21,072	\$ 23,880
2022	23,143	22,859
2023	25,402	21,733
2024	27,629	20,480
2025	31,041	19,068
2026 - 2030	192,786	69,839
2031 - 2035	154,287	19,880
2036 - 2040	43,600	3,693
2041 - 2045	<u>1,600</u>	<u>-</u>
	<u>\$ 520,560</u>	<u>\$ 201,432</u>

Deferred inflow of resources related to leases mirror the principal payment maturities described above.

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2020

Note III - Detailed notes on all funds, continued

C. Capital assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,759,675	\$ 328,310	\$ -	\$ 4,087,985
Total capital assets, not being depreciated	<u>3,759,675</u>	<u>328,310</u>	<u>-</u>	<u>4,087,985</u>
Capital assets, being depreciated:				
Buildings	2,505,683	171,548	-	2,677,231
Equipment and vehicles	1,746,941	172,192	(85,042)	1,834,091
Infrastructure	<u>3,791,965</u>	<u>49,388</u>	<u>-</u>	<u>3,841,353</u>
Total capital assets being depreciated	8,044,589	393,128	(85,042)	8,352,675
Less accumulated depreciation for:				
Buildings	(1,557,567)	(65,485)	-	(1,623,052)
Equipment and vehicles	(1,240,643)	(98,576)	85,042	(1,254,177)
Infrastructure	<u>(1,727,617)</u>	<u>(138,221)</u>	<u>-</u>	<u>(1,865,838)</u>
Total accumulated depreciation	<u>(4,525,827)</u>	<u>(302,282)</u>	<u>85,042</u>	<u>(4,743,067)</u>
Total capital assets, being depreciated, net	<u>3,518,762</u>	<u>90,846</u>	<u>-</u>	<u>3,609,608</u>
Governmental activities capital assets, net	<u>\$ 7,278,437</u>	<u>\$ 419,156</u>	<u>\$ -</u>	<u>\$ 7,697,593</u>
	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,283,338	\$ 10,000	\$ -	\$ 1,293,338
Construction in progress	<u>98,069</u>	<u>-</u>	<u>(98,069)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>1,381,407</u>	<u>10,000</u>	<u>(98,069)</u>	<u>1,293,338</u>
Capital assets, being depreciated:				
Buildings and improvements	2,756,646	35,206	-	2,791,852
Equipment and vehicles	663,746	52,148	-	715,894
Infrastructure	<u>20,385,720</u>	<u>368,757</u>	<u>98,069</u>	<u>20,852,546</u>
Total capital assets being depreciated	23,806,112	456,111	98,069	24,360,292
Less accumulated depreciation for:				
Buildings and improvements	(1,124,236)	(61,893)	-	(1,186,129)
Other equipment	(357,954)	(32,899)	-	(390,853)
Infrastructure	<u>(9,276,986)</u>	<u>(609,968)</u>	<u>-</u>	<u>(9,886,954)</u>
Total accumulated depreciation	<u>(10,759,176)</u>	<u>(704,760)</u>	<u>-</u>	<u>(11,463,936)</u>
Total capital assets, being depreciated, net	<u>13,046,936</u>	<u>(248,649)</u>	<u>98,069</u>	<u>12,896,356</u>
Business-type activities capital assets, net	<u>\$ 14,428,343</u>	<u>\$ (238,649)</u>	<u>\$ -</u>	<u>\$ 14,189,694</u>

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2020

Note III - Detailed notes on all funds, continued

C. Capital assets, continued

Depreciation was not charged to specific functions or programs of the City for governmental activities. Capital assets are used throughout the City and are therefore unallocated. Depreciation expense for governmental activities is recorded on the statement of activities as unallocated depreciation expense. Depreciation expense was charged to functions/programs of the City's business-type activities as follows:

Business-type activities:	
Water enterprise	\$ 191,240
Wastewater enterprise	408,494
RV park enterprise	69,059
Recycling enterprise	10,351
Storm drain enterprise	<u>25,614</u>
Total depreciation expense - business-type activities	<u>\$ 704,758</u>

D. Internal balances and interfund transfers

Interfund transfers

The interfund transfer activity for the year ended June 30, 2020 was as follows:

	Transfers Out:	
	General Fund	RV Park Enterprise
Transfers In:		
General Fund	\$ -	\$ 210,775
Road Fund	559,471	-
Nonmajor Governmental Funds	197,744	-
Recycling Enterprise	39,418	-
Storm Drain Enterprise	<u>41,572</u>	<u>-</u>
	<u>\$ 838,205</u>	<u>\$ 210,775</u>

Interfund transfers are used to provide funds for debt service, to contribute towards the cost of capital projects, and to provide operational resources.

Due to/from other funds

Short-term interfund balances resulted from the Administrative Services Fund borrowing cash from other funds to cover prepaid expenses.

Interfund advances

The Clatsop County TRT Fund borrowed \$102,000 from the Tourism and Arts Fund during the fiscal year to help pay for the purchase of the Cannon Beach Elementary School. The agreement requires the advance to be repaid over three years at 0% interest.

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2020

Note III - Detailed notes on all funds, continued

E. Long-term debt

Long-term debt outstanding at year end is as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
The general obligation bonds series 2010 were issued in the original amount of \$3,575,000 to finance the Ecola Creek Forest Reserve. These general obligation bonds are direct obligations and pledge the full faith and credit of the City. The debt service fund is used to liquidate these bonds. Original maturity of these 20-year bonds is June 1, 2031. In April of 2012, the City received a \$1,400,000 grant from the Oregon Watershed Enhancement Board which the City used to legally defease \$1,015,000 of the 2010 series bond principal, adjusting the maturity to June 1, 2027.	2.00% to 4.50%	\$ 1,635,000
The general obligation bonds series 2012 were issued in the original amount of \$2,845,000 to advance refund a portion of the 2005 Series general obligation bonds. These general obligation bonds are direct obligations and pledge the full faith and credit of the City. The debt service fund is used to liquidate these bonds. Final maturity of these bonds is June 1, 2025.	2.0% to 3.0%	<u>1,500,000</u>
Total debt outstanding		3,135,000
Current portion		<u>510,000</u>
Long-term portion		<u><u>\$ 2,625,000</u></u>

Annual debt service requirements to maturity at year end are as follows:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 510,000	\$ 118,575
2022	535,000	99,825
2023	565,000	80,175
2024	600,000	59,250
2025	620,000	36,900
2026 - 2027	<u>305,000</u>	<u>19,350</u>
Total	<u><u>\$ 3,135,000</u></u>	<u><u>\$ 414,075</u></u>

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2020

Note III - Detailed notes on all funds, continued

E. Long-term debt, continued

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 3,615,000	\$ -	\$ (480,000)	\$ 3,135,000	\$ 510,000
Original issue premium	<u>178,970</u>	<u>-</u>	<u>(27,709)</u>	<u>151,261</u>	<u>27,709</u>
Totals bonds payable	3,793,970	-	(507,709)	3,286,261	537,709
Compensated absences	<u>133,090</u>	<u>158,813</u>	<u>(133,090)</u>	<u>158,813</u>	<u>158,813</u>
Subtotal	3,927,060	158,813	(640,799)	3,445,074	696,522
Net pension liability	2,938,341	353,567	-	3,291,908	-
Net OPEB liability	<u>95,112</u>	<u>20,971</u>	<u>-</u>	<u>116,083</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 6,960,513</u>	<u>\$ 533,351</u>	<u>\$ (640,799)</u>	<u>\$ 6,853,065</u>	<u>\$ 696,522</u>
Business-type activities:					
Compensated absences	\$ 35,141	\$ 36,217	\$ (35,141)	\$ 36,217	\$ 36,217
Net pension liability	883,146	-	(93,333)	789,813	-
Net OPEB liability	<u>33,122</u>	<u>-</u>	<u>(799)</u>	<u>32,323</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 951,409</u>	<u>\$ 36,217</u>	<u>\$ (129,273)</u>	<u>\$ 858,353</u>	<u>\$ 36,217</u>

For governmental activities, compensated absences are generally liquidated by the general and administrative services funds.

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2020

Note III - Detailed notes on all funds, continued

F. Employee Retirement Plans

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan. The Oregon Legislature has delegated authority to the Public Employees Retirement 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 and Actuarial Valuation that can be obtained at <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Risk Pooling

The City has elected to participate in the State and Local Government Rate Pool (SLGRP). Pooling allows separate employers to be part of one group for the purpose of determining employer pension costs and contribution rates. Pool participants share pension assets and future pension liabilities and surpluses. Employers in the pool jointly fund the future pension costs of all of the pooled participants.

Plan Benefits

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

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

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

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

Disability Benefits

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

Benefit Changes

After Retirement Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2020

Note III - Detailed notes on all funds, continued

E. Employee Retirement Plans, continued

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits.

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

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

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 OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, 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 credits 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 in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

Upon retirement, a member of the OPSRP Individual Account Program (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 balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2020

Note III - Detailed notes on all funds, continued

E. Employee Retirement Plans, continued

Contributions:

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The rates, based on a percentage of payroll, first became effective July 1, 2019. Employer contributions for the year ended June 30, 2020 were \$661,679. The rates in effect for the fiscal year ended June 30, 2020 were 23.15 percent for Tier One/Tier Two General Services, 16.38 percent for OPSRP Pension Program General Services, and 21.01 percent for OPSRP Police and Fire members and 6 percent for OPSRP Individual Account Program.

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

At June 30, 2020 the City's proportionate share of the net pension liability is \$4,081,721. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the City's proportion was 0.02359703 percent, which was a change from its proportion measured as of June 30, 2018 of 0.02522653 percent.

For the year ended June 30, 2020 the City recognized pension expense of \$1,059,697. At June 30, 2020 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 225,095	\$ -
Change in assumptions	553,732	-
Net difference between projected and actual earnings on pension plan investments	-	115,713
Changes in proportionate share	232,949	189,726
Differences between City contributions and proportionate share of contributions	29,621	57,867
Subtotal before post-measurement date contributions	1,041,397	363,306
City contributions subsequent to the measurement date	504,057	-
Total	<u>\$ 1,545,454</u>	<u>\$ 363,306</u>

Deferred outflows of resources related to pensions of \$504,057 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the year ended June 30, 2021. Other net deferred outflows (inflows) of resources of \$678,091 will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2021	\$ 410,186
2022	71,523
2023	135,343
2024	62,891
2025	(1,852)
Total	<u>\$ 678,091</u>

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2020

Note III - Detailed notes on all funds, continued

E. Employee Retirement Plans, continued

Actuarial Methods and Assumptions:

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

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study Report	2016, published July 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
Project Salary Increases	3.50 percent overall payroll growth
Cost Living Adjustments (COLA)	Blend of 2.00% COLA and Graded COLA (1.25%/0.15%0 in accordance with <i>Moro</i> decision; blend based on service.
Mortality	Healthy 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.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

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 2017 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. 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. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at <http://www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf>.

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2020

Note III - Detailed notes on all funds, continued

E. Employee Retirement Plans, continued

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

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

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Discount Rate

The discount rate used to measure the total pension liability of the Plan was 7.20 percent. 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 for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20)%	1% Increase (8.20%)
Proportionate Share of Net Pension Liability (Asset)	\$ 6,536,514	\$ 4,081,721	\$ 2,027,397

Pension Plan Fiduciary Net Position

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

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2020

Note III - Detailed notes on all funds, continued

G. Other Postemployment Benefits (OPEB)

Plan Description

The City provides an implicit rate subsidy for retiree health insurance premiums. The City's single-employer defined benefit postemployment healthcare plan is administered by City County Insurance Services. Benefit provisions are established through negotiations between the City and representatives of collective bargaining units or through resolutions passed by the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Financial Statement Presentation

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

Deferred outflow of resources:	
Change of assumptions or inputs	\$ 3,815
Contributions after measurement date	<u>3,528</u>
	<u>7,343</u>
Net OPEB liability	<u>(148,406)</u>
Deferred inflow of resources:	
Change in assumptions	<u>(43,850)</u>

Deferred outflows of resources related to OPEB of \$3,528 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2021	\$ 7,571
2022	7,571
2023	7,571
2024	7,571
2025	7,571
Thereafter	<u>2,180</u>
	<u>\$ 40,035</u>

Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	-
Active employees	<u>34</u>
Total	<u>34</u>

Total OPEB Liability and OPEB Expense

The City's total OPEB liability of \$148,406 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

For the fiscal year ended June 30, 2020, the City recognized OPEB expense from this plan of \$11,230.

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2020

Note III - Detailed notes on all funds, continued

G. Other Postemployment Benefits (OPEB), continued

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2018 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Inflation	2.5 percent
Annual pay increases	3.5 percent
Withdrawal, retirement, and mortality rates	December 31, 2017 Oregon PERS valuation.
Discount rate	3.50 percent
Health Care Cost Trend	5.5 percent per year decreasing to 4.75 percent

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

Changes in the Total OPEB Liability

Balance as of June 30, 2019	\$ 128,234
Changes for the year	
Service cost	13,379
Interest on total OPEB liability	5,422
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	4,411
Benefit payments	(3,040)
Balance as of June 30, 2019	<u>\$ 148,406</u>

Changes in assumptions is the result of the change in the discount rate from 3.58 to 3.5 and changes in health care cost trends.

Sensitivity of the Total OPEB Liability

The following presents the City's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

	1% Decrease	Current Discount/Trend Rate	1 % Increase
Discount Rate - Total OPEB Liability	\$ 161,359	\$ 148,406	\$ 136,463
Healthcare Trend Rate - Total OPEB Liability	\$ 131,319	\$ 148,406	\$ 168,501

H. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year and settled claims have not reached the level of commercial coverage in any of the past three fiscal years.

I. Contingent liabilities

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations and capital projects. Management intends to contest these matters and does not believe their ultimate resolution will have a material effect upon the City's financial position, results of operations or cash flows.

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2020

Note III - Detailed notes on all funds, continued

J. Commitments

In February 2020, the City signed a financing contract with the Oregon Infrastructure Finance Authority of the Business Development Department ("OBDD") fund a water meter replacement project. The agreement includes two non-revolving loans in aggregate principal amounts not to exceed \$302,075 (Loan S20003A) and \$322,075 (Loan S20003B) with interest at 1.0% per annum. If the project is completed by the Project Completion Date (February 2023) Loan S20003B is 100% forgivable subject to the following stipulation. If, at the Project Completion Date, the average monthly residential water rates are not at or above the affordability rate of \$50.87 per 7,500 gallons, then \$249,660 of the amount due under Loan S20003B would not be forgiven. The financing proceeds will be disbursed on an expense reimbursement basis and none had been disbursed as of June 30, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CANNON BEACH, OREGON
Oregon Public Employees Retirement System
June 30, 2020

Schedule of the Proportionate Share of the Net Pension Liability

	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.02359703 %	0.02522653 %	0.02241974 %	0.02099759 %	0.02312559 %	0.02011880 %	0.02011880 %
Proportionate share of the net pension liability (asset)	\$ 4,081,721	\$ 3,821,487	\$ 3,022,189	\$ 3,152,226	\$ 1,327,747	\$ (457,641)	\$ 1,026,692
Covered payroll	\$ 2,907,830	\$ 2,812,176	\$ 2,617,450	\$ 2,422,025	\$ 2,343,341	\$ 2,051,308	\$ 1,983,297
Proportionate share of the pension liability (asset) as a percentage of its covered employee payroll	140.37 %	135.89 %	115.46 %	130.15 %	56.66 %	(22.31)%	51.77 %
Plan net position as a percentage of the total pension liability	80.20 %	82.10 %	83.10 %	80.50 %	91.90 %	103.59 %	92.00 %

Schedule of Pension Contributions

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 661,679	\$ 512,417	\$ 473,564	\$ 403,664	\$ 380,236	\$ 297,474	\$ 302,166
Contributions in relation to the contractually required contribution	661,679	512,417	473,564	403,664	380,236	297,474	302,166
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 2,907,830	\$ 2,812,176	\$ 2,617,450	\$ 2,422,025	\$ 2,343,341	\$ 2,051,308	\$ 1,983,297
Contributions as a percentage of covered employee payroll	22.76 %	18.22 %	18.09 %	16.67 %	16.23 %	14.50 %	15.24 %

Note: Ten year schedules will be presented prospectively

CITY OF CANNON BEACH, OREGON

Notes to Required Supplementary Information

June 30, 2020

Note I - Measurement Period

Amounts presented are for the measurement period, which for FY 2020 is July 1, 2018 - June 30, 2019.

Note II - Changes in Benefit Terms

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS will make restoration payments to those benefit recipients. OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. This change in benefit terms was not included in the net pension liability (asset) proportionate shares provided by OPERS for the year ending June 30, 2015.

Note III - Change in Assumptions

Details and a comprehensive list of changes in methods and assumptions can be found in the 2012, 2014, and 2016 Experience Studies. These reports can be found at:

http://www.oregon.gov/pers/Pages/section/financial_reports/mercereports.aspx.

CITY OF CANNON BEACH, OREGON

Schedule of Changes in Total OPEB Liability and Related Ratios

June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 128,234	\$ 166,408	\$ 165,663
Service costs	13,379	17,773	18,681
Interest on total OPEB liability	5,422	6,398	5,071
Effect of economic/demographic gains or losses	-	(38,282)	-
Effect of assumptions changes or inputs	4,411	(13,050)	(10,082)
Benefit payments	<u>(3,040)</u>	<u>(11,013)</u>	<u>(12,925)</u>
Balance at end of year	148,406	128,234	166,408
Covered payroll	<u>2,907,830</u>	<u>2,812,176</u>	<u>2,617,450</u>
Total OPEB liability as a percentage of covered payroll	<u>5.10 %</u>	<u>4.56 %</u>	<u>6.36 %</u>

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF CANNON BEACH, OREGON

059 - GENERAL RESERVE FUND

Schedule of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 1,313,820	\$ 1,313,820	\$ 1,313,821	\$ 1
Transfers in	<u>600,000</u>	<u>600,000</u>	<u>-</u>	<u>(600,000)</u>
Total resources	<u>\$ 1,913,820</u>	<u>\$ 1,913,820</u>	<u>\$ 1,313,821</u>	<u>\$ (599,999)</u>
Requirements:				
General Reserve Program:				
Capital outlay	\$ 956,910	\$ 956,910	\$ -	\$ 956,910
Ending fund balance	<u>956,910</u>	<u>956,910</u>	<u>1,313,821</u>	<u>(356,911)</u>
Total requirements	<u>\$ 1,913,820</u>	<u>\$ 1,913,820</u>	<u>\$ 1,313,821</u>	<u>\$ 599,999</u>

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds account for revenues derived from specific tax or other earmarked revenue sources, including federal and state grant awards, which are restricted to finance particular functions or activities. Funds included in this fund category are:

Building Official Fund - Accounts for the activities of the Building Division, which is responsible for the enforcement of building, plumbing, mechanical, and fire and life safety codes of the State of Oregon.

Affordable Housing Fund - Accounts for the activities of the Cannon Beach Affordable Housing program, which is funded by a construction excise tax. The tax collected on residential permits is authorized to be used 50% on builder/developer incentives, 35% on housing programs of the City and 15% is distributed to the Oregon Department of Housing and Community Services. The tax collected on commercial permits is authorized to be used 100% on housing programs of the City.

Debt Service Funds account for the accumulation of resources for and payment of general long-term debt principal and interest. Funds included in this category are:

Debt Service Fund - Accounts for the payment of principal and interest on the general obligation bonds.

Capital Project Funds are used to account for the acquisition or construction of major capital facilities. Funds included in this category are:

Ecola Forest Reserve Fund - Accounts for resources dedicated for projects and activities in the Ecola Forest Reserve and any revenue generated from the sale of timber as part of the forest thinning project.

Bridge Reserve Fund - Accounts for resources dedicated for future capital improvements for bridges.

CITY OF CANNON BEACH, OREGON
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2020

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		
	Building Official Fund (015)	Affordable Housing Fund (018)	Debt Service Fund (030)	Ecola Forest Reserve Fund (053)	Bridge Reserve Fund (055)	Total Nonmajor Governmental Funds
ASSETS						
Cash and investments	\$ 217,186	\$ 188,508	\$ 15,188	\$ 6,394	\$ 8,592	\$ 435,868
Receivables:						
Accounts	7,342	-	-	-	-	7,342
Property taxes	-	-	28,910	-	-	28,910
Due from other funds	475	-	-	-	-	475
 Total assets	<u>\$ 225,003</u>	<u>\$ 188,508</u>	<u>\$ 44,098</u>	<u>\$ 6,394</u>	<u>\$ 8,592</u>	<u>\$ 472,595</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 4,105	\$ 3,038	\$ -	\$ -	\$ -	7,143
 Total liabilities	<u>4,105</u>	<u>3,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,143</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues:						
Property taxes	-	-	18,962	-	-	18,962
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>18,962</u>	<u>-</u>	<u>-</u>	<u>18,962</u>
FUND BALANCES						
Restricted:						
Building inspection	220,898	-	-	-	-	220,898
Affordable housing		185,470	-			185,470
Debt service	-	-	25,136	-	-	25,136
Assigned:						
Reserves	-	-	-	6,394	8,592	14,986
Total fund balances	<u>220,898</u>	<u>185,470</u>	<u>25,136</u>	<u>6,394</u>	<u>8,592</u>	<u>446,490</u>
 Total liabilities, deferred inflows of resources and fund balances	<u>\$ 225,003</u>	<u>\$ 188,508</u>	<u>\$ 44,098</u>	<u>\$ 6,394</u>	<u>\$ 8,592</u>	<u>\$ 472,595</u>

CITY OF CANNON BEACH, OREGON
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2020

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		
	Building Official Fund (015)	Affordable Housing Fund (018)	Debt Service Fund (030)	Ecola Forest Reserve Fund (053)	Bridge Reserve Fund (055)	Total Nonmajor Governmental Funds
Revenues:						
Taxes and assessments	\$ -	\$ 100,987	\$ 410,615	\$ -	\$ -	\$ 511,602
Licenses, permits, and fees	330,328	-	-	-	-	330,328
Other revenue	247	-	-	-	-	247
Total revenues	<u>330,575</u>	<u>100,987</u>	<u>410,615</u>	<u>-</u>	<u>-</u>	<u>842,177</u>
Expenditures:						
Current:						
Building	206,161	-	-	-	-	206,161
Community development	-	11,516	-	-	-	11,516
Debt service:						
Principal	-	-	480,000	-	-	480,000
Interest	-	-	135,025	-	-	135,025
Total expenditures	<u>206,161</u>	<u>11,516</u>	<u>615,025</u>	<u>-</u>	<u>-</u>	<u>832,702</u>
Excess (deficiency) of revenues over (under) expenditures	124,414	89,471	(204,410)	-	-	9,475
Other Financing Sources (Uses):						
Transfers in	-	-	197,744	-	-	197,744
Net change in fund balances	124,414	89,471	(6,666)	-	-	207,219
Fund Balances:						
Beginning of year	96,484	95,999	31,802	6,394	8,592	239,271
End of year	<u>\$ 220,898</u>	<u>\$ 185,470</u>	<u>\$ 25,136</u>	<u>\$ 6,394</u>	<u>\$ 8,592</u>	<u>\$ 446,490</u>

CITY OF CANNON BEACH, OREGON**015 - BUILDING OFFICIAL FUND****Schedule of Resources and Requirements****Budget and Actual (Budgetary Basis)****For the Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 70,000	\$ 70,000	\$ 96,484	\$ 26,484
Licenses, permits and fees	185,000	185,000	330,328	145,328
Other revenue	-	-	247	247
Total resources	<u>\$ 255,000</u>	<u>\$ 255,000</u>	<u>\$ 427,059</u>	<u>\$ 172,059</u>
Requirements:				
Building Program:				
Personal services	\$ 161,047	\$ 161,047	\$ 159,786	\$ 1,261
Materials and services	54,970	54,970	46,375	8,595
Capital outlay	<u>25,000</u>	<u>25,000</u>	-	<u>25,000</u>
Total program-specific	241,017	241,017	206,161	34,856
Contingency	<u>13,983</u>	<u>13,983</u>	-	<u>13,983</u>
Total expenditures	255,000	255,000	206,161	48,839
Ending fund balance	-	-	220,898	(220,898)
Total requirements	<u>\$ 255,000</u>	<u>\$ 255,000</u>	<u>\$ 427,059</u>	<u>\$ (172,059)</u>

CITY OF CANNON BEACH, OREGON

018 - AFFORDABLE HOUSING FUND

Schedule of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 65,000	\$ 65,000	\$ 95,999	\$ 30,999
Taxes and assessments	<u>53,000</u>	<u>53,000</u>	<u>100,987</u>	<u>47,987</u>
Total resources	<u>\$ 118,000</u>	<u>\$ 118,000</u>	<u>\$ 196,986</u>	<u>\$ 78,986</u>
Requirements:				
Building Program:				
Materials and services	\$ 63,950	\$ 63,950	\$ 11,516	\$ 52,434
Contingency	<u>12,790</u>	<u>12,790</u>	<u>-</u>	<u>12,790</u>
Total expenditures	76,740	76,740	11,516	65,224
Ending fund balance	<u>41,260</u>	<u>41,260</u>	<u>185,470</u>	<u>(144,210)</u>
Total requirements	<u>\$ 118,000</u>	<u>\$ 118,000</u>	<u>\$ 196,986</u>	<u>\$ (78,986)</u>

CITY OF CANNON BEACH, OREGON

030 - DEBT SERVICE FUND

Schedule of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 22,000	\$ 22,000	\$ 31,802	\$ 9,802
Taxes and assessments	410,281	410,281	410,615	334
Transfers in	<u>197,744</u>	<u>197,744</u>	<u>197,744</u>	<u>-</u>
Total resources	<u>\$ 630,025</u>	<u>\$ 630,025</u>	<u>\$ 640,161</u>	<u>\$ 10,136</u>
Requirements:				
Debt service	\$ 615,025	\$ 615,025	\$ 615,025	\$ -
Ending fund balance	<u>15,000</u>	<u>15,000</u>	<u>25,136</u>	<u>(10,136)</u>
Total requirements	<u>\$ 630,025</u>	<u>\$ 630,025</u>	<u>\$ 640,161</u>	<u>\$ (10,136)</u>

CITY OF CANNON BEACH, OREGON

053 - ECOLA FOREST RESERVE FUND

Schedule of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	<u>\$ 6,393</u>	<u>\$ 6,393</u>	<u>\$ 6,394</u>	<u>\$ 1</u>
Total resources	<u><u>\$ 6,393</u></u>	<u><u>\$ 6,393</u></u>	<u><u>\$ 6,394</u></u>	<u><u>\$ 1</u></u>
Requirements:				
Ecola Forest Program:				
Capital outlay	<u>\$ 6,393</u>	<u>\$ 6,393</u>	<u>\$ -</u>	<u>\$ 6,393</u>
Ending fund balance	<u> -</u>	<u> -</u>	<u> 6,394</u>	<u> (6,394)</u>
Total requirements	<u><u>\$ 6,393</u></u>	<u><u>\$ 6,393</u></u>	<u><u>\$ 6,394</u></u>	<u><u>\$ (1)</u></u>

CITY OF CANNON BEACH, OREGON

055 - BRIDGE RESERVE FUND

Schedule of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	<u>\$ 8,592</u>	<u>\$ 8,592</u>	<u>\$ 8,592</u>	<u>\$ -</u>
Total resources	<u><u>\$ 8,592</u></u>	<u><u>\$ 8,592</u></u>	<u><u>\$ 8,592</u></u>	<u><u>\$ -</u></u>
Requirements:				
Roads Program:				
Capital outlay	<u>\$ 8,592</u>	<u>\$ 8,592</u>	<u>\$ -</u>	<u>\$ 8,592</u>
Ending fund balance	<u> -</u>	<u> -</u>	<u> 8,592</u>	<u> (8,592)</u>
Total requirements	<u><u>\$ 8,592</u></u>	<u><u>\$ 8,592</u></u>	<u><u>\$ 8,592</u></u>	<u><u>\$ -</u></u>

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing services are financed or recovered primarily through user charges. Funds included in this category are:

Water Fund - Accounts for the operation, maintenance and improvements of the water public utility.

Water Reserve Fund - Accumulates money for major maintenance and capital improvement projects.

Wastewater Fund - Accounts for the operation, maintenance, and improvements of the wastewater public utility.

Wastewater Reserve Fund - Accumulates money for major maintenance and capital improvement projects.

RV Park Fund - Accounts for the operation, maintenance and improvements of the RV park.

RV Park Reserve Fund - Accumulates money for major maintenance and capital improvement projects.

Recycling Fund - Accounts for the operation, maintenance and improvements of the City's recycling operations.

Recycling Reserve Fund - Accumulates money for major maintenance and capital improvement projects.

Storm Drain Fund - Accounts for the operation, maintenance and improvements of the storm drainage utility.

Storm Drain Reserve Fund - Accumulates money for major maintenance and capital improvement projects.

CITY OF CANNON BEACH, OREGON
WATER ENTERPRISE
Combining Statement of Net Position
June 30, 2020

	Water Fund (024)	Water Reserve Fund (054)	Total Water Enterprise
ASSETS			
Current assets:			
Cash and investments	\$ 331,607	\$ 288,803	\$ 620,410
Accounts receivable	87,388	-	87,388
Due from other funds	1,444	-	1,444
Inventory	99,979	-	99,979
Total current assets	<u>520,418</u>	<u>288,803</u>	<u>809,221</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable assets	493,888	-	493,888
Depreciable, net	3,926,539	-	3,926,539
Total noncurrent assets	<u>4,420,427</u>	<u>-</u>	<u>4,420,427</u>
Total assets	4,940,845	288,803	5,229,648
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	139,246	-	139,246
Related to OPEB	568	-	568
Total assets and deferred outflows	<u>5,080,659</u>	<u>288,803</u>	<u>5,369,462</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	20,052	10,096	30,148
Deposits	2,500	-	2,500
Compensated absences	18,575	-	18,575
Total current liabilities	41,127	10,096	51,223
Noncurrent liabilities:			
Net pension liability	367,763	-	367,763
Net OPEB liability	11,487	-	11,487
Total liabilities	420,377	10,096	430,473
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	32,734	-	32,734
Related to OPEB	3,394	-	3,394
Total liabilities and deferred inflows	<u>456,505</u>	<u>10,096</u>	<u>466,601</u>
NET POSITION			
Net investment in capital assets	4,420,427	-	4,420,427
Unrestricted	203,727	278,707	482,434
Total net position	<u>\$ 4,624,154</u>	<u>\$ 278,707</u>	<u>\$ 4,902,861</u>

CITY OF CANNON BEACH, OREGON

WATER ENTERPRISE

Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2020

	Water Fund (024)	Water Reserve Fund (054)	Total Water Enterprise
Operating Revenues:			
Charges for services	\$ 1,148,075	\$ -	\$ 1,148,075
Other operating revenues	12,465	-	12,465
Total operating revenues	<u>1,160,540</u>	<u>-</u>	<u>1,160,540</u>
Operating Expenses:			
Personal services	325,930	-	325,930
Cost of operations	672,614	24,597	697,211
Depreciation	191,240	-	191,240
Total operating expenses	<u>1,189,784</u>	<u>24,597</u>	<u>1,214,381</u>
Income (loss) before contributions and transfers	(29,244)	(24,597)	(53,841)
Capital contributions	13,047	-	13,047
Capital transfers, net	120,056	(120,056)	-
Transfers within enterprise, net	<u>(72,000)</u>	<u>72,000</u>	<u>-</u>
Change in net position	31,859	(72,653)	(40,794)
Net Position:			
Beginning of year	<u>4,592,295</u>	<u>351,360</u>	<u>4,943,655</u>
End of year	<u>\$ 4,624,154</u>	<u>\$ 278,707</u>	<u>\$ 4,902,861</u>

CITY OF CANNON BEACH, OREGON
WATER ENTERPRISE
Combining Statement of Cash Flows
For the Year Ended June 30, 2020

	Water Fund (024)	Water Reserve Fund (054)	Total Water Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,193,756	\$ -	\$ 1,193,756
Payments to suppliers and contractors	(241,906)	(64,126)	(306,032)
Payments to employees	(294,800)	-	(294,800)
Payments for interfund services used	(383,166)	-	(383,166)
Net cash provided (used) by operating activities	<u>273,884</u>	<u>(64,126)</u>	<u>209,758</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers within enterprise	(72,000)	72,000	-
Net cash provided by (used in) noncapital financing activities	<u>(72,000)</u>	<u>72,000</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	13,047	-	13,047
Acquisition and construction of capital assets	-	(74,294)	(74,294)
Net cash provided by (used in) capital and related financing activities	<u>13,047</u>	<u>(74,294)</u>	<u>(61,247)</u>
Net change in cash and investments	214,931	(66,420)	148,511
Cash and investments:			
Beginning of year	116,676	355,223	471,899
End of year	<u>\$ 331,607</u>	<u>\$ 288,803</u>	<u>\$ 620,410</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (29,244)	\$ (24,597)	\$ (53,841)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	191,240	-	191,240
Net increase (reduction) of expense under GASB 68	32,089	-	32,089
Net increase (reduction) of expense under GASB 75	(1,282)	-	(1,282)
(Increase) decrease in current assets:			
Receivables	33,216	-	33,216
Internal balances	(1,444)	-	(1,444)
Inventory	20,893	-	20,893
Prepaid expenses	12,029	(39,529)	(27,500)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	15,564	-	15,564
Deposits	500	-	500
Compensated absences	323	-	323
Net cash provided (used) by operating activities	<u>\$ 273,884</u>	<u>\$ (64,126)</u>	<u>\$ 209,758</u>
Schedule of noncash transactions:			
Capital assets transferred between funds	<u>\$ 120,056</u>	<u>\$ (120,056)</u>	<u>\$ -</u>

CITY OF CANNON BEACH, OREGON
WASTEWATER ENTERPRISE
Combining Statement of Net Position
June 30, 2020

	Wastewater Fund (026)	Wastewater Reserve Fund (056)	Total Wastewater Enterprise
ASSETS			
Current assets:			
Cash and investments	\$ 409,795	\$ 205,996	\$ 615,791
Accounts receivable	87,208	-	87,208
Due from other funds	1,254	-	1,254
Inventory	38,033	-	38,033
Prepaid expenses	5,299	-	5,299
Total current assets	<u>541,589</u>	<u>205,996</u>	<u>747,585</u>
Noncurrent assets:			
Capital assets:			
Depreciable, net	<u>6,624,729</u>	<u>-</u>	<u>6,624,729</u>
Total noncurrent assets	<u>6,624,729</u>	<u>-</u>	<u>6,624,729</u>
Total assets	7,166,318	205,996	7,372,314
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	87,936	-	87,936
Related to OPEB	<u>695</u>	<u>-</u>	<u>695</u>
Total assets and deferred outflows	<u>7,254,949</u>	<u>205,996</u>	<u>7,460,945</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	49,575	18,321	67,896
Compensated absences	<u>10,785</u>	<u>-</u>	<u>10,785</u>
Total current liabilities	60,360	18,321	78,681
Noncurrent liabilities:			
Net pension liability	232,250	-	232,250
Net OPEB liability	<u>14,054</u>	<u>-</u>	<u>14,054</u>
Total liabilities	306,664	18,321	324,985
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	20,672	-	20,672
Related to OPEB	<u>4,153</u>	<u>-</u>	<u>4,153</u>
Total liabilities and deferred inflows	<u>331,489</u>	<u>18,321</u>	<u>349,810</u>
NET POSITION			
Net investment in capital assets	6,624,729	-	6,624,729
Unrestricted	<u>298,731</u>	<u>187,675</u>	<u>486,406</u>
Total net position	<u>\$ 6,923,460</u>	<u>\$ 187,675</u>	<u>\$ 7,111,135</u>

CITY OF CANNON BEACH, OREGON
WASTEWATER ENTERPRISE
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2020

	Wastewater Fund (026)	Wastewater Reserve Fund (056)	Total Wastewater Enterprise
Operating Revenues:			
Charges for services	\$ 1,212,892	\$ -	\$ 1,212,892
Other operating revenues	<u>2,036</u>	<u>-</u>	<u>2,036</u>
Total operating revenues	<u>1,214,928</u>	<u>-</u>	<u>1,214,928</u>
Operating Expenses:			
Personal services	245,471	-	245,471
Cost of operations	871,988	-	871,988
Depreciation	<u>408,495</u>	<u>-</u>	<u>408,495</u>
Total operating expenses	<u>1,525,954</u>	<u>-</u>	<u>1,525,954</u>
Operating income (loss)	(311,026)	-	(311,026)
Nonoperating Revenues (Expenses):			
Intergovernmental	<u>701</u>	<u>-</u>	<u>701</u>
Income (loss) before contributions and transfers	(310,325)	-	(310,325)
Capital contributions	12,167	-	12,167
Capital transfers, net	258,700	(258,700)	-
Transfers within enterprise, net	<u>(115,697)</u>	<u>115,697</u>	<u>-</u>
Change in net position	(155,155)	(143,003)	(298,158)
Net Position:			
Beginning of year	<u>7,078,615</u>	<u>330,678</u>	<u>7,409,293</u>
End of year	<u>\$ 6,923,460</u>	<u>\$ 187,675</u>	<u>\$ 7,111,135</u>

CITY OF CANNON BEACH, OREGON
WASTEWATER ENTERPRISE
Combining Statement of Cash Flows
For the Year Ended June 30, 2020

	Wastewater Fund (026)	Wastewater Reserve Fund (056)	Total Wastewater Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,249,641	\$ -	\$ 1,249,641
Payments to suppliers and contractors	(441,754)	-	(441,754)
Payments to employees	(278,247)	-	(278,247)
Payments for interfund services used	(381,510)	-	(381,510)
Net cash provided (used) by operating activities	<u>148,130</u>	<u>-</u>	<u>148,130</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants	701	-	701
Transfers within enterprise	(115,697)	115,697	-
Net cash provided by (used in) noncapital financing activities	<u>(114,996)</u>	<u>115,697</u>	<u>701</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	12,167	-	12,167
Acquisition and construction of capital assets	(17,894)	(256,594)	(274,488)
Net cash provided by (used in) capital and related financing activities	<u>(5,727)</u>	<u>(256,594)</u>	<u>(262,321)</u>
Net change in cash and investments	27,407	(140,897)	(113,490)
Cash and investments:			
Beginning of year	382,388	346,893	729,281
End of year	<u>\$ 409,795</u>	<u>\$ 205,996</u>	<u>\$ 615,791</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (311,026)	\$ -	\$ (311,026)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	408,495	-	408,495
Net increase (reduction) of expense under GASB 68	(32,009)	-	(32,009)
Net increase (reduction) of expense under GASB 75	(3,416)	-	(3,416)
(Increase) decrease in current assets:			
Receivables	34,713	-	34,713
Internal balances	(1,254)	-	(1,254)
Inventory	384	-	384
Prepaid expenses	14,032	-	14,032
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	35,562	-	35,562
Compensated absences	<u>2,649</u>	<u>-</u>	<u>2,649</u>
Net cash provided (used) by operating activities	<u>\$ 148,130</u>	<u>\$ -</u>	<u>\$ 148,130</u>
Schedule of noncash transactions:			
Capital assets transferred between funds	<u>\$ 258,700</u>	<u>\$ (258,700)</u>	<u>\$ -</u>

CITY OF CANNON BEACH, OREGON
RV PARK ENTERPRISE
Combining Statement of Net Position
June 30, 2020

	RV Park Fund (020)	RV Park Reserve Fund (050)	Total RV Park Enterprise
ASSETS			
Current assets:			
Cash and investments	\$ 665,274	\$ 115,923	\$ 781,197
Due from other funds	2,794	-	2,794
Inventory	19,237	-	19,237
Total current assets	<u>687,305</u>	<u>115,923</u>	<u>803,228</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable assets	799,450	-	799,450
Depreciable, net	1,595,091	-	1,595,091
Total noncurrent assets	<u>2,394,541</u>	<u>-</u>	<u>2,394,541</u>
Total assets	<u>3,081,846</u>	<u>115,923</u>	<u>3,197,769</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	<u>116,617</u>	<u>-</u>	<u>116,617</u>
Total liabilities	<u>116,617</u>	<u>-</u>	<u>116,617</u>
NET POSITION			
Net investment in capital assets	2,394,541	-	2,394,541
Unrestricted	570,688	115,923	686,611
Total net position	<u>\$ 2,965,229</u>	<u>\$ 115,923</u>	<u>\$ 3,081,152</u>

CITY OF CANNON BEACH, OREGON
RV PARK ENTERPRISE
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2020

	RV Park Fund (020)	RV Park Reserve Fund (050)	Total RV Park Enterprise
Operating Revenues:			
Charges for services	\$ 1,706,857	\$ -	\$ 1,706,857
Other operating revenues	<u>25</u>	<u>-</u>	<u>25</u>
Total operating revenues	<u>1,706,882</u>	<u>-</u>	<u>1,706,882</u>
Operating Expenses:			
Cost of operations	1,467,786	-	1,467,786
Depreciation	<u>69,059</u>	<u>-</u>	<u>69,059</u>
Total operating expenses	<u>1,536,845</u>	<u>-</u>	<u>1,536,845</u>
Income (loss) before contributions and transfers	170,037	-	170,037
Transfers within enterprise, net	(100,000)	100,000	-
Transfers out	<u>(210,775)</u>	<u>-</u>	<u>(210,775)</u>
Change in net position	(140,738)	100,000	(40,738)
Net Position:			
Beginning of year	<u>3,105,967</u>	<u>15,923</u>	<u>3,121,890</u>
End of year	<u>\$ 2,965,229</u>	<u>\$ 115,923</u>	<u>\$ 3,081,152</u>

CITY OF CANNON BEACH, OREGON
RV PARK ENTERPRISE
Combining Statement of Cash Flows
For the Year Ended June 30, 2020

	RV Park Fund (020)	RV Park Reserve Fund (050)	Total RV Park Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,706,882	\$ -	\$ 1,706,882
Payments to suppliers and contractors	(1,289,910)	-	(1,289,910)
Payments to employees	(130)	-	(130)
Payments for interfund services used	(141,747)	-	(141,747)
Net cash provided (used) by operating activities	<u>275,095</u>	<u>-</u>	<u>275,095</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers within enterprise	(100,000)	100,000	-
Transfers out	(210,775)	-	(210,775)
Net cash provided by (used in) noncapital financing activities	<u>(310,775)</u>	<u>100,000</u>	<u>(210,775)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(69,460)	-	(69,460)
Net cash provided by (used in) capital and related financing activities	<u>(69,460)</u>	<u>-</u>	<u>(69,460)</u>
Net change in cash and investments	(105,140)	100,000	(5,140)
Cash and investments:			
Beginning of year	770,414	15,923	786,337
End of year	<u>\$ 665,274</u>	<u>\$ 115,923</u>	<u>\$ 781,197</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 170,037	\$ -	\$ 170,037
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	69,059	-	69,059
(Increase) decrease in current assets:			
Internal balances	(2,794)	-	(2,794)
Inventory	18,587	-	18,587
Prepaid expenses	58	-	58
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	20,278	-	20,278
Compensated absences	(130)	-	(130)
Net cash provided (used) by operating activities	<u>\$ 275,095</u>	<u>\$ -</u>	<u>\$ 275,095</u>

CITY OF CANNON BEACH, OREGON
RECYCLING ENTERPRISE
Combining Statement of Net Position
June 30, 2020

	Recycling Fund (022)	Recycling Reserve Fund (052)	Total Recycling Enterprise
ASSETS			
Current assets:			
Cash and investments	\$ 86,241	\$ 9,826	\$ 96,067
Accounts receivable	18,744	-	18,744
Due from other funds	<u>342</u>	<u>-</u>	<u>342</u>
Total current assets	105,327	9,826	115,153
Noncurrent assets:			
Capital assets:			
Depreciable, net	<u>186,213</u>	<u>-</u>	<u>186,213</u>
Total assets	291,540	9,826	301,366
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	50,691	-	50,691
Related to OPEB	<u>171</u>	<u>-</u>	<u>171</u>
Total assets and deferred outflows	<u>342,402</u>	<u>9,826</u>	<u>352,228</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	4,089	-	4,089
Compensated absences	<u>6,485</u>	<u>-</u>	<u>6,485</u>
Total current liabilities	10,574	-	10,574
Noncurrent liabilities:			
Net pension liability	133,880	-	133,880
Net OPEB liability	<u>3,443</u>	<u>-</u>	<u>3,443</u>
Total liabilities	147,897	-	147,897
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	11,916	-	11,916
Related to OPEB	<u>1,017</u>	<u>-</u>	<u>1,017</u>
Total liabilities and deferred inflows	<u>160,830</u>	<u>-</u>	<u>160,830</u>
NET POSITION			
Net investment in capital assets	186,213	-	186,213
Unrestricted	<u>(4,641)</u>	<u>9,826</u>	<u>5,185</u>
Total net position	<u>\$ 181,572</u>	<u>\$ 9,826</u>	<u>\$ 191,398</u>

CITY OF CANNON BEACH, OREGON
RECYCLING ENTERPRISE
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2020

	Recycling Fund (022)	Recycling Reserve Fund (052)	Total Recycling Enterprise
Operating Revenues:			
Charges for services	\$ 204,362	\$ -	\$ 204,362
Other operating revenues	<u>865</u>	<u>-</u>	<u>865</u>
Total operating revenues	<u>205,227</u>	<u>-</u>	<u>205,227</u>
Operating Expenses:			
Personal services	127,044	-	127,044
Cost of operations	98,518	-	98,518
Depreciation	<u>10,351</u>	<u>-</u>	<u>10,351</u>
Total operating expenses	<u>235,913</u>	<u>-</u>	<u>235,913</u>
Income (loss) before contributions and transfers	(30,686)	-	(30,686)
Transfers in	<u>39,418</u>	<u>-</u>	<u>39,418</u>
Change in net position	8,732	-	8,732
Net Position:			
Beginning of year	<u>172,840</u>	<u>9,826</u>	<u>182,666</u>
End of year	<u>\$ 181,572</u>	<u>\$ 9,826</u>	<u>\$ 191,398</u>

CITY OF CANNON BEACH, OREGON
RECYCLING ENTERPRISE
Combining Statement of Cash Flows
For the Year Ended June 30, 2020

	Recycling Fund (022)	Recycling Reserve Fund (052)	Total Recycling Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 209,521	\$ -	\$ 209,521
Payments to suppliers and contractors	(32,245)	-	(32,245)
Payments to employees	(111,489)	-	(111,489)
Payments for interfund services used	(62,794)	-	(62,794)
Net cash provided (used) by operating activities	<u>2,993</u>	<u>-</u>	<u>2,993</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	<u>39,418</u>	<u>-</u>	<u>39,418</u>
Net cash provided by (used in) noncapital financing activities	<u>39,418</u>	<u>-</u>	<u>39,418</u>
Net change in cash and investments	42,411	-	42,411
Cash and investments:			
Beginning of year	<u>43,830</u>	<u>9,826</u>	<u>53,656</u>
End of year	<u>\$ 86,241</u>	<u>\$ 9,826</u>	<u>\$ 96,067</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (30,686)	\$ -	\$ (30,686)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	10,351	-	10,351
Net increase (reduction) of expense under GASB 68	14,802	-	14,802
Net increase (reduction) of expense under GASB 75	(389)	-	(389)
(Increase) decrease in current assets:			
Receivables	4,294	-	4,294
Internal balances	(342)	-	(342)
Prepaid expenses	2,911	-	2,911
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	910	-	910
Compensated absences	<u>1,142</u>	<u>-</u>	<u>1,142</u>
Net cash provided (used) by operating activities	<u>\$ 2,993</u>	<u>\$ -</u>	<u>\$ 2,993</u>

CITY OF CANNON BEACH, OREGON
STORM DRAIN ENTERPRISE
Combining Statement of Net Position
June 30, 2020

	Storm Drain Fund (028)	Storm Drain Reserve Fund (058)	Total Storm Drain Enterprise
ASSETS			
Current assets:			
Cash and investments	\$ 126,151	\$ 2,185	\$ 128,336
Accounts receivable	17,661	-	17,661
Due from other funds	<u>143</u>	<u>-</u>	<u>143</u>
Total current assets	143,955	2,185	146,140
Noncurrent assets:			
Capital assets:			
Depreciable, net	<u>563,784</u>	<u>-</u>	<u>563,784</u>
Total assets	707,739	2,185	709,924
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	21,173	-	21,173
Related to OPEB	<u>165</u>	<u>-</u>	<u>165</u>
Total assets and deferred outflows	<u>729,077</u>	<u>2,185</u>	<u>731,262</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	10,487	-	10,487
Compensated absences	<u>372</u>	<u>-</u>	<u>372</u>
Total current liabilities	10,859	-	10,859
Noncurrent liabilities:			
Net pension liability	55,920	-	55,920
Net OPEB liability	<u>3,339</u>	<u>-</u>	<u>3,339</u>
Total liabilities	<u>70,118</u>	<u>-</u>	<u>70,118</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	4,977	-	4,977
Related to OPEB	<u>987</u>	<u>-</u>	<u>987</u>
Total liabilities and deferred inflows	<u>76,082</u>	<u>-</u>	<u>76,082</u>
NET POSITION			
Net investment in capital assets	563,784	-	563,784
Unrestricted	<u>89,211</u>	<u>2,185</u>	<u>91,396</u>
Total net position	<u>\$ 652,995</u>	<u>\$ 2,185</u>	<u>\$ 655,180</u>

CITY OF CANNON BEACH, OREGON
STORM DRAIN ENTERPRISE
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2020

	Storm Drain Fund (028)	Storm Drain Reserve Fund (058)	Total Storm Drain Enterprise
Operating Revenues:			
Charges for services	\$ 210,741	\$ -	\$ 210,741
Other operating revenues	<u>643</u>	<u>-</u>	<u>643</u>
Total operating revenues	<u>211,384</u>	<u>-</u>	<u>211,384</u>
Operating Expenses:			
Personal services	10,718	-	10,718
Cost of operations	165,493	-	165,493
Depreciation	<u>25,615</u>	<u>-</u>	<u>25,615</u>
Total operating expenses	<u>201,826</u>	<u>-</u>	<u>201,826</u>
Income (loss) before contributions and transfers	9,558	-	9,558
Capital contributions	7,188	-	7,188
Transfers in	<u>41,572</u>	<u>-</u>	<u>41,572</u>
Change in net position	58,318	-	58,318
Net Position:			
Beginning of year	<u>594,677</u>	<u>2,185</u>	<u>596,862</u>
End of year	<u>\$ 652,995</u>	<u>\$ 2,185</u>	<u>\$ 655,180</u>

CITY OF CANNON BEACH, OREGON
STORM DRAIN ENTERPRISE
Combining Statement of Cash Flows
For the Year Ended June 30, 2020

	Storm Drain Fund (028)	Storm Drain Reserve Fund (058)	Total Storm Drain Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 206,154	\$ -	\$ 206,154
Payments to suppliers and contractors	(99,116)	-	(99,116)
Payments to employees	(10,471)	-	(10,471)
Payments for interfund services used	(61,644)	-	(61,644)
Net cash provided (used) by operating activities	<u>34,923</u>	<u>-</u>	<u>34,923</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	<u>41,572</u>	<u>-</u>	<u>41,572</u>
Net cash provided by (used in) noncapital financing activities	<u>41,572</u>	<u>-</u>	<u>41,572</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	<u>7,188</u>	<u>-</u>	<u>7,188</u>
Net cash provided by (used in) capital and related financing activities	<u>7,188</u>	<u>-</u>	<u>7,188</u>
Net change in cash and investments	83,683	-	83,683
Cash and investments:			
Beginning of year	<u>42,468</u>	<u>2,185</u>	<u>44,653</u>
End of year	<u>\$ 126,151</u>	<u>\$ 2,185</u>	<u>\$ 128,336</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 9,558	\$ -	\$ 9,558
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	25,615	-	25,615
Net increase (reduction) of expense under GASB 68	3,566	-	3,566
Net increase (reduction) of expense under GASB 75	(411)	-	(411)
(Increase) decrease in current assets:			
Receivables	(5,230)	-	(5,230)
Internal balances	(143)	-	(143)
Prepaid expenses	582	-	582
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	4,294	-	4,294
Compensated absences	<u>(2,908)</u>	<u>-</u>	<u>(2,908)</u>
Net cash provided (used) by operating activities	<u>\$ 34,923</u>	<u>\$ -</u>	<u>\$ 34,923</u>

CITY OF CANNON BEACH, OREGON

024 - WATER FUND

Schedule of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 175,000	\$ 175,000	\$ 242,821	\$ 67,821
Charges for services	1,230,000	1,230,000	1,148,075	(81,925)
Other revenue	13,000	13,000	12,465	(535)
Capital contributions	5,000	5,000	13,047	8,047
Loan proceeds	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
Total resources	<u>\$ 2,423,000</u>	<u>\$ 2,423,000</u>	<u>\$ 1,416,408</u>	<u>\$ (1,006,592)</u>

Requirements:

Water Program:

Personal services	\$ 322,483	\$ 322,483	\$ 294,800	\$ 27,683
Materials and services	742,801	742,801	651,721	91,080
Debt service	<u>54,102</u>	<u>54,102</u>	<u>-</u>	<u>54,102</u>
Total program-specific	1,119,386	1,119,386	946,521	172,865
Transfers out	1,072,000	1,072,000	72,000	1,000,000
Contingency	<u>223,877</u>	<u>223,877</u>	<u>-</u>	<u>223,877</u>
Total expenditures	2,415,263	2,415,263	1,018,521	1,396,742
Ending fund balance	<u>7,737</u>	<u>7,737</u>	<u>397,887</u>	<u>(390,150)</u>
Total requirements	<u>\$ 2,423,000</u>	<u>\$ 2,423,000</u>	<u>\$ 1,416,408</u>	<u>\$ 1,006,592</u>

Reconciliation to GAAP Basis:

Ending fund balance - budget basis	\$ 397,887
Inventory	99,979
Capital assets - net	4,420,427
Deferred outflows related to pensions	139,246
Deferred outflows related to OPEB	568
Compensated absences	(18,575)
Net pension liability	(367,763)
Net OPEB liability	(11,487)
Deferred Inflows Related to Pensions	(32,734)
Deferred inflows related to OPEB	<u>(3,394)</u>
Ending net position - GAAP basis	<u>\$ 4,624,154</u>

CITY OF CANNON BEACH, OREGON**054 - WATER RESERVE FUND****Schedule of Resources and Requirements****Budget and Actual (Budgetary Basis)****For the Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 313,738	\$ 313,738	\$ 351,360	\$ 37,622
Transfers in	<u>1,072,000</u>	<u>1,072,000</u>	<u>72,000</u>	<u>(1,000,000)</u>
Total resources	<u>\$ 1,385,738</u>	<u>\$ 1,385,738</u>	<u>\$ 423,360</u>	<u>\$ (962,378)</u>
Requirements:				
Water Program:				
Materials and services	\$ 650,000	\$ 650,000	\$ 24,597	\$ 625,403
Capital outlay	<u>591,988</u>	<u>591,988</u>	<u>120,056</u>	<u>471,932</u>
Total program-specific	<u>1,241,988</u>	<u>1,241,988</u>	<u>144,653</u>	<u>1,097,335</u>
Contingency	<u>143,750</u>	<u>143,750</u>	<u>-</u>	<u>143,750</u>
Total expenditures	<u>1,385,738</u>	<u>1,385,738</u>	<u>144,653</u>	<u>1,241,085</u>
Ending fund balance	<u>-</u>	<u>-</u>	<u>278,707</u>	<u>(278,707)</u>
Total requirements	<u>\$ 1,385,738</u>	<u>\$ 1,385,738</u>	<u>\$ 423,360</u>	<u>\$ 962,378</u>

CITY OF CANNON BEACH, OREGON

026 - WASTEWATER FUND

Schedule of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 400,000	\$ 400,000	\$ 509,627	\$ 109,627
Charges for services	1,280,000	1,280,000	1,212,892	(67,108)
Grants and donations	-	-	701	701
Other revenue	-	-	2,036	2,036
Capital contributions	5,000	5,000	12,167	7,167
Loan proceeds	1,000,000	1,000,000	-	(1,000,000)
Total resources	<u>\$ 2,685,000</u>	<u>\$ 2,685,000</u>	<u>\$ 1,737,423</u>	<u>\$ (947,577)</u>

Requirements:				
Wastewater Program:				
Personal services	\$ 414,158	\$ 414,158	\$ 278,247	\$ 135,911
Materials and services	938,010	938,010	871,604	66,406
Capital outlay	-	-	17,894	(17,894)
Debt service	54,102	54,102	-	54,102
Total program-specific	1,406,270	1,406,270	1,167,745	238,525
Transfers out	1,115,697	1,115,697	115,697	1,000,000
Contingency	163,033	163,033	-	163,033
Total expenditures	2,685,000	2,685,000	1,283,442	1,401,558
Ending fund balance	-	-	453,981	(453,981)
Total requirements	<u>\$ 2,685,000</u>	<u>\$ 2,685,000</u>	<u>\$ 1,737,423</u>	<u>\$ 947,577</u>

Reconciliation to GAAP Basis:	
Ending fund balance - budget basis	\$ 453,981
Inventory	38,033
Capital assets - net	6,624,729
Deferred outflows related to pensions	87,936
Deferred outflows related to OPEB	695
Compensated absences	(10,785)
Net pension liability	(232,250)
Net OPEB liability	(14,054)
Deferred Inflows Related to Pensions	(20,672)
Deferred inflows related to OPEB	(4,153)
Ending net position - GAAP basis	<u>\$ 6,923,460</u>

CITY OF CANNON BEACH, OREGON

056 - WASTEWATER RESERVE FUND

Schedule of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 300,000	\$ 300,000	\$ 330,678	\$ 30,678
Transfers in	<u>1,115,697</u>	<u>1,115,697</u>	<u>115,697</u>	<u>(1,000,000)</u>
Total resources	<u>\$ 1,415,697</u>	<u>\$ 1,415,697</u>	<u>\$ 446,375</u>	<u>\$ (969,322)</u>
Requirements:				
Wastewater Program:				
Capital outlay	\$ 1,275,403	\$ 1,275,403	\$ 258,700	\$ 1,016,703
Contingency	<u>140,294</u>	<u>140,294</u>	<u>-</u>	<u>140,294</u>
Total expenditures	<u>1,415,697</u>	<u>1,415,697</u>	<u>258,700</u>	<u>1,156,997</u>
Ending fund balance	<u>-</u>	<u>-</u>	<u>187,675</u>	<u>(187,675)</u>
Total requirements	<u>\$ 1,415,697</u>	<u>\$ 1,415,697</u>	<u>\$ 446,375</u>	<u>\$ 969,322</u>

CITY OF CANNON BEACH, OREGON

020 - RV PARK FUND

Schedule of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 500,000	\$ 500,000	\$ 674,133	\$ 174,133
Charges for services	1,977,000	1,977,000	1,706,857	(270,143)
Other revenue	-	-	25	25
Total resources	<u>\$ 2,477,000</u>	<u>\$ 2,477,000</u>	<u>\$ 2,381,015</u>	<u>\$ (95,985)</u>

Requirements:				
RV Park Program:				
Personal services	\$ 1,473	\$ 1,473	\$ 60	\$ 1,413
Materials and services	1,887,293	1,887,293	1,449,269	438,024
Capital outlay	-	75,000	69,460	5,540
Total program-specific	1,888,766	1,963,766	1,518,789	444,977
Transfers out	310,775	310,775	310,775	-
Contingency	277,459	202,459	-	202,459
Total expenditures	2,477,000	2,477,000	1,829,564	647,436
Ending fund balance	-	-	551,451	(551,451)
Total requirements	<u>\$ 2,477,000</u>	<u>\$ 2,477,000</u>	<u>\$ 2,381,015</u>	<u>\$ 95,985</u>

Reconciliation to GAAP Basis:	
Ending fund balance - budget basis	\$ 551,451
Inventory	19,237
Capital assets - net	<u>2,394,541</u>
Ending net position - GAAP basis	<u>\$ 2,965,229</u>

CITY OF CANNON BEACH, OREGON

050 - RV PARK RESERVE FUND

Schedule of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 15,922	\$ 15,922	\$ 15,923	\$ 1
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total resources	<u><u>\$ 115,922</u></u>	<u><u>\$ 115,922</u></u>	<u><u>\$ 115,923</u></u>	<u><u>\$ 1</u></u>
Requirements:				
RV Park Program:				
Capital outlay	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
Ending fund balance	<u>15,922</u>	<u>15,922</u>	<u>115,923</u>	<u>(100,001)</u>
Total requirements	<u><u>\$ 115,922</u></u>	<u><u>\$ 115,922</u></u>	<u><u>\$ 115,923</u></u>	<u><u>\$ (1)</u></u>

CITY OF CANNON BEACH, OREGON

022 - RECYCLING FUND

Schedule of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance
Resources:				
Beginning fund balance	\$ 38,000	\$ 38,000	\$ 66,600	\$ 28,600
Charges for services	197,000	197,000	204,362	7,362
Other revenue	-	-	865	865
Transfers in	39,418	39,418	39,418	-
Total resources	<u>\$ 274,418</u>	<u>\$ 274,418</u>	<u>\$ 311,245</u>	<u>\$ 36,827</u>

Requirements:				
Recycling Program:				
Personal services	\$ 120,742	\$ 120,742	\$ 111,489	\$ 9,253
Materials and services	128,729	128,729	98,518	30,211
Total program-specific	249,471	249,471	210,007	39,464
Contingency	24,947	24,947	-	24,947
Total expenditures	274,418	274,418	210,007	64,411
Ending fund balance	-	-	101,238	(101,238)
Total requirements	<u>\$ 274,418</u>	<u>\$ 274,418</u>	<u>\$ 311,245</u>	<u>\$ (36,827)</u>

Reconciliation to GAAP Basis:	
Ending fund balance - budget basis	\$ 101,238
Capital assets - net	186,213
Deferred outflows related to pensions	50,691
Deferred outflows related to OPEB	171
Compensated absences	(6,485)
Net pension liability	(133,880)
Net OPEB liability	(3,443)
Deferred Inflows Related to Pensions	(11,916)
Deferred inflows related to OPEB	(1,017)
Ending net position - GAAP basis	<u>\$ 181,572</u>

CITY OF CANNON BEACH, OREGON

052 - RECYCLING RESERVE FUND

Schedule of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	<u>\$ 9,825</u>	<u>\$ 9,825</u>	<u>\$ 9,826</u>	<u>\$ 1</u>
Total resources	<u><u>\$ 9,825</u></u>	<u><u>\$ 9,825</u></u>	<u><u>\$ 9,826</u></u>	<u><u>\$ 1</u></u>
Requirements:				
Recycling Program:				
Capital outlay	<u>\$ 9,825</u>	<u>\$ 9,825</u>	<u>\$ -</u>	<u>\$ 9,825</u>
Ending fund balance	<u>-</u>	<u>-</u>	<u>9,826</u>	<u>(9,826)</u>
Total requirements	<u><u>\$ 9,825</u></u>	<u><u>\$ 9,825</u></u>	<u><u>\$ 9,826</u></u>	<u><u>\$ (1)</u></u>

CITY OF CANNON BEACH, OREGON

028 - STORM DRAIN FUND

Schedule of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 35,000	\$ 35,000	\$ 49,288	\$ 14,288
Charges for services	195,573	195,573	210,741	15,168
Other revenue	-	-	643	643
Capital contributions	3,000	3,000	7,188	4,188
Transfers in	<u>41,572</u>	<u>41,572</u>	<u>41,572</u>	<u>-</u>
Total resources	<u>\$ 275,145</u>	<u>\$ 275,145</u>	<u>\$ 309,432</u>	<u>\$ 34,287</u>

Requirements:				
Storm Drain Program:				
Personal services	\$ 16,698	\$ 16,698	\$ 10,471	\$ 6,227
Materials and services	<u>212,589</u>	<u>212,589</u>	<u>165,493</u>	<u>47,096</u>
Total program-specific	<u>229,287</u>	<u>229,287</u>	<u>175,964</u>	<u>53,323</u>
Contingency	<u>45,858</u>	<u>45,858</u>	<u>-</u>	<u>45,858</u>
Total expenditures	275,145	275,145	175,964	99,181
Ending fund balance	<u>-</u>	<u>-</u>	<u>133,468</u>	<u>(133,468)</u>
Total requirements	<u>\$ 275,145</u>	<u>\$ 275,145</u>	<u>\$ 309,432</u>	<u>\$ (34,287)</u>

Reconciliation to GAAP Basis:	
Ending fund balance - budget basis	\$ 133,468
Capital assets - net	563,784
Deferred outflows related to pensions	21,173
Deferred outflows related to OPEB	165
Compensated absences	(372)
Net pension liability	(55,920)
Net OPEB liability	(3,339)
Deferred Inflows Related to Pensions	(4,977)
Deferred inflows related to OPEB	<u>(987)</u>
Ending net position - GAAP basis	<u>\$ 652,995</u>

CITY OF CANNON BEACH, OREGON

058 - STORM DRAIN RESERVE FUND

Schedule of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 2,184	\$ 2,184	\$ 2,185	\$ 1
Total resources	<u>\$ 2,184</u>	<u>\$ 2,184</u>	<u>\$ 2,185</u>	<u>\$ 1</u>
Requirements:				
Storm Drain Program:				
Capital outlay	\$ 2,184	\$ 2,184	\$ -	\$ 2,184
Ending fund balance	<u>-</u>	<u>-</u>	<u>2,185</u>	<u>(2,185)</u>
Total requirements	<u>\$ 2,184</u>	<u>\$ 2,184</u>	<u>\$ 2,185</u>	<u>\$ (1)</u>

INTERNAL SERVICE FUND

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. Funds included in this category are:

Administrative Services Fund - Accounts for expenditures related to city-wide functions, including executive, finance, and central services expenditures.

CITY OF CANNON BEACH, OREGON**060 - ADMINISTRATIVE SERVICES FUND****Schedule of Resources and Requirements****Budget and Actual (Budgetary Basis)****For the Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ -	\$ -	\$ -	\$ -
Charges for services	2,013,232	2,013,232	1,803,786	(209,446)
Grants and donations	-	-	14,298	14,298
Total resources	<u>\$ 2,013,232</u>	<u>\$ 2,013,232</u>	<u>\$ 1,818,084</u>	<u>\$ (195,148)</u>
Requirements:				
Executive	\$ 628,303	\$ 628,303	\$ 514,838	\$ 113,465
Finance	492,904	492,904	443,604	49,300
IT	245,970	245,970	227,878	18,092
Central Services	203,405	203,405	198,793	4,612
Public Works	442,650	442,650	432,971	9,679
Total expenditures	2,013,232	2,013,232	1,818,084	195,148
Ending fund balance	-	-	-	-
Total requirements	<u>\$ 2,013,232</u>	<u>\$ 2,013,232</u>	<u>\$ 1,818,084</u>	<u>\$ 195,148</u>

Reconciliation to GAAP Basis:

Ending fund balance - budget basis	\$ -
Capital assets - net	111,118
Deferred outflows related to pensions	434,274
Deferred outflows related to OPEB	1,809
Compensated absences	(68,922)
Net pension liability	(1,146,964)
Net OPEB liability	(36,552)
Deferred Inflows Related to Pensions	(102,089)
Deferred inflows related to OPEB	(10,801)
Ending net position - GAAP basis	<u>\$ (818,127)</u>

COMPLIANCE SECTION

**SCHEDULE OF CONTINUING DISCLOSURES
RELATED TO GENERAL OBLIGATION BONDS**

TOP TEN TAXPAYERS - 2020

Georgia Pacific Consumer Products
Lewis & Clark Tree Farms LLC
Pacifcorp
WorldMark The Club
Hampton Lumber Mills Inc.
Northwest Natural Gas Co.
Pacific Coast Seafood
Charter Communications
Weyerhaeuser Columbia Timberlands LLC
Century Link

TOP TEN TAXPAYERS - 2019

Georgia Pacific Consumer Products
Lewis & Clark Tree Farms LLC
WorldMark The Club
Pacifcorp
Hampton Lumber Mills Inc.
Northwest Natural Gas Co.
Charter Communications
Weyerhaeuser Columbia Timberlands LLC
Century Link
Western Generation Agency

Source: Clatsop County, Oregon Taxation and Assessment

TAXABLE PROPERTY VALUES

Assessed Value 2019-20 - City of Cannon Beach	\$ 1,017,352,175
Assessed Value 2018-19 - City of Cannon Beach	\$ 948,238,200
Assessed Value 2017-18 - City of Cannon Beach	\$ 913,777,685

Source: Clatsop County, Oregon Taxation and Assessment

TAX COLLECTION RECORD AND REPRESENTATIVE LEVY RATE

Fiscal Year	2010 G.O. Bond Tax Collections	2010 G.O Bond Representative Levy Rate	2012 G.O. Bond Tax Collections	2012 G.O Bond Representative Levy Rate	Total Combined Tax Collections	Total Combined Levy Rate
2019-20	\$ 187,852	0.22316	\$ 215,021	0.25544	\$ 402,873	0.47860
2018-19	146,554	0.16361	211,830	0.23649	358,384	0.40010
2017-18	134,163	0.15527	201,174	0.23283	335,337	0.38810
2016-17	147,579	0.17749	226,418	0.27231	373,997	0.44980
2015-16	114,134	0.14177	180,929	0.22473	295,063	0.36650
2014-15	114,863	0.14756	56,252	0.07227	171,115	0.21983
2013-14	114,215	0.14845	58,693	0.07629	172,908	0.22473
2012-13	112,418	0.15070	33,529	0.04495	145,947	0.19564
2011-12	135,432	0.19560	n/a	n/a	135,432	0.19560

Sources: Calculated from City of Cannon Beach Annual Budgets, Financial Reports, and Clatsop County Tax Table 4a.



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

To the Honorable Mayor, Members of the City Council
City of Cannon Beach, Oregon

1976 Garden Ave.
Eugene, OR 97403
541.342.5161
www.islercpa.com

We have audited the basic financial statements of the City of Cannon Beach, Oregon (City), as of and for the year ended June 30, 2020 and have issued our report thereon dated December 22, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 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 statements 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)**
- **Indebtedness limitations, restrictions, and repayment**
- **Budgets legally required (ORS Chapter 294)**
- **Insurance and fidelity bonds in force or required by law**
- **Programs funded from outside sources**
- **Highway revenues used for public highways, roads, and streets**
- **Authorized investment of surplus funds (ORS Chapter 294)**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)**

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 Corporations, except as follows:

1. Expenditures exceeded budgeted amounts as described in Note II. B. to the financial statements.

OAR 162-10-0230 Internal Control

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. 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 City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended for the information of management, the City Council and the Secretary of State, Audits Division, of the State of Oregon. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Paul R. Nielson". The signature is written in a cursive, flowing style.

by Paul R Nielson, CPA, a member of the firm
Eugene, Oregon
December 21, 2020