

CITY OF CANNON BEACH, OREGON
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022
WITH
INDEPENDENT AUDITOR'S REPORT

CITY OF CANNON BEACH, OREGON
 Financial Statements and Supplemental Information
 For the Year Ended June 30, 2022
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INTRODUCTORY SECTION

CITY OF CANNON BEACH, OREGON

List of Elected and Appointed Officials

June 30, 2022

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

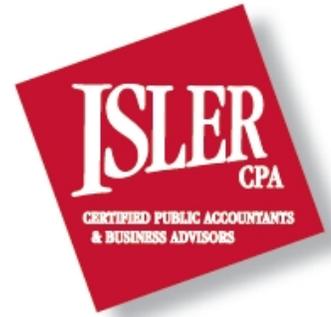
APPOINTED OFFICIALS

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

Report on the Audit of the Financial Statements Opinions

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

In our opinion, the 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, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, the major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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 and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of the Proportionate Share of the Net Pension Liability, the Schedule of Pension Contributions, the Notes to Required Supplementary Information, and the Schedule of Changes in Total OPEB Liability and Related Ratios . Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The introductory section, and continuing disclosure section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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 February 14, 2023 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
February 14, 2023



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, 2022.

Financial Highlights

- The City's total assets at June 30, 2022 were \$40,782,325.
- The City's total deferred outflows at June 30, 2022 were \$2,186,947.
- The City's total liabilities at June 30, 2022 were \$12,062,442.
- The City's total deferred inflows at June 30, 2022 were \$3,029,863.
- The net position of the City at June 30, 2022 was \$27,876,967. Of this amount, \$5,717,317 represents unrestricted net position, which can be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2022, the City's governmental funds reported combined ending fund balances of \$13,018,859.
- At the end of the fiscal year, the City's total combined governmental funds had a non-spendable fund balance of \$36,289, a restricted fund balance of \$2,565,662, an assigned fund balance of \$5,878,539, and an unassigned fund balance of \$4,538,369.
- The General Fund's unassigned fund balance is \$4,538,369 at the end of the current fiscal year, or 77.4% 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 Facility Renovation 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, Bridge Reserve Fund, and the Tourism and Arts Fund.

The City of Cannon Beach adopts an annual appropriated budget for all the Governmental Funds. A budgetary comparison statement has been provided for funds 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 \$27,876,967 at the close of the most recent fiscal year.

By far, the largest portion, 69.7%, 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, 9.8%, represents resources that are subject to external restrictions on how they may be used. The remaining portion of total net position, 20.5% which is unrestricted, represents excess available to meet ongoing obligations.

At the end of the current fiscal year, the City of Cannon Beach reports positive balances of net position in the government as a whole and in each activity.

City of Cannon Beach Net Position						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 14,694,612	\$ 7,962,665	\$ 4,202,464	\$ 3,994,791	\$ 18,897,076	\$ 11,957,456
Capital assets, net	8,278,030	7,471,874	13,607,219	13,598,185	21,885,249	21,070,059
Total assets	22,972,642	15,434,539	17,809,683	17,592,976	40,782,325	33,027,515
Deferred outflows of resources	1,859,950	1,574,657	326,997	270,373	2,186,947	1,845,030
Noncurrent liabilities	9,769,656	7,321,488	876,432	1,073,821	10,646,088	8,395,309
Other liabilities	1,037,371	733,084	378,983	277,630	1,416,354	1,010,714
Total liabilities	10,807,027	8,054,572	1,255,415	1,351,451	12,062,442	9,406,023
Deferred inflows of resources	2,637,355	769,887	392,508	50,538	3,029,863	820,425
Net position:						
Net investment in capital assets	5,867,888	6,028,733	13,569,213	13,598,185	19,437,101	19,626,918
Restricted	2,722,549	1,884,845	-	-	2,722,549	1,884,845
Unrestricted	2,797,773	271,159	2,919,544	2,863,175	5,717,317	3,134,334
Total net position	\$ 11,388,210	\$ 8,184,737	\$ 16,488,757	\$ 16,461,360	\$ 27,876,967	\$ 24,646,097

The City's net position increased by \$3,230,869 during the current fiscal year and was \$677,133 more than the prior year increase. Two major revenue categories that did not exceed the prior year amount were property taxes and state revenue sharing. Transient room tax increased \$421,460 from the prior year, investment earnings increased \$11,628 from the prior year, and fines, fees, and charges for service increased \$336,045 from the prior year, and grants increased \$486,612 from the prior year.

The City's total assets at June 30, 2022 increased \$7,754,810 from \$33,027,515 to \$40,782,325, or 23.5% from the prior year. Cash increased by \$6,830,434, or 76.9% from the prior year. Receivables increased by \$111,014, or 4.7% from the prior year. The city implemented GASB 87, Accounting for Leases, in fiscal year ending June 30, 2020, which shows the value of future payments on the leases through the term of the contracts. The amount, \$476,345 is offset by a deferred inflow of resources. Capital assets, net, increased by \$815,190, or 3.9%, from the prior year. Deferred outflows increased \$339,956, or 18.5% from the prior year.

The City's total liabilities at June 30, 2022 increased by \$2,656,419, or 28.2%, from the prior year. Accounts payable increased \$215,780, or 29.6%, from the prior year. Unearned revenue increased \$178,623, or 241.3% at the end of the year. The City's non-current liabilities increased \$2,250,779, or 8.2%.

City of Cannon Beach Change in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Fines, fees, and charges for services	\$ 820,955	\$ 811,830	\$ 5,918,072	\$ 5,591,152	\$ 6,739,027	\$ 6,402,982
Operating grants and contributions	491,924	209,159	-	-	491,924	209,159
Capital grants and contributions	247,961	21,950	34,028	56,192	281,989	78,142
General revenues:						
Property taxes	1,378,122	1,428,492	-	-	1,378,122	1,428,492
Transient room taxes	6,397,077	5,975,617	-	-	6,397,077	5,975,617
Franchise fees	203,781	199,458	-	-	203,781	199,458
Unrestricted state revenue sharing	121,464	125,331	-	-	121,464	125,331
Unrestricted investment earnings	71,799	60,171	-	-	71,799	60,171
Total revenues	9,733,083	8,832,008	5,952,100	5,647,344	15,685,183	14,479,352
Expenses:						
General government	1,712,086	2,067,520			1,712,086	2,067,520
Building	227,873	252,649			227,873	252,649
Community Development	897,949	524,104			897,949	524,104
Public Works	1,407,601	1,371,084			1,407,601	1,371,084
Public Safety	1,740,921	1,874,010			1,740,921	1,874,010
Emergency Management	321,824	307,695			321,824	307,695
Unallocated depreciation	283,950	291,047			283,950	291,047
Bond issuance costs	91,948				91,948	
Interest on long-term liabilities	66,297	109,797			66,297	109,797
Water utility			1,242,228	1,301,985	1,242,228	1,301,985
Wastewater utility			1,680,406	1,529,207	1,680,406	1,529,207
Storm Drain			258,598	182,992	258,598	182,992
RV Park			2,286,416	1,869,851	2,286,416	1,869,851
Recycling			236,217	243,675	236,217	243,675
Total expenses	6,750,449	6,797,906	5,703,865	5,127,710	12,454,314	11,925,616
Increase in net position before transfers	2,982,634	2,034,102	248,235	519,634	3,230,869	2,553,736
Transfers	220,838	-	(220,838)	-	-	-
Increase (decrease) in net position	3,203,472	2,034,102	27,397	519,634	3,230,869	2,553,736
Net position, July 1	8,184,738	6,150,635	16,461,360	15,941,726	24,646,098	22,092,361
Net position, June 30	\$ 11,388,210	\$ 8,184,737	\$ 16,488,757	\$ 16,461,360	\$ 27,876,967	\$ 24,646,097

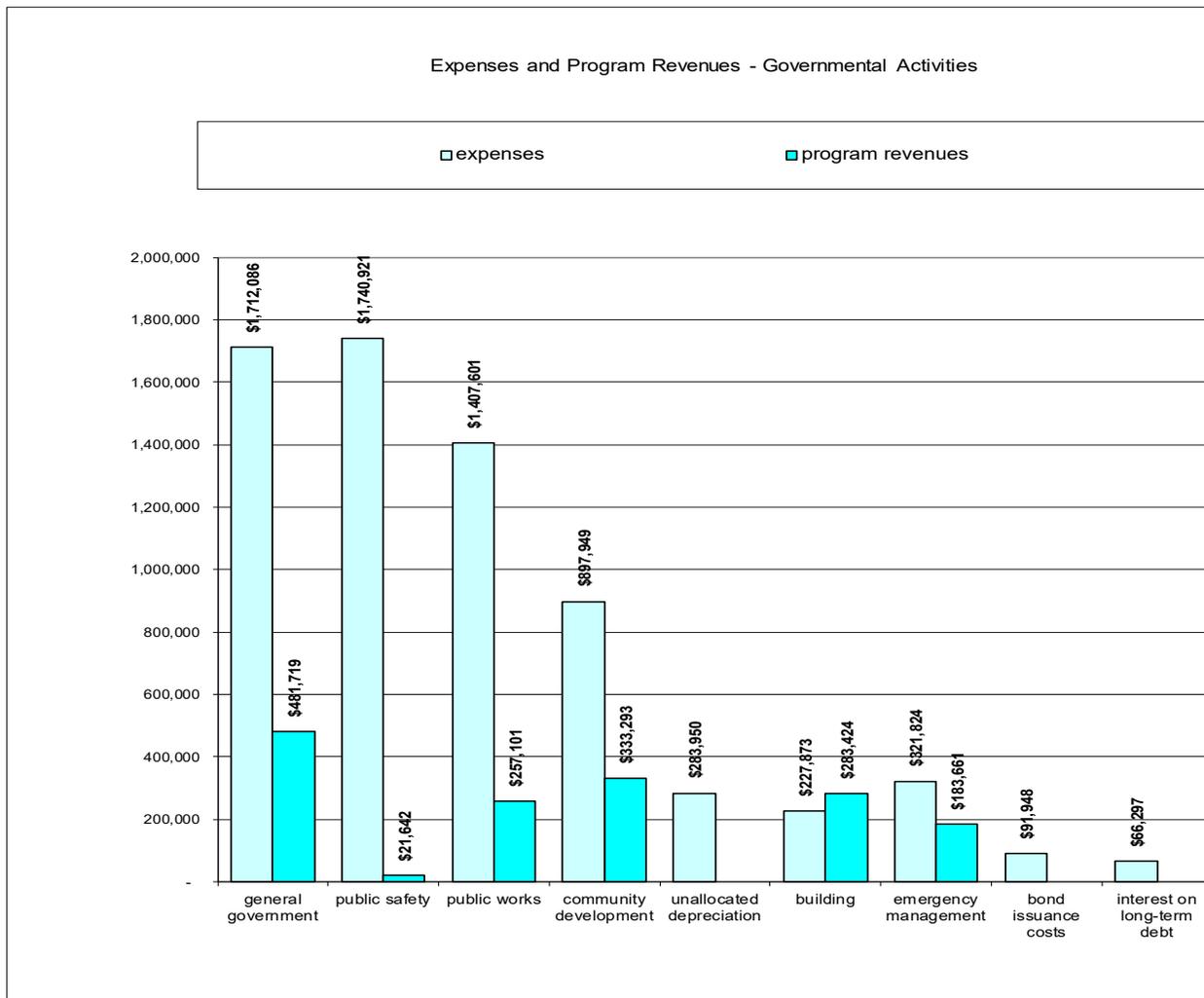
Governmental activities. Governmental activities increased the City's net position by \$3,203,472. The primary elements of the change in total net position are as follows:

- Revenues overall increased \$901,075 from the prior year.
- Program revenues such as fines, fees, and charges for service increased \$9,125. 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 \$508,776 as previous year grants were replaced with larger new grants this year from the American Rescue Plan. 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.
- Under general revenues, Transient room taxes, amount to \$6,397,077 and increased \$524,274 from the prior year. \$5,919,595 is from the city's tax of 8% and a total of \$477,481 is from the 70% of county room tax for total room tax

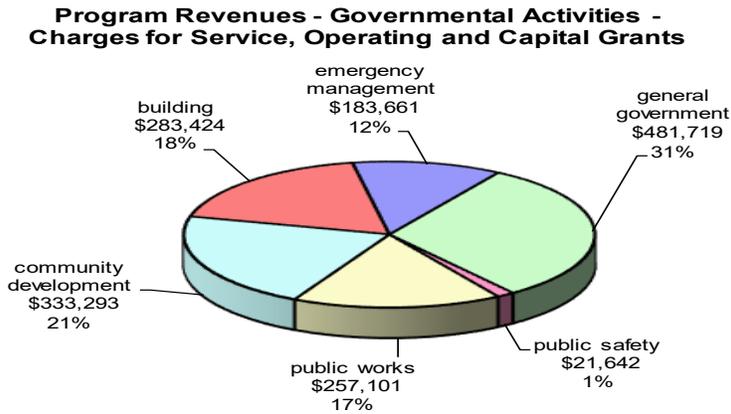
revenue city-wide. Property taxes show decreases of \$50,370. Transient room tax revenues are dependent upon tourism demand but during covid-19 it seemed that working remotely in a great beach town was very appealing. Property tax collections decreased this year but usually increases arise mostly from a yearly increase of 3% assessed value and new property builds and improvements.

- Other general revenues such as franchise fees show an increase of \$4,323. Franchise fees are payments made to the city for the use of city right of ways by public utilities. Unrestricted state revenue sharing decreased \$3,867 and unrestricted investment earnings show an increase of \$11,628. 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 .60% in July and rose to 1.15% at the end of the year.
- Total expenses, decreased by \$47,457 with each program showing decreases with the exception of Community Development which had an increase of \$373,845, Public Works which had an increase of \$36,517, Emergency Management which had an increase of \$14,129, and Bond Issuance Costs which had an increase from the prior year of \$91,948 and is related to the Full Faith & Credit bonds sold this year with proceeds of \$4,692,448.
- Transfers between governmental activities and business-type activities this year were \$220,838.

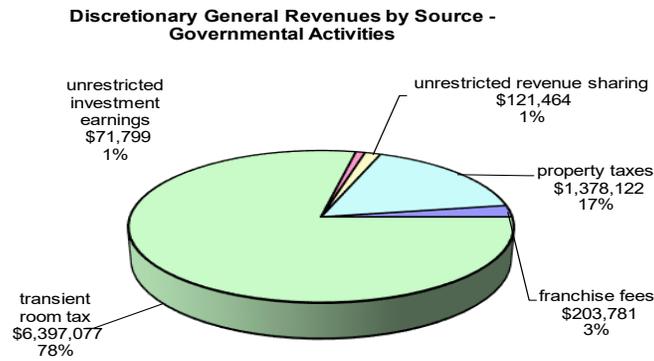
The following graph summarizes the 2021-2022 governmental activity program revenues and corresponding expenses. The revenues shown total \$1,560,840 (an increase from the prior year of \$517,901) and are directly attributable to each activity (program revenues) and **do not** include property taxes, 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 \$8,172,243 and increased by \$383,174, from the prior year.



This next chart shows the 2021-2022 total functional revenues for each program in the amount of \$1,560,840 and the percentage of the total.



As the next chart reflects, most 2021-2022 governmental activities relied on general discretionary revenues to support the function. This graph shows total discretionary revenues in the amount of \$8,172,243 and the percentage in each category.

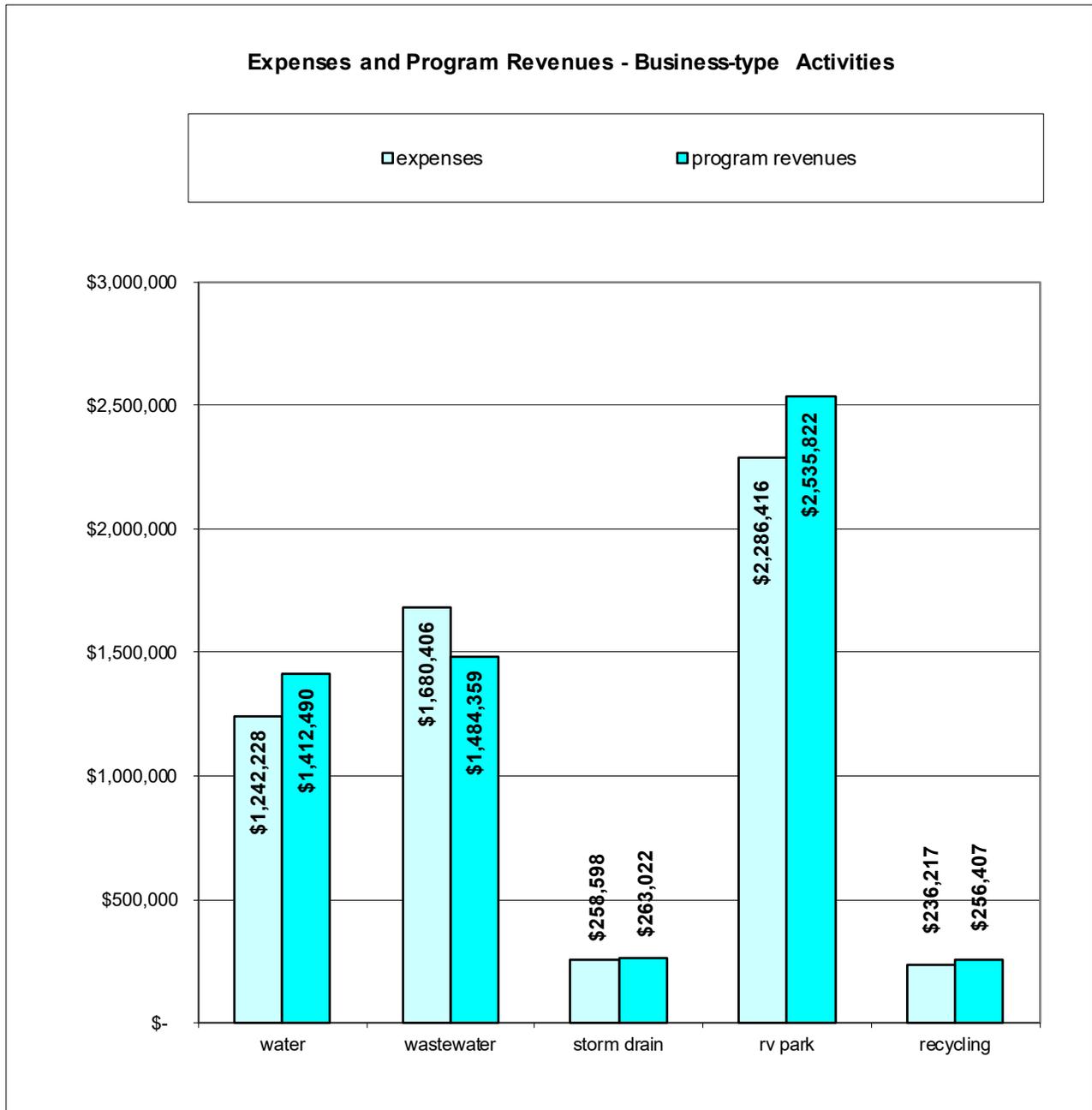


Business-type activities. Business-type activities increased the City's net position by \$27,397. Business-type activities' main source of revenue comes from charges for service. Key elements of this increase are as follows:

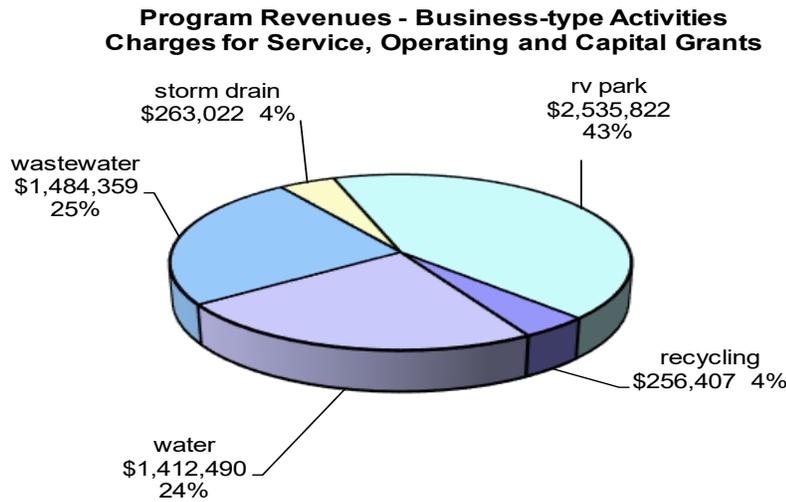
- Fines, fees, and charges for services include the utility revenue in the Water, Wastewater, Storm Drain, Recycling and RV Park enterprises. There was a net increase in fees in the amount of \$326,920 from the prior year. Of this amount the Water, Wastewater, RV Park, and Recycling funds had increases of \$42,622, \$63,951, \$222,274, and \$21,876, respectively. Storm Drain had a decrease of \$23,803.
- In the current year, 115,005,514 gallons of water were sold compared to the prior year amount of 122,679,032 and is a 6.3% decrease.
- Water and Wastewater utilities had rate increases of 4% and 3%, respectively and were effective on July 1, 2021.

- There were decreases in total capital grants, which consist of system development charges, in the amount of \$22,164.
- Total operating expenses overall increased from the prior year in the amount of \$576,155.

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 2021-2022 expenses and revenues of those funds. Total revenues among all programs are \$5,952,100 and total expenses among all programs are \$5,703,865.



Total program revenues in the business-type activities of the City total \$5,952,100 as represented by the percentages in the chart below for 2021-2022.



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 \$13,018,859, an increase of \$6,471,269 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 \$4,538,369. 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 \$1,108,777 during the current fiscal year. Key elements of the net increase to fund balance are as follows:

- Taxes and assessments increased by \$432 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 revenue in the amount of \$709,669 and then slight increases in marijuana revenue. Liquor and Cigarette revenue had slight decreases.
- Transient room tax increased by \$327,350. The city's room tax rate is 8%.
- Franchise fees, which are revenues generated by utilities use of our right-of-way, increased \$4,323 from the prior year.
- Licenses, permits, and fees increased by \$102,333 and is mostly related to the short-term rental permit fees going up to \$500 per year from \$75 per year. The city has approximately 201 active permits.
- Grants and donations increased by \$441,378. This is a category that depends on available grant awards and fluctuating donations. Most of the net change came from American Rescue Plan grants this year that total \$356,261 and a grant from Oregon State Department of Transportation for community development for a Transportation Plan which amounts to \$123,611.
- Investment earnings increased by \$2,767. Currently, interest rates are trending up.
- Other revenues increased by \$14,252.

- Overall, total revenues increased \$892,835 from the prior year.
- Expenditures and other uses (net transfers out) in the General Fund increased \$1,730,621 from the prior year.

The Tourism and Arts Fund has a total fund balance of \$804,433. The net increase in fund balance during the current year in the fund was \$261,836. This fund's normal revenue comes solely from transient room tax and is distributed to tourism purposes.

- Transient room tax revenue increased \$34,719.
- Total expenses for visitor and tourism purposes increased \$41,143.

The Transient Room Tax Fund has a total fund balance of \$928. The net decrease in fund balance during the current year in the fund was \$4,879. This fund's revenue comes solely from transient room tax and is distributed to tourism purposes during the year.

- Transient room tax increased \$34,720.
- Total expenses for visitor and tourism purposes increased \$44,869.

The Clatsop County TRT (Transient Room Tax) Fund was formed in fiscal year 2019 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 \$647,280. The net increase in fund balance during the current year in the fund was \$403,311. This fund's revenue comes solely from transient room tax and is distributed to tourism purposes during the year.

- Transient room tax increased \$127,485.
- Total expenses for visitor and tourism purposes increased \$28,547.

The Roads Fund has a total fund balance of \$412,734, all of which is restricted for road maintenance. The net increase in fund balance during the current year in the fund was \$67,404 and is attributable to the following:

- Total revenue increased from the prior year by \$62,506.
- Taxes and assessments, which is property taxes and state fuel taxes, increased \$5,445.
- Grant revenue related to the Warren Way project increased \$68,600.
- Interest income and other revenue decreased from the prior year by \$11,539.
- Transfers in from the General Fund decreased by \$359,570.
- Expenditures increased \$546,560 from the prior year.

The General Reserve Fund has a total fund balance of \$1,713,821, all of which is restricted for use by council. The net increase in fund balance during the current year in the fund was \$400,000 and is attributable to the following:

- Transfers from the General Fund amounted to \$400,000.
- 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 \$960,714, those for the Wastewater Enterprise at the end of the year amounted to \$400,401, those for the Storm Drain Enterprise at the end of the year amounted to \$232,666, those for the RV Park Enterprise at the end of the year amounted to \$1,259,896, and those for the Recycling Enterprise at the end of the year amounted to \$65,867. The total increase in net position for all enterprise funds was \$27,397. 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	
	2022	2021	2022	2021	2022	2021
Land	\$ 4,087,985	\$ 4,087,985	\$ 1,293,338	\$ 1,293,338	\$ 5,381,323	\$ 5,381,323
Buildings	957,735	1,012,435	1,750,459	1,544,917	2,708,194	2,557,352
Equipment and vehicles	631,357	495,256	273,588	297,109	904,945	792,365
Infrastructure	1,888,633	1,836,278	10,284,692	10,353,730	12,173,325	12,190,008
Construction in progress	712,320	39,920	5,143	109,091	717,463	149,011
Total	\$ 8,278,030	\$ 7,471,874	\$ 13,607,220	\$ 13,598,185	\$ 21,885,250	\$ 21,070,059

Capital assets. The City of Cannon Beach’s investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$21,885,250 (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 increased by \$815,191 during the year because capital asset additions of \$1,801,317 less current year depreciation in the amount of \$986,126 net to the overall increase of capital assets at the end of the year.

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

- CBE Renovation, \$527,562
- Matanuska Lift Station Enclosure, \$266,201
- Haystack Pump Station Gravity Main, \$175,983
- Cache Site Improvements CSFRF, \$160,135
- Warren Way & Hemlock Ped Improvements, \$152,653
- Case Skip Loader, \$99,107
- Ecola Pump Station Generator, \$75,434
- Matanuska Pump Station Electronic Generator, \$69,353
- Pacific & Gogona Waterline, \$68,657
- Police-2021 Chevy Tahoe, \$59,954
- PW-2022 Ford F250, \$36,860
- PW-2022 Ford F250, \$36,860
- Main Pump Station Generator, \$34,525
- Oak Court Stairs, \$11,493

The above 14 items comprise 98.5% of the total dollar value of additions this year or \$1,774,777. There are a total of 20 acquisitions this year.

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

Long-term debt. At the end of the fiscal year, the City of Cannon Beach had total long-term debt outstanding of \$6,831,278, which is debt backed by the full faith and credit of the government.

City of Cannon Beach's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 2,035,000	\$ 2,625,000	\$ -	\$ -	\$ 2,035,000	\$ 2,625,000
Full Faith and Credit Bonds	4,535,000				4,535,000	-
Original Issue Premium	261,278	123,552			261,278	123,552
Direct Borrowings			\$ 334,884	\$ 240,386	334,884	240,386
Total	\$ 6,831,278	\$ 2,748,552	\$ 334,884	\$ 240,386	\$ 7,166,162	\$ 2,988,938

The City of Cannon Beach's total long-term debt increased by \$4,177,224 during the current fiscal year.

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

Economic Factors and Next Year's Budgets and Rates

- Room tax was estimated based on the year 2019 actual collections.
- An expected increase in property tax revenue in the range of 3%.
- Water and Wastewater utility rates were budgeted to increase 4% and 3%, respectively.
- Cost of living adjustments to wages of 4.5%

All of these factors were considered in preparing the City of Cannon Beach's budget for the 2023 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, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 12,055,612	\$ 3,662,719	\$ 15,718,331
Receivables	2,160,366	315,094	2,475,460
Prepaid expenses	2,289	-	2,289
Inventory	-	224,651	224,651
Lease receivable	476,345	-	476,345
Capital assets:			
Nondepreciable assets	4,800,305	1,298,481	6,098,786
Depreciable assets (net of accumulated depreciation)	<u>3,477,725</u>	<u>12,308,738</u>	<u>15,786,463</u>
Total assets	<u>22,972,642</u>	<u>17,809,683</u>	<u>40,782,325</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	54,804	-	54,804
Related to pensions	1,799,816	325,866	2,125,682
Related to OPEB	<u>5,330</u>	<u>1,131</u>	<u>6,461</u>
Total deferred outflows	<u>1,859,950</u>	<u>326,997</u>	<u>2,186,947</u>
 Total assets and deferred outflows	 <u>24,832,592</u>	 <u>18,136,680</u>	 <u>42,969,272</u>
LIABILITIES			
Accounts payable and accrued expenses	568,406	376,911	945,317
Accrued payroll	194,094	-	194,094
Accrued interest payable	22,210	2,072	24,282
Unearned revenue	252,661	-	252,661
Noncurrent liabilities:			
Due within one year	824,156	51,184	875,340
Due in more than one year	6,193,895	322,967	6,516,862
Net pension liability	2,620,728	474,499	3,095,227
Net OPEB liability	<u>130,877</u>	<u>27,782</u>	<u>158,659</u>
Total liabilities	<u>10,807,027</u>	<u>1,255,415</u>	<u>12,062,442</u>
DEFERRED INFLOWS OF RESOURCES			
Related to leases	476,345	-	476,345
Related to pensions	2,121,181	384,053	2,505,234
Related to OPEB	<u>39,829</u>	<u>8,455</u>	<u>48,284</u>
Total deferred inflows	<u>2,637,355</u>	<u>392,508</u>	<u>3,029,863</u>
 Total liabilities and deferred inflows	 <u>13,444,382</u>	 <u>1,647,923</u>	 <u>15,092,305</u>
NET POSITION			
Net investment in capital assets	5,867,888	13,569,213	19,437,101
Restricted for:			
Building inspection program	436,978	-	436,978
Affordable housing	244,388	-	244,388
Tourism and arts	1,554,019	-	1,554,019
Road maintenance	417,854	-	417,854
Debt service	69,310	-	69,310
Unrestricted	<u>2,797,773</u>	<u>2,919,544</u>	<u>5,717,317</u>
Total net position	<u>\$ 11,388,210</u>	<u>\$ 16,488,757</u>	<u>\$ 27,876,967</u>

CITY OF CANNON BEACH, OREGON

Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
			Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:								
General government	\$ 2,560,679	\$ (848,593)	\$ 266,996	\$ 214,723	\$ -	\$ (1,230,367)	\$ -	\$ (1,230,367)
Building	185,018	42,855	283,424	-	-	55,551	-	55,551
Community development	897,949	-	209,682	123,611	-	(564,656)	-	(564,656)
Public works	1,661,453	(253,852)	44,924	127,877	84,300	(1,150,500)	-	(1,150,500)
Public safety	1,740,921	-	15,929	5,713	-	(1,719,279)	-	(1,719,279)
Emergency management	321,824	-	-	20,000	163,661	(138,163)	-	(138,163)
Unallocated depreciation	283,950	-	-	-	-	(283,950)	-	(283,950)
Bond issuance costs	91,948	-	-	-	-	(91,948)	-	(91,948)
Interest on long-term liabilities	66,297	-	-	-	-	(66,297)	-	(66,297)
Total governmental activities	7,810,039	(1,059,590)	820,955	491,924	247,961	(5,189,609)	-	(5,189,609)
Business-type activities:								
Water	846,155	396,073	1,399,443	-	13,047	-	170,262	170,262
Wastewater	1,289,390	391,016	1,470,933	-	13,426	-	(196,047)	(196,047)
Storm drain	194,765	63,833	255,467	-	7,555	-	4,424	4,424
RV park	2,140,316	146,100	2,535,822	-	-	-	249,406	249,406
Recycling	173,649	62,568	256,407	-	-	-	20,190	20,190
Total business-type activities	4,644,275	1,059,590	5,918,072	-	34,028	-	248,235	248,235
Total activities	\$ 12,454,314	\$ -	\$ 6,739,027	\$ 491,924	\$ 281,989	(5,189,609)	248,235	(4,941,374)
General revenues:								
Taxes:								
Property taxes						1,378,122	-	1,378,122
Transient room taxes						6,397,077	-	6,397,077
Franchise fees						203,781	-	203,781
Unrestricted State revenue sharing						121,464	-	121,464
Unrestricted investment earnings						71,799	-	71,799
Other general revenues						-	-	-
Transfers						220,838	(220,838)	-
Total general revenues and transfers						8,393,081	(220,838)	8,172,243
Change in net position						3,203,472	27,397	3,230,869
Net position, beginning						8,184,738	16,461,360	24,646,098
Net position, ending						\$ 11,388,210	\$ 16,488,757	\$ 27,876,967

CITY OF CANNON BEACH, OREGON
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2022

	General Fund (010)	Tourism Facility Renovation Fund (035)	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	\$ 3,814,286	\$ 4,267,311	\$ 6,735	\$ 586,765	\$ 328,628	\$ 1,713,821	\$ 1,333,777	\$ 12,051,323
Receivables:								
Room taxes	1,275,151	-	135,233	297,893	-	-	135,233	1,843,510
Accounts	53,152	-	-	-	10,308	-	74,130	137,590
Property taxes	33,326	-	-	-	12,239	-	19,827	65,392
Grants	-	-	-	-	100,000	-	-	100,000
Prepaid expenses	2,289	-	-	-	-	-	-	2,289
Advances to other funds	-	-	-	-	-	-	34,000	34,000
Lease receivable	476,345	-	-	-	-	-	-	476,345
Total assets	\$ 5,654,549	\$ 4,267,311	\$ 141,968	\$ 884,658	\$ 451,175	\$ 1,713,821	\$ 1,596,967	\$ 14,710,449
LIABILITIES								
Accounts payable and accrued expenses	\$ 163,431	\$ 111,417	\$ 141,040	\$ -	\$ 33,321	\$ -	\$ 101,034	\$ 550,243
Accrued payroll	194,094	-	-	-	-	-	-	194,094
Unearned revenue	252,661	-	-	-	-	-	-	252,661
Advances from other funds	-	-	-	34,000	-	-	-	34,000
Total liabilities	610,186	111,417	141,040	34,000	33,321	-	101,034	1,030,998
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues:								
Property taxes	27,360	-	-	-	5,120	-	16,389	48,869
Transient room taxes	-	-	-	135,378	-	-	-	135,378
Related to leases	476,345	-	-	-	-	-	-	476,345
Total deferred inflows of resources	503,705	-	-	135,378	5,120	-	16,389	660,592
FUND BALANCES								
Nonspendable:								
Prepaid items	2,289	-	-	-	-	-	-	2,289
Interfund advances	-	-	-	-	-	-	34,000	34,000
Restricted:								
Building inspection	-	-	-	-	-	-	436,978	436,978
Affordable housing	-	-	-	-	-	-	244,388	244,388
Road maintenance	-	-	-	-	412,734	-	-	412,734
Tourism and arts	-	-	928	715,280	-	-	702,433	1,418,641
Debt service	-	-	-	-	-	-	52,921	52,921
Assigned:								
Capital Projects	-	4,155,894	-	-	-	1,713,821	8,824	5,878,539
Unassigned	4,538,369	-	-	-	-	-	-	4,538,369
Total fund balances	4,540,658	4,155,894	928	715,280	412,734	1,713,821	1,479,544	13,018,859
Total liabilities, deferred inflows of resources and fund balances	\$ 5,654,549	\$ 4,267,311	\$ 141,968	\$ 884,658	\$ 451,175	\$ 1,713,821	\$ 1,596,967	\$ 14,710,449

CITY OF CANNON BEACH, OREGON
 Reconciliation of the Balance Sheet of Governmental
 Funds to the Statement of Net Position
 June 30, 2022

Fund balances - governmental funds		\$ 13,018,859
Amounts reported for governmental activities in the statement of net position are different because:		
Receivables that are not available to pay for current expenditures and are reported as unavailable revenue in the funds.		184,247
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Nondepreciable assets	\$ 4,800,305	
Depreciable assets	8,606,834	
Accumulated depreciation	<u>(5,196,776)</u>	
		8,210,363
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
General obligation bonds payable	(6,563,154)	
Deferred charges	54,804	
Issuance premiums	(268,124)	
Compensated absences	(107,781)	
Accrued interest payable	(22,210)	
Net pension liability	(1,708,874)	
Net OPEB liability	<u>(89,134)</u>	
		(8,704,473)
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	1,173,590	
Deferred outflows of resources related to OPEB	3,630	
Deferred inflows of resources related to pensions	(1,383,139)	
Deferred inflows of resources related to OPEB	<u>(27,125)</u>	
		(233,044)
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.		
		<u>(1,087,742)</u>
Net position of governmental activities		<u>\$ 11,388,210</u>

CITY OF CANNON BEACH, OREGON
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2022

	General Fund (010)	Tourism Facility Renovation Fund (035)	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	\$ 831,133	\$ -	\$ -	\$ -	\$ 393,681	\$ -	\$ 470,308	\$ 1,695,122
Transient room taxes	4,888,249	-	518,451	477,481	-	-	518,451	6,402,632
Franchise fees	203,781	-	-	-	-	-	-	203,781
Licenses, permits, and fees	389,528	-	-	-	-	-	282,463	671,991
Grants and donations	527,708	-	-	-	84,300	-	-	612,008
Investment earnings	62,869	8,906	-	-	23	-	-	71,798
Other revenue	70,853	-	-	-	6,862	-	4,612	82,327
Total revenues	6,974,121	8,906	518,451	477,481	484,866	-	1,275,834	9,739,659
Expenditures:								
Current:								
General government	1,206,034	-	523,330	120	-	-	-	1,729,484
Building	-	-	-	-	-	-	229,469	229,469
Community development	642,183	-	-	-	-	-	256,615	898,798
Public works	544,810	-	-	-	875,303	-	-	1,420,113
Public safety	1,759,145	-	-	-	-	-	-	1,759,145
Emergency management	321,490	-	-	-	-	-	-	321,490
Debt service:								
Principal	-	-	-	-	-	-	565,000	565,000
Interest	-	-	-	-	-	-	69,960	69,960
Bond issuance costs	-	91,948	-	-	-	-	-	91,948
Capital outlay	273,925	453,512	-	74,050	288,620	-	6,162	1,096,269
Total expenditures	4,747,587	545,460	523,330	74,170	1,163,923	-	1,127,206	8,181,676
Excess (deficiency) of revenues over (under) expenditures	2,226,534	(536,554)	(4,879)	403,311	(679,057)	-	148,628	1,557,983
Other Financing Sources (Uses):								
Transfers in	250,000	-	-	-	746,461	400,000	192,134	1,588,595
Transfers out	(1,367,757)	-	-	-	-	-	-	(1,367,757)
Loan proceeds	-	4,692,448	-	-	-	-	-	4,692,448
Refunding bonds issued	-	-	-	-	-	-	-	-
Premium on refunded bonds issu	-	-	-	-	-	-	-	-
Payment to refunded bond escrow	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,117,757)	4,692,448	-	-	746,461	400,000	192,134	4,913,286
Net change in fund balances	1,108,777	4,155,894	(4,879)	403,311	67,404	400,000	340,762	6,471,269
Fund Balances:								
Beginning of year	3,431,881	-	5,807	311,969	345,330	1,313,821	1,138,782	6,547,590
End of year	\$ 4,540,658	\$ 4,155,894	\$ 928	\$ 715,280	\$ 412,734	\$ 1,713,821	\$ 1,479,544	\$ 13,018,859

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, 2022

Net change in fund balances - governmental funds		\$ 6,471,269
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.		(6,576)
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	\$ 1,090,106	
Current year depreciation	<u>(260,962)</u>	
		829,144
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	(7,207)	
Accrued interest	(13,891)	
Expenses related to pension obligations	44,868	
Expenses related to OPEB obligations	(4,916)	
Amortization of bond premiums	44,722	
Amortization of deferred charge on refunding	<u>(81,972)</u>	
		(18,396)
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.		
Deferred charges on refunding debt	54,804	
Proceeds from issuance of debt	(4,692,448)	
Principal repayments	<u>565,000</u>	
		(4,072,644)
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.		
		<u>675</u>
Change in net position of governmental activities		<u>\$ 3,203,472</u>

CITY OF CANNON BEACH, OREGON

GENERAL FUND

Statement of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 2,470,000	\$ 2,470,000	\$ 3,431,882	\$ 961,882
Taxes and assessments	807,157	807,157	831,133	23,976
Transient room taxes	3,778,962	3,778,962	4,888,249	1,109,287
Franchise fees	201,500	201,500	203,781	2,281
Licenses, permits and fees	356,851	356,851	389,528	32,677
Grants and donations	503,639	873,239	527,708	(345,531)
Investment earnings	45,038	45,038	62,869	17,831
Other revenue	55,575	55,575	70,853	15,278
Transfers in	250,000	250,000	250,000	-
Total resources	<u>\$ 8,468,722</u>	<u>\$ 8,838,322</u>	<u>\$ 10,656,003</u>	<u>\$ 1,817,681</u>
Requirements:				
Executive	\$ 1,067,110	\$ 1,166,310	\$ 573,833	\$ 592,477
Community development	647,921	711,921	642,183	69,738
Public works	766,845	769,295	598,243	171,052
Public safety	1,936,031	1,960,781	1,819,099	141,682
Emergency management	442,678	809,328	481,625	327,703
Non-departmental	667,883	667,883	632,605	35,278
Transfers out	1,906,357	1,906,357	1,367,757	538,600
Contingency	763,897	576,447	-	576,447
Total expenditures	8,198,722	8,568,322	6,115,345	2,452,977
Ending fund balance	<u>270,000</u>	<u>270,000</u>	<u>4,540,658</u>	<u>(4,270,658)</u>
Total requirements	<u>\$ 8,468,722</u>	<u>\$ 8,838,322</u>	<u>\$ 10,656,003</u>	<u>\$ (1,817,681)</u>

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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ -	\$ -	\$ 5,807	\$ 5,807
Transient room taxes	<u>481,250</u>	<u>481,250</u>	<u>518,451</u>	<u>37,201</u>
Total resources	<u>\$ 481,250</u>	<u>\$ 481,250</u>	<u>\$ 524,258</u>	<u>\$ 43,008</u>
Requirements:				
Transient Room Tax Program:				
Materials and services	\$ 481,250	\$ 481,250	\$ 523,330	\$ (42,080)
Ending fund balance	<u>-</u>	<u>-</u>	<u>928</u>	<u>(928)</u>
Total requirements	<u>\$ 481,250</u>	<u>\$ 481,250</u>	<u>\$ 524,258</u>	<u>\$ (43,008)</u>

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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 251,400	\$ 251,400	\$ 379,969	\$ 128,569
Transient room taxes	400,799	400,799	477,481	76,682
Transfers in	<u>538,600</u>	<u>538,600</u>	<u>-</u>	<u>(538,600)</u>
Total resources	<u>\$ 1,190,799</u>	<u>\$ 1,190,799</u>	<u>\$ 857,450</u>	<u>\$ (333,349)</u>
Requirements:				
Transient Room Tax Program:				
Materials and services	\$ 256,799	\$ 256,799	\$ 120	\$ 256,679
Capital outlay	900,000	900,000	74,050	825,950
Interfund loan repayments	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>	<u>-</u>
Total program-specific	1,190,799	1,190,799	108,170	1,082,629
Ending fund balance	<u>-</u>	<u>-</u>	<u>749,280</u>	<u>(749,280)</u>
Total requirements	<u>\$ 1,190,799</u>	<u>\$ 1,190,799</u>	<u>\$ 857,450</u>	<u>\$ 333,349</u>
Reconciliation to GAAP Basis:				
Ending fund balance - budget basis			\$ 749,280	
Advances from other funds			<u>(34,000)</u>	
Ending fund balance - GAAP basis			<u>\$ 715,280</u>	

CITY OF CANNON BEACH, OREGON

040 - ROAD FUND

Schedule of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance
Resources:				
Beginning fund balance	\$ 180,000	\$ 180,000	\$ 345,330	\$ 165,330
Taxes and assessments	390,906	390,906	393,681	2,775
Grants and donations	100,000	100,000	84,300	(15,700)
Investment earnings	-	-	23	23
Other revenue	-	-	6,863	6,863
Transfers in	746,461	746,461	746,461	-
Total resources	<u>\$ 1,417,367</u>	<u>\$ 1,417,367</u>	<u>\$ 1,576,658</u>	<u>\$ 159,291</u>
Requirements:				
Roads Program:				
Personal services	\$ 262,719	\$ 262,719	\$ 262,135	\$ 584
Materials and services	619,087	628,337	613,169	15,168
Capital outlay	299,000	299,000	288,620	10,380
Total program-specific	1,180,806	1,190,056	1,163,924	26,132
Contingency	236,561	227,311	-	227,311
Total expenditures	1,417,367	1,417,367	1,163,924	253,443
Ending fund balance	-	-	412,734	(412,734)
Total requirements	<u>\$ 1,417,367</u>	<u>\$ 1,417,367</u>	<u>\$ 1,576,658</u>	<u>\$ (159,291)</u>

CITY OF CANNON BEACH, OREGON
PROPRIETARY FUNDS
Statement of Net Position
June 30, 2022

	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	\$ 1,309,779	\$ 545,526	\$ 1,430,506	\$ 150,630	\$ 226,278	\$ 3,662,719	\$ 4,289
Accounts receivable	135,665	136,901	-	26,074	16,454	315,094	13,874
Inventory	129,973	34,850	59,828	-	-	224,651	-
Prepaid expenses	-	-	-	-	-	-	-
Total current assets	<u>1,575,417</u>	<u>717,277</u>	<u>1,490,334</u>	<u>176,704</u>	<u>242,732</u>	<u>4,202,464</u>	<u>18,163</u>
Noncurrent assets:							
Capital assets:							
Nondepreciable assets	494,212	4,819	799,450	-	-	1,298,481	-
Depreciable, net	3,695,866	6,445,787	1,464,909	165,739	536,437	12,308,738	67,667
Total noncurrent assets	<u>4,190,078</u>	<u>6,450,606</u>	<u>2,264,359</u>	<u>165,739</u>	<u>536,437</u>	<u>13,607,219</u>	<u>67,667</u>
Total assets	5,765,495	7,167,883	3,754,693	342,443	779,169	17,809,683	85,830
DEFERRED OUTFLOWS OF RESOURCES							
Related to pensions	152,411	110,110	-	58,669	4,676	325,866	626,226
Related to OPEB	497	501	-	113	20	1,131	1,700
Total assets and deferred outflows	<u>5,918,403</u>	<u>7,278,494</u>	<u>3,754,693</u>	<u>401,225</u>	<u>783,865</u>	<u>18,136,680</u>	<u>713,756</u>
LIABILITIES							
Current liabilities:							
Accounts payable and accrued expenses	33,379	107,795	230,438	3,981	1,318	376,911	18,163
Accrued interest payable	2,072	-	-	-	-	2,072	-
Compensated absences	17,815	13,529	-	7,443	480	39,267	78,992
Loans payable - current	11,917	-	-	-	-	11,917	-
Total current liabilities	65,183	121,324	230,438	11,424	1,798	430,167	97,155
Noncurrent liabilities:							
Loans payable	284,961	38,006	-	-	-	322,967	-
Net pension liability	221,928	160,333	-	85,428	6,810	474,499	911,854
Net OPEB liability	12,201	12,312	-	2,777	492	27,782	41,743
Total liabilities	584,273	331,975	230,438	99,629	9,100	1,255,415	1,050,752
DEFERRED INFLOWS OF RESOURCES							
Related to pensions	179,625	129,771	-	69,145	5,512	384,053	738,042
Related to OPEB	3,713	3,747	-	845	150	8,455	12,704
Total liabilities and deferred inflows	<u>767,611</u>	<u>465,493</u>	<u>230,438</u>	<u>169,619</u>	<u>14,762</u>	<u>1,647,923</u>	<u>1,801,498</u>
NET POSITION							
Net investment in capital assets	4,190,078	6,412,600	2,264,359	165,739	536,437	13,569,213	67,667
Unrestricted	960,714	400,401	1,259,896	65,867	232,666	2,919,544	(1,155,409)
Total net position	<u>\$ 5,150,792</u>	<u>\$ 6,813,001</u>	<u>\$ 3,524,255</u>	<u>\$ 231,606</u>	<u>\$ 769,103</u>	<u>\$ 16,488,757</u>	<u>\$ (1,087,742)</u>

CITY OF CANNON BEACH, OREGON
PROPRIETARY FUNDS
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds						Governmental Activities Administrative Services Fund
	Major Funds					Total	
	Water Enterprise	Wastewater Enterprise	RV Park Enterprise	Recycling Enterprise	Nonmajor Storm Drain Enterprise		
Operating Revenues:							
Charges for services	\$ 1,389,061	\$ 1,456,416	\$ 2,535,783	\$ 255,092	\$ 255,307	\$ 5,891,659	\$ 1,880,640
Other operating revenues	<u>10,382</u>	<u>14,517</u>	<u>39</u>	<u>1,315</u>	<u>160</u>	<u>26,413</u>	<u>5,471</u>
Total operating revenues	<u>1,399,443</u>	<u>1,470,933</u>	<u>2,535,822</u>	<u>256,407</u>	<u>255,467</u>	<u>5,918,072</u>	<u>1,886,111</u>
Operating Expenses:							
Personal services	314,935	352,133	-	117,238	11,165	795,471	1,327,496
Cost of operations	744,148	924,365	2,216,462	108,752	222,543	4,216,270	534,952
Depreciation	<u>193,198</u>	<u>403,908</u>	<u>69,954</u>	<u>10,227</u>	<u>24,890</u>	<u>702,177</u>	<u>22,988</u>
Total operating expenses	<u>1,252,281</u>	<u>1,680,406</u>	<u>2,286,416</u>	<u>236,217</u>	<u>258,598</u>	<u>5,713,918</u>	<u>1,885,436</u>
Operating income (loss)	147,162	(209,473)	249,406	20,190	(3,131)	204,154	675
Nonoperating Revenues (Expenses):							
Interest expense	<u>10,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,053</u>	<u>-</u>
Income (loss) before contributions and transfers	157,215	(209,473)	249,406	20,190	(3,131)	214,207	675
Capital contributions	13,047	13,426	-	-	7,555	34,028	-
Transfers in	-	-	-	29,162	-	29,162	-
Transfers out	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>
Change in net position	170,262	(196,047)	(594)	49,352	4,424	27,397	675
Net Position:							
Beginning of year	<u>4,980,530</u>	<u>7,009,048</u>	<u>3,524,849</u>	<u>182,254</u>	<u>764,679</u>	<u>16,461,360</u>	<u>(1,088,417)</u>
End of year	<u>\$ 5,150,792</u>	<u>\$ 6,813,001</u>	<u>\$ 3,524,255</u>	<u>\$ 231,606</u>	<u>\$ 769,103</u>	<u>\$ 16,488,757</u>	<u>\$ (1,087,742)</u>

CITY OF CANNON BEACH, OREGON
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2022

	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
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 1,384,468	\$ 1,459,843	\$ 2,535,822	\$ 259,467	\$ 262,438	5,902,038	\$ -
Receipts from interfund services provided	-	-	-	-	-	-	1,872,237
Payments to suppliers and contractors	(471,561)	(436,886)	(2,013,979)	(46,328)	(165,326)	(3,134,080)	(553,417)
Payments to employees	(320,550)	(351,905)	-	(118,242)	(11,315)	(802,012)	(1,351,159)
Payments for interfund services used	(396,073)	(391,016)	(146,100)	(62,568)	(63,833)	(1,059,590)	-
Net cash provided (used) by operating activities	<u>196,284</u>	<u>280,036</u>	<u>375,743</u>	<u>32,329</u>	<u>21,964</u>	<u>906,356</u>	<u>(32,339)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers in	-	29,706	186,650	29,162	-	245,518	-
Transfers out	-	(29,706)	(436,650)	-	-	(466,356)	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>29,162</u>	<u>-</u>	<u>(220,838)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from debt	68,069	38,006	-	-	-	106,075	-
Capital contributions	13,047	13,426	-	-	7,555	34,028	-
Acquisition and construction of capital assets	(10,286)	(644,635)	(8,564)	-	(7,352)	(670,837)	-
Principal paid on capital debt	(11,577)	-	-	-	-	(11,577)	-
Interest paid on capital debt	10,053	-	-	-	-	10,053	-
Net cash provided by (used in) capital and related financing activities	<u>69,306</u>	<u>(593,203)</u>	<u>(8,564)</u>	<u>-</u>	<u>203</u>	<u>(532,258)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest and dividends received	-	-	-	-	-	-	-
Net change in cash and investments	265,590	(313,167)	117,179	61,491	22,167	153,260	(32,339)
Cash and investments:							
Beginning of year	<u>1,044,189</u>	<u>858,693</u>	<u>1,313,327</u>	<u>89,139</u>	<u>204,111</u>	<u>3,509,459</u>	<u>36,628</u>
End of year	<u>\$ 1,309,779</u>	<u>\$ 545,526</u>	<u>\$ 1,430,506</u>	<u>\$ 150,630</u>	<u>\$ 226,278</u>	<u>\$ 3,662,719</u>	<u>\$ 4,289</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 147,162	\$ (209,473)	\$ 249,406	\$ 20,190	\$ (3,131)	\$ 204,154	\$ 675
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	193,198	403,908	69,954	10,227	24,890	702,177	22,988
Net increase (reduction) of expense under GASB 68	(5,828)	(4,210)	-	(2,244)	(178)	(12,460)	(23,945)
Net increase (reduction) of expense under GASB 75	673	679	-	152	28	1,532	2,303
(Increase) decrease in current assets:							
Receivables	(14,975)	(11,090)	-	3,060	6,971	(16,034)	(13,874)
Internal balances	-	-	-	-	-	-	-
Inventory	(12,510)	3,632	(33,910)	-	-	(42,788)	-
Prepaid expenses	-	4,409	-	-	-	4,409	-
Increase (decrease) in liabilities:							
Accounts payable and accrued expenses	(110,976)	88,422	90,293	(144)	(6,616)	60,979	(18,465)
Accrued payroll	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-
Compensated absences	(460)	3,759	-	1,088	-	4,387	(2,021)
Net cash provided (used) by operating activities	<u>\$ 196,284</u>	<u>\$ 280,036</u>	<u>\$ 375,743</u>	<u>\$ 32,329</u>	<u>\$ 21,964</u>	<u>\$ 906,356</u>	<u>\$ (32,339)</u>

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2022

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 *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 distribute 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, 2022

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 at for the acquisition or construction of major capital facilities for the general fund. Primary source of revenue is transfers in.

The *tourism facility renovation fund* holds the bond proceeds from the Full Faith and Credit Bonds Series 2022. The bond proceeds are to be used to finance the renovation of the Cannon Beach Elementary School. Design and construction costs will be expensed from the capital projects fund.

The City reports the following major enterprise funds:

The *water enterprise fund* (a combination of the operating, reserve, and system development 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, reserve, and system development 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 funds:

The *storm drain enterprise fund* (a combination of the operating, reserve, and system development 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, 2022

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, 2022

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, 2022

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 net 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 net 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, 2022

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, 2022

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 are 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, 2022 expenditures exceeded appropriations as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Transient Room Tax Fund - Transient Room Tax Program	\$ 481,250	\$ 523,330	\$ (42,080)
Debt Service Fund - Debt Service	634,825	634,960	(135)
Storm Drain Fund - Material and Services	216,094	222,693	(6,599)
Tourism Facility Renovation Fund	-	545,460	(545,460)

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2022

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		540,229
Local Government Investment Pool		<u>15,177,902</u>
Total	\$	<u>15,718,331</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. 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, 2022

Note III - Detailed notes on all funds, continued

B. Lease receivable

Lease receivable activity for the year ended June 30, 2022 was as follows:

	<u>Original Amount</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:					
Parking Lot Lease; interest at 3.25%, principal and interest of \$640 monthly, due August 2032	\$ 89,823	\$ 74,839	\$ -	\$ (5,933)	\$ 68,906
Cell Tower Site Lease; interest at 7%, principal and interest of \$1,025 monthly, due September 2032	120,262	107,354	-	(4,940)	102,414
Cell Tower Site Lease; interest at 3%, principal and interest of \$600 monthly, due August 2040.	133,548	123,537	-	(3,997)	119,540
Cell Tower Site Lease; interest at 5%, principal and interest of \$1,288 monthly, due March 2034	214,529	<u>193,758</u>	<u>-</u>	<u>(8,273)</u>	<u>185,485</u>
		<u>\$ 499,488</u>	<u>\$ -</u>	<u>\$ (23,143)</u>	<u>\$ 476,345</u>

Future maturities are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 25,402	\$ 21,733
2024	27,629	20,480
2025	31,041	19,068
2026	32,576	17,533
2027	35,186	15,907
2028 - 2032	216,327	49,509
2033 - 2037	79,172	9,031
2038 - 2042	<u>29,012</u>	<u>1,432</u>
	<u>\$ 476,345</u>	<u>\$ 154,693</u>

During the year ended June 30, 2022 the City lease payments during the year were \$23,143 and \$23,859 in principal and interest respectively.

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2022

Note III - Detailed notes on all funds, continued

C. Capital assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,087,985	\$ -	\$ -	\$ 4,087,985
Construction in progress	<u>39,920</u>	<u>688,100</u>	<u>(15,700)</u>	<u>712,320</u>
Total capital assets, not being depreciated	<u>4,127,905</u>	<u>688,100</u>	<u>(15,700)</u>	<u>4,800,305</u>
Capital assets, being depreciated:				
Buildings	2,687,153	-	-	2,687,153
Equipment and vehicles	1,849,577	232,781	-	2,082,358
Infrastructure	<u>3,841,353</u>	<u>169,225</u>	<u>15,700</u>	<u>4,026,278</u>
Total capital assets being depreciated	8,378,083	402,006	15,700	8,795,789
Less accumulated depreciation for:				
Buildings	(1,674,718)	(54,700)	-	(1,729,418)
Equipment and vehicles	(1,354,321)	(96,680)	-	(1,451,001)
Infrastructure	<u>(2,005,075)</u>	<u>(132,570)</u>	<u>-</u>	<u>(2,137,645)</u>
Total accumulated depreciation	<u>(5,034,114)</u>	<u>(283,950)</u>	<u>-</u>	<u>(5,318,064)</u>
Total capital assets, being depreciated, net	<u>3,343,969</u>	<u>118,056</u>	<u>15,700</u>	<u>3,477,725</u>
Governmental activities capital assets, net	<u>\$ 7,471,874</u>	<u>\$ 806,156</u>	<u>\$ -</u>	<u>\$ 8,278,030</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,293,338	\$ -	\$ -	\$ 1,293,338
Construction in progress	<u>109,091</u>	<u>5,143</u>	<u>(109,091)</u>	<u>5,143</u>
Total capital assets, not being depreciated	<u>1,402,429</u>	<u>5,143</u>	<u>(109,091)</u>	<u>1,298,481</u>
Capital assets, being depreciated:				
Buildings and improvements	2,791,852	266,201	-	3,058,053
Equipment and vehicles	721,486	8,564	-	730,050
Infrastructure	<u>20,852,546</u>	<u>431,303</u>	<u>109,091</u>	<u>21,392,940</u>
Total capital assets being depreciated	24,365,884	706,068	109,091	25,181,043
Less accumulated depreciation for:				
Buildings and improvements	(1,246,935)	(60,659)	-	(1,307,594)
Other equipment	(424,377)	(32,085)	-	(456,462)
Infrastructure	<u>(10,498,816)</u>	<u>(609,433)</u>	<u>-</u>	<u>(11,108,249)</u>
Total accumulated depreciation	<u>(12,170,128)</u>	<u>(702,177)</u>	<u>-</u>	<u>(12,872,305)</u>
Total capital assets, being depreciated, net	<u>12,195,756</u>	<u>3,891</u>	<u>109,091</u>	<u>12,308,738</u>
Business-type activities capital assets, net	<u>\$ 13,598,185</u>	<u>\$ 9,034</u>	<u>\$ -</u>	<u>\$ 13,607,219</u>

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2022

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	\$	193,198
Wastewater enterprise		403,908
RV park enterprise		69,954
Recycling enterprise		10,227
Storm drain enterprise		<u>24,890</u>
Total depreciation expense - business-type activities	\$	<u>702,177</u>

D. Internal balances and interfund transfers

Interfund transfers

The interfund transfer activity for the year ended June 30, 2022 was as follows:

	<u>Transfers Out:</u>	
	<u>General Fund</u>	<u>RV Park Enterprise</u>
<u>Transfers In:</u>		
General Fund	\$ -	\$ 250,000
Road Fund	746,461	-
General Reserve Fund	400,000	-
Nonmajor Governmental Funds	192,134	-
Recycling Enterprise	<u>29,162</u>	<u>-</u>
	<u>\$ 1,367,757</u>	<u>\$ 250,000</u>

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

Interfund advances

The Clatsop County TRT Fund borrowed \$102,000 from the Tourism and Arts Fund during FY2020 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. During the year ended June 30, 2022, the Clatsop County TRT fund repaid the Tourism and Arts Fund \$34,000 and the balance outstanding at year-end was \$34,000.

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2022

Note III - Detailed notes on all funds, continued

E. Long-term debt

Governmental debt outstanding at year end is as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
The general obligation bonds series 2022, a direct placement were issued in the original amount of \$2,305,000 to advance refund the remainder of the 2010 and 2012 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, 2027. Upon the event of default the bond holders may take whatever action may appear necessary or desirable, either at law or in equity or in bankruptcy or otherwise	4.0%	\$ 2,035,000
The full faith and credit bonds series 2022, a direct placement, were issued in the original amount of \$4,535,000 to finance capital improvement projects. The financing payments for these obligations 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, 2052. Upon the event of default the bond holders may take whatever action may appear necessary or desirable, either at law or in equity or in bankruptcy or otherwise	3.0% to 4.0%	<u>4,535,000</u>
Total general obligation bonds outstanding		6,570,000
Current portion		<u>(610,000)</u>
Long-term portion		<u>\$ 5,960,000</u>

Business-type Activities outstanding debt at year end is as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
The Oregon Infrastructure Finance Authority loan S20003 was issued in the original amount up to \$624,150 and was used to replace individual water meter modules that are at the end of their life and retrofit the remaining meters with registers and/or batteries compatible with Advanced Metering Analytics (AMA) Software. Up to \$322,075 of the loan may be forgiven upon completion of the project. The loan was still in the withdrawal phase at year-end.	1.00%	\$ 296,878
The Clean Water State Revolving Fund loan R20570 was issued in the amount of \$300,000 to finance wastewater system improvements for the City. The loan was still in the withdrawal phase at year-end.	0.95%	<u>38,006</u>
Total debt outstanding		334,884
Current portion		<u>(11,917)</u>
Long-term portion		<u>\$ 322,967</u>

Upon the event of default on the loan with Oregon Infrastructure Finance Authority, the State may pursue any or all of the remedies set forth in the agreement or available at law or in equity. Such remedies may include, but are not limited to, termination of the contract, acceleration of the contract, return of the grant/loan funds, payment of amounts earned from the investment of the proceeds of the loan, declaration of the City's ineligibility to receive future lottery funded awards, withholding pursuant to ORS 285B.599, ORS 285A.213(6), or OAR 123-049-0040 of other State funds due to the Borrower, foreclosing liens or security interest and exercising any remedy listed in OAR 123-049-0040.

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2022

Note III - Detailed notes on all funds, continued

E. Long-term debt, continued

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

Year ending June 30,	Governmental Activities				Business-type Activities	
	GO Bonds		Full Faith and Credit Bonds		Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 550,000	\$ 81,400	\$ 60,000	\$ 185,123	\$ 11,917	\$ 6,680
2024	590,000	59,400	90,000	155,900	12,185	6,412
2025	610,000	35,800	95,000	152,300	12,854	7,230
2026	170,000	11,400	95,000	148,500	13,872	6,212
2027	115,000	4,600	100,000	144,700	14,170	5,914
2028 - 2032	-	-	575,000	659,500	75,544	24,876
2033 - 2037	-	-	680,000	548,900	84,028	16,392
2038 - 2042	-	-	790,000	440,150	93,488	6,931
2043 - 2047	-	-	930,000	296,600	6,779	655
2048 - 2053	-	-	1,120,000	111,638	7,108	326
2054 - 2059	-	-	-	-	2,939	35
Total	\$ 2,035,000	\$ 192,600	\$4,535,000	\$ 2,843,311	\$ 334,884	\$ 81,663

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
GO Bonds	\$ 2,625,000	\$ 2,305,000	\$ (2,895,000)	\$ 2,035,000	\$ 610,000
Full Faith and Credit Bond	\$ -	\$ 4,535,000	\$ -	\$ 4,535,000	\$ -
Original issue premium	123,552	268,124	(130,398)	261,278	27,383
Totals bonds payable	2,748,552	7,108,124	(3,025,398)	6,831,278	637,383
Compensated absences	181,587	5,186	-	186,773	186,773
Subtotal	2,930,139	7,113,310	(3,025,398)	7,018,051	824,156
Net pension liability	4,280,030	-	(1,659,302)	2,620,728	-
Net OPEB liability	111,319	19,558	-	130,877	-
Governmental activities long-term liabilities	<u>\$ 7,321,488</u>	<u>\$ 7,132,868</u>	<u>\$ (4,684,700)</u>	<u>\$ 9,769,656</u>	<u>\$ 824,156</u>
Business-type activities:					
Direct borrowings	\$ 240,386	\$ 94,498	\$ -	\$ 334,884	\$ 11,917
Compensated absences	\$ 34,880	\$ 4,387	\$ -	\$ 39,267	\$ 39,267
Net pension liability	774,925	-	(300,426)	474,499	-
Net OPEB liability	23,630	4,152	-	27,782	-
Business-type activities long-term liabilities	<u>\$ 1,073,821</u>	<u>\$ 103,037</u>	<u>\$ (300,426)</u>	<u>\$ 876,432</u>	<u>\$ 51,184</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, 2022

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 Annual Comprehensive 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.

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2022

Note III - Detailed notes on all funds, continued

E. Employee Retirement Plans, continued

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.

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.

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2022

Note III - Detailed notes on all funds, continued

E. Employee Retirement Plans, continued

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

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, 2019 actuarial valuation. The rates, based on a percentage of payroll, first became effective July 1, 2021. Employer contributions for the year ended June 30, 2022 were \$950,981. The rates in effect for the fiscal year ended June 30, 2022 were 24.20 percent for Tier One/Tier Two General Services, 19.02 percent for OPSRP Pension Program General Services, and 23.38 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, 2022, the City's proportionate share of the net pension liability is \$3,095,227. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2021, the City's proportion was 0.02586582 percent, which was a change from its proportion measured as of June 30, 2020 of 0.02316296 percent.

For the year ended June 30, 2022 the City recognized pension expense of \$950,981. At June 30, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 289,734	\$ -
Change in assumptions	774,829	8,146
Net difference between projected and actual earnings on pension plan investments	-	2,291,369
Changes in proportionate share	451,065	120,395
Differences between City contributions and proportionate share of contributions	2,415	85,324
Subtotal before post-measurement date contributions	<u>1,518,043</u>	<u>2,505,234</u>
City contributions subsequent to the measurement date	607,639	-
Total	<u>\$ 2,125,682</u>	<u>\$ 2,505,234</u>

Deferred outflows of resources related to pensions of \$607,639 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the year ended June 30, 2023. Other net deferred outflows (inflows) of resources of \$(987,191) will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>		
2023	\$	(127,856)
2024		(202,528)
2025		(276,049)
2026		(481,837)
2027		<u>101,075</u>
Total	\$	<u>(987,195)</u>

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2022

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, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2019
Measurement Date	June 30, 2021
Experience Study Report	2018, published July 24, 2019
Actuarial Cost Method	Entry Age normal
Actuarial Assumptions:	
Inflation Rate	2.4 percent
Long-Term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Project Salary Increases	3.40 percent overall payroll growth
Cost Living Adjustments (COLA)	Blend of 2.00% COLA and Graded COLA (1.25%/0.15% in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Date Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active Members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the 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/2021-ACFR.pdf>.

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2022

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 PERS' 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 6.90 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 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate Share of Net Pension Liability (Asset)	\$ 6,078,288	\$ 3,095,227	\$ 599,490

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, 2022

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	\$	3,034
Contributions subsequent to measurement date		<u>3,427</u>
	\$	<u>6,461</u>
 Net OPEB liability	 \$	 <u>158,659</u>
Deferred inflow of resources:		
Change in assumptions	\$	33,747
Differences between expected and actual experience		<u>14,537</u>
	\$	<u>48,284</u>

Deferred outflows of resources related to OPEB of \$3,427 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,		
2023	\$	12,363
2024		12,323
2025		12,323
2026		7,171
2027		1,131
Thereafter		<u>21</u>
	\$	<u>45,332</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, 2020, the following employees were covered by the benefit terms:

Eligible retirees	1
Active employees	<u>38</u>
Total	<u>39</u>

Total OPEB Liability and OPEB Expense

The City's total OPEB liability of \$158,659 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2020.

For the fiscal year ended June 30, 2021, the City recognized OPEB expense from this plan of \$8,098.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020 valuation was determined using the following actuarial assumptions and other

CITY OF CANNON BEACH, OREGON

Notes to the Financial Statements

June 30, 2022

Note III - Detailed notes on all funds, continued

G. Other Postemployment Benefits (OPEB), continued

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, 2019 Oregon PERS valuation.
Discount rate	2.21 percent
Health Care Cost Trend	5.75 percent per year decreasing to 4.0 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, 2020	\$ 148,406
Changes for the year	
Service cost	14,846
Interest on total OPEB liability	5,653
Effect of economic/demographic gains or losses	(23,673)
Effect of assumptions changes or inputs	(6,755)
Benefit payments	<u>(3,528)</u>
Balance as of June 30, 2021	<u>\$ 134,949</u>

Changes in assumptions is the result of the change in the discount rate from 3.5 to 2.21 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.

	<u>1% Decrease</u>	Current Discount/Trend Rate	<u>1 % Increase</u>
Discount Rate - Total OPEB Liability	\$ 143,805	\$ 134,949	\$ 126,479
Healthcare Trend Rate - Total OPEB Liability	\$ 120,538	\$ 134,949	\$ 151,517

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, 2022

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") to 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 the City had received \$296,878 as of June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CANNON BEACH, OREGON
Oregon Public Employees Retirement System
June 30, 2022

Schedule of the Proportionate Share of the Net Pension Liability

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the net pension liability (asset)	0.02586582 %	0.02316296 %	0.02359703 %	0.02522653 %	0.02241974 %
Proportionate share of the net pension liability (asset)	\$ 3,095,227	\$ 5,054,955	\$ 4,081,721	\$ 3,821,487	\$ 3,022,189
Covered payroll	\$ 2,962,554	\$ 2,907,830	\$ 2,812,176	\$ 2,617,450	\$ 2,422,025
Proportionate share of the pension liability (asset) as a percentage of its covered employee payroll	104.48 %	173.84 %	145.14 %	146.00 %	124.78 %
Plan net position as a percentage of the total pension liability	87.60 %	75.80 %	80.20 %	82.10 %	83.10 %
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
Proportion of the net pension liability (asset)	0.02099759 %	0.02312559 %	0.02011880 %	0.02011880 %	
Proportionate share of the net pension liability (asset)	\$ 3,152,226	\$ 1,327,747	\$ (457,641)	\$ 1,026,692	
Covered payroll	\$ 2,343,341	\$ 2,051,308	\$ 1,983,297	\$ 1,923,798	
Proportionate share of the pension liability (asset) as a percentage of its covered employee payroll	134.52 %	64.73 %	(23.07)%	53.37 %	
Plan net position as a percentage of the total pension liability	80.50 %	91.90 %	103.59 %	92.00 %	

CITY OF CANNON BEACH, OREGON

Oregon Public Employees Retirement System

June 30, 2022

Schedule of Pension Contributions

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 775,295	\$ 318,284	\$ 661,679	\$ 512,417	\$ 473,564
Contributions in relation to the contractually required contribution	<u>775,295</u>	<u>318,284</u>	<u>661,679</u>	<u>512,417</u>	<u>473,564</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered employee payroll	\$ 3,197,335	\$ 2,962,554	\$ 2,907,830	\$ 2,812,176	\$ 2,617,450
Contributions as a percentage of covered employee payroll	24.25 %	10.74 %	22.76 %	18.22 %	18.09 %

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 403,664	\$ 380,236	\$ 297,474	\$ 302,166
Contributions in relation to the contractually required contribution	<u>403,664</u>	<u>380,236</u>	<u>297,474</u>	<u>302,166</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,422,025	\$ 2,343,341	\$ 2,051,308	\$ 1,983,297
Contributions as a percentage of covered employee payroll	16.67 %	16.23 %	14.50 %	15.24 %

Note: Ten year schedules will be presented prospectively

Notes to Required Supplementary Information

Note I - Measurement Period

Amounts presented are for the measurement period, which for FY 2022 is July 1, 2020 - June 30, 2021.

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, 2016, and 2018 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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 134,949	\$ 148,406	\$ 128,234	\$ 166,408	\$ 165,663
Service costs	21,068	14,846	13,379	17,773	18,681
Interest on total OPEB liability	3,434	5,653	5,422	6,398	5,071
Effect of economic/demographic gains or losses	-	(23,673)	-	(38,282)	-
Effect of assumptions changes or inputs	489	(6,755)	4,411	(13,050)	(10,082)
Benefit payments	<u>(1,281)</u>	<u>(3,528)</u>	<u>(3,040)</u>	<u>(11,013)</u>	<u>(12,925)</u>
Balance at end of year	158,659	134,949	148,406	128,234	166,408
Covered payroll	<u>3,197,335</u>	<u>2,962,554</u>	<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>4.96 %</u>	<u>4.56 %</u>	<u>5.10 %</u>	<u>4.56 %</u>	<u>6.36 %</u>

Note: Ten year schedules will be presented prospectively

SUPPLEMENTAL INFORMATION

CITY OF CANNON BEACH, OREGON
035 - TOURISM FACILITY RENOVATION FUND
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Investment earnings	\$ -	\$ -	\$ 8,907	\$ 8,907
Loan proceeds	-	-	4,692,448	4,692,448
Total resources	<u>-</u>	<u>-</u>	<u>4,701,355</u>	<u>4,701,355</u>
Requirements:				
Capital outlay	\$ -	\$ -	\$ 453,512	\$ (453,512)
Issuance Costs	-	-	91,948	(91,948)
Ending fund balance	-	-	4,155,895	4,155,895
Total requirements	<u>\$ -</u>	<u>\$ -</u>	<u>4,701,355</u>	<u>\$ 4,155,895</u>

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, 2022

	<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	400,000	400,000	400,000	-
Total resources	<u>\$ 1,713,820</u>	<u>\$ 1,713,820</u>	<u>\$ 1,713,821</u>	<u>\$ 1</u>
Requirements:				
General Reserve Program:				
Capital outlay	\$ 1,713,820	\$ 1,713,820	\$ -	\$ 1,713,820
Ending fund balance	<u>-</u>	<u>-</u>	<u>1,713,821</u>	<u>(1,713,821)</u>
Total requirements	<u>\$ 1,713,820</u>	<u>\$ 1,713,820</u>	<u>\$ 1,713,821</u>	<u>\$ (1)</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:

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.

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, 2022

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
	Tourism & Arts Fund (012)	Building Official Fund (015)	Affordable Housing Fund (018)	Debt Service Fund (030)	Ecola Forest Reserve Fund (053)	Bridge Reserve Fund (055)	
ASSETS							
Cash and investments	\$ 580,910	\$ 439,398	\$ 250,177	\$ 49,483	\$ 6,394	\$ 7,415	\$ 1,333,777
Receivables:							
Room taxes	135,233	-	-	-	-	-	135,233
Accounts	74,130	-	-	-	-	-	74,130
Property taxes	-	-	-	19,827	-	-	19,827
Advances to other funds	34,000	-	-	-	-	-	34,000
Total assets	\$ 824,273	\$ 439,398	\$ 250,177	\$ 69,310	\$ 6,394	\$ 7,415	\$ 1,596,967
LIABILITIES							
Accounts payable and accrued expenses	\$ 87,840	\$ 2,420	\$ 5,789	\$ -	\$ -	\$ 4,985	101,034
Total liabilities	87,840	2,420	5,789	-	-	4,985	101,034
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues:							
Property taxes	-	-	-	16,389	-	-	16,389
Total deferred inflows of resources	-	-	-	16,389	-	-	16,389
FUND BALANCES							
Nonspendable:							
Interfund advances	34,000	-	-	-	-	-	34,000
Restricted:							
Building inspection	-	436,978	-	-	-	-	436,978
Affordable housing	-	-	244,388	-	-	-	244,388
Tourism and arts	702,433	-	-	-	-	-	702,433
Debt service	-	-	-	52,921	-	-	52,921
Assigned:							
Reserves	-	-	-	-	6,394	2,430	8,824
Total fund balances	736,433	436,978	244,388	52,921	6,394	2,430	1,479,544
Total liabilities, deferred inflows of resources and fund balances	\$ 824,273	\$ 439,398	\$ 250,177	\$ 69,310	\$ 6,394	\$ 7,415	\$ 1,596,967

CITY OF CANNON BEACH, OREGON
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2022

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
	Tourism & Arts Fund (012)	Building Official Fund (015)	Affordable Housing Fund (018)	Debt Service Fund (030)	Ecola Forest Reserve Fund (053)	Bridge Reserve Fund (055)	
Revenues:							
Taxes and assessments	\$ -	\$ -	\$ 66,638	\$ 403,670	\$ -	\$ -	\$ 470,308
Transient room taxes	518,451	-	-	-	-	-	518,451
Franchise fees	-	-	-	-	-	-	-
Licenses, permits, and fees	-	282,463	-	-	-	-	282,463
Other revenue	-	961	-	3,651	-	-	4,612
Total revenues	<u>518,451</u>	<u>283,424</u>	<u>66,638</u>	<u>407,321</u>	<u>-</u>	<u>-</u>	<u>1,275,834</u>
Expenditures:							
Current:							
Building	-	229,469	-	-	-	-	229,469
General government	256,615	-	-	-	-	-	256,615
Debt service:							
Principal	-	-	-	565,000	-	-	565,000
Interest	-	-	-	69,960	-	-	69,960
Capital outlay	-	-	-	-	-	6,162	6,162
Total expenditures	<u>256,615</u>	<u>229,469</u>	<u>-</u>	<u>634,960</u>	<u>-</u>	<u>6,162</u>	<u>1,127,206</u>
Excess (deficiency) of revenues over (under) expenditures	261,836	53,955	66,638	(227,639)	-	(6,162)	148,628
Other Financing Sources (Uses):							
Transfers in	-	-	-	192,134	-	-	192,134
Net change in fund balances	261,836	53,955	66,638	(35,505)	-	(6,162)	340,762
Fund Balances:							
Beginning of year	<u>474,597</u>	<u>383,023</u>	<u>177,750</u>	<u>88,426</u>	<u>6,394</u>	<u>8,592</u>	<u>1,138,782</u>
End of year	<u>\$ 736,433</u>	<u>\$ 436,978</u>	<u>\$ 244,388</u>	<u>\$ 52,921</u>	<u>\$ 6,394</u>	<u>\$ 2,430</u>	<u>\$ 1,479,544</u>

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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 104,337	\$ 104,337	\$ 406,597	\$ 302,260
Transient room taxes	400,799	400,799	518,451	117,652
Interfund loan repayments	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>	<u>-</u>
Total resources	<u>\$ 539,136</u>	<u>\$ 539,136</u>	<u>\$ 959,048</u>	<u>\$ 419,912</u>
Requirements:				
Tourism and Arts Program:				
Materials and services	\$ 400,799	\$ 400,799	\$ 256,615	\$ 144,184
Ending fund balance	<u>138,337</u>	<u>138,337</u>	<u>702,433</u>	<u>(564,096)</u>
Total requirements	<u>\$ 539,136</u>	<u>\$ 539,136</u>	<u>\$ 959,048</u>	<u>\$ (419,912)</u>
Reconciliation to GAAP Basis:				
Ending fund balance - budget basis			\$ 702,433	
Advances to other funds			<u>34,000</u>	
Ending fund balance - GAAP basis			<u>\$ 736,433</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 270,000	\$ 270,000	\$ 383,023	\$ 113,023
Licenses, permits and fees	183,700	183,700	282,463	98,763
Other revenue	-	-	961	961
Total resources	<u>\$ 453,700</u>	<u>\$ 453,700</u>	<u>\$ 666,447</u>	<u>\$ 212,747</u>
Requirements:				
Building Program:				
Personal services	\$ 174,693	\$ 174,693	\$ 173,176	\$ 1,517
Materials and services	66,854	66,854	56,293	10,561
Capital outlay	<u>36,000</u>	<u>36,000</u>	-	<u>36,000</u>
Total program-specific	277,547	277,547	229,469	48,078
Contingency	<u>55,509</u>	<u>55,509</u>	-	<u>55,509</u>
Total expenditures	333,056	333,056	229,469	103,587
Ending fund balance	<u>120,644</u>	<u>120,644</u>	<u>436,978</u>	<u>(316,334)</u>
Total requirements	<u>\$ 453,700</u>	<u>\$ 453,700</u>	<u>\$ 666,447</u>	<u>\$ (212,747)</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 230,000	\$ 230,000	\$ 177,750	\$ (52,250)
Taxes and assessments	<u>41,000</u>	<u>41,000</u>	<u>66,638</u>	<u>25,638</u>
Total resources	<u>\$ 271,000</u>	<u>\$ 271,000</u>	<u>\$ 244,388</u>	<u>\$ (26,612)</u>
Requirements:				
Affordable Housing Program:				
Materials and services	\$ 80,500	\$ 80,500	\$ -	\$ 80,500
Contingency	<u>16,100</u>	<u>16,100</u>	<u>-</u>	<u>16,100</u>
Total expenditures	96,600	96,600	-	96,600
Ending fund balance	<u>174,400</u>	<u>174,400</u>	<u>244,388</u>	<u>(69,988)</u>
Total requirements	<u>\$ 271,000</u>	<u>\$ 271,000</u>	<u>\$ 244,388</u>	<u>\$ 26,612</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 65,000	\$ 65,000	\$ 88,426	\$ 23,426
Taxes and assessments	397,691	397,691	403,670	5,979
Other revenue	-	-	3,651	3,651
Transfers in	<u>192,134</u>	<u>192,134</u>	<u>192,134</u>	<u>-</u>
Total resources	<u>\$ 654,825</u>	<u>\$ 654,825</u>	<u>\$ 687,881</u>	<u>\$ 33,056</u>
Requirements:				
Debt service	\$ 634,825	\$ 634,825	\$ 634,960	\$ (135)
Ending fund balance	<u>20,000</u>	<u>20,000</u>	<u>52,921</u>	<u>(32,921)</u>
Total requirements	<u>\$ 654,825</u>	<u>\$ 654,825</u>	<u>\$ 687,881</u>	<u>\$ (33,056)</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 6,393	\$ 6,393	\$ 6,394	\$ 1
Total resources	<u>\$ 6,393</u>	<u>\$ 6,393</u>	<u>\$ 6,394</u>	<u>\$ 1</u>
Requirements:				
Ecola Forest Program:				
Capital outlay	\$ 6,393	\$ 6,393	\$ -	\$ 6,393
Ending fund balance	<u>-</u>	<u>-</u>	<u>6,394</u>	<u>(6,394)</u>
Total requirements	<u>\$ 6,393</u>	<u>\$ 6,393</u>	<u>\$ 6,394</u>	<u>\$ (1)</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 8,592	\$ 8,592	\$ 8,592	\$ -
Total resources	<u>\$ 8,592</u>	<u>\$ 8,592</u>	<u>\$ 8,592</u>	<u>\$ -</u>
Requirements:				
Roads Program:				
Capital outlay	\$ 8,592	\$ 8,592	\$ 6,162	\$ 2,430
Ending fund balance	<u>-</u>	<u>-</u>	<u>2,430</u>	<u>(2,430)</u>
Total requirements	<u>\$ 8,592</u>	<u>\$ 8,592</u>	<u>\$ 8,592</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.

Water SDC Fund - Accumulates money from system development charges for related 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.

Wastewater SDC Fund - Accumulates money from system development charges for related 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.

Storm Drain SDC Fund - Accumulates money from system development charges for related projects.

CITY OF CANNON BEACH, OREGON

WATER ENTERPRISE

Combining Statement of Net Position

June 30, 2022

	Water Fund (024)	Water Reserve Fund (054)	Water SDC Fund (025)	Total Water Enterprise
ASSETS				
Current assets:				
Cash and investments	\$ 931,246	\$ 365,486	\$ 13,047	\$ 1,309,779
Accounts receivable	134,257	1,408	-	135,665
Inventory	129,973	-	-	129,973
Total current assets	<u>1,195,476</u>	<u>366,894</u>	<u>13,047</u>	<u>1,575,417</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable assets	494,212	-	-	494,212
Depreciable, net	3,695,866	-	-	3,695,866
Total noncurrent assets	<u>4,190,078</u>	<u>-</u>	<u>-</u>	<u>4,190,078</u>
Total assets	5,385,554	366,894	13,047	5,765,495
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	152,411	-	-	152,411
Related to OPEB	497	-	-	497
Total assets and deferred outflows	<u>5,538,462</u>	<u>366,894</u>	<u>13,047</u>	<u>5,918,403</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	33,124	255	-	33,379
Accrued interest payable	2,072	-	-	2,072
Compensated absences	17,815	-	-	17,815
Loans payable - current	11,917	-	-	11,917
Total current liabilities	64,928	255	-	65,183
Noncurrent liabilities:				
Loans payable	284,961	-	-	284,961
Net pension liability	221,928	-	-	221,928
Net OPEB liability	12,201	-	-	12,201
Total liabilities	584,018	255	-	584,273
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	179,625	-	-	179,625
Related to OPEB	3,713	-	-	3,713
Total liabilities and deferred inflows	<u>767,356</u>	<u>255</u>	<u>-</u>	<u>767,611</u>
NET POSITION				
Net investment in capital assets	4,190,078	-	-	4,190,078
Unrestricted	581,028	366,639	13,047	960,714
Total net position	<u>\$ 4,771,106</u>	<u>\$ 366,639</u>	<u>\$ 13,047</u>	<u>\$ 5,150,792</u>

CITY OF CANNON BEACH, OREGON
WATER ENTERPRISE
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022

	Water Fund (024)	Water Reserve Fund (054)	Water SDC Fund(025)	Total Water Enterprise
Operating Revenues:				
Charges for services	\$ 1,389,061	\$ -	\$ -	\$ 1,389,061
Other operating revenues	10,382	-	-	10,382
Total operating revenues	<u>1,399,443</u>	<u>-</u>	<u>-</u>	<u>1,399,443</u>
Operating Expenses:				
Personal services	314,935	-	-	314,935
Cost of operations	648,936	95,212	-	744,148
Depreciation	193,198	-	-	193,198
Total operating expenses	<u>1,157,069</u>	<u>95,212</u>	<u>-</u>	<u>1,252,281</u>
Operating income (loss)	242,374	(95,212)	-	147,162
Nonoperating Revenues (Expenses):				
Interest expense	<u>10,053</u>	<u>-</u>	<u>-</u>	<u>10,053</u>
Income (loss) before contributions and transfers	252,427	(95,212)	-	157,215
Capital contributions	-	-	13,047	13,047
Capital transfers, net	69,237	(69,237)	-	-
Transfers within enterprise, net	<u>(68,069)</u>	<u>68,069</u>	<u>-</u>	<u>-</u>
Change in net position	253,595	(96,380)	13,047	170,262
Net Position:				
Beginning of year	<u>4,517,511</u>	<u>463,019</u>	<u>-</u>	<u>4,980,530</u>
End of year	<u>\$ 4,771,106</u>	<u>\$ 366,639</u>	<u>\$ 13,047</u>	<u>\$ 5,150,792</u>

CITY OF CANNON BEACH, OREGON

WATER ENTERPRISE

Combining Statement of Cash Flows

For the Year Ended June 30, 2022

	Water Fund (024)	Water Reserve Fund (054)	Water Reserve Fund (054)	Total Water Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,385,876	\$ (1,408)	\$ -	\$ 1,384,468
Payments to suppliers and contractors	(249,119)	(222,442)	-	(471,561)
Payments to employees	(320,550)	-	-	(320,550)
Payments for interfund services used	(396,073)	-	-	(396,073)
Net cash provided (used) by operating activities	<u>420,134</u>	<u>(223,850)</u>	<u>-</u>	<u>196,284</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers within enterprise	<u>(68,069)</u>	<u>68,069</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from debt	68,069	-	-	68,069
Capital contributions	-	-	13,047	13,047
Acquisition and construction of capital assets	256	(10,542)	-	(10,286)
Net cash provided by (used in) capital and related financing activities	<u>66,801</u>	<u>(10,542)</u>	<u>13,047</u>	<u>69,306</u>
Net change in cash and investments	418,866	(166,323)	13,047	265,590
Cash and investments:				
Beginning of year	<u>512,380</u>	<u>531,809</u>	<u>-</u>	<u>1,044,189</u>
End of year	<u>\$ 931,246</u>	<u>\$ 365,486</u>	<u>\$ 13,047</u>	<u>\$ 1,309,779</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 242,374	\$ (95,212)	\$ -	\$ 147,162
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	193,198	-	-	193,198
Net increase (reduction) of expense under GASB 68	(5,828)	-	-	(5,828)
Net increase (reduction) of expense under GASB 75	673	-	-	673
(Increase) decrease in current assets:				
Receivables	(13,567)	(1,408)	-	(14,975)
Internal balances	-	-	-	-
Inventory	(12,510)	-	-	(12,510)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	16,254	(127,230)	-	(110,976)
Compensated absences	(460)	-	-	(460)
Net cash provided (used) by operating activities	<u>\$ 420,134</u>	<u>\$ (223,850)</u>	<u>\$ -</u>	<u>\$ 196,284</u>
Schedule of noncash transactions:				
Capital assets transferred between funds	<u>\$ 69,237</u>	<u>\$ (69,237)</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF CANNON BEACH, OREGON
WASTEWATER ENTERPRISE
Combining Statement of Net Position
June 30, 2022

	Wastewater Fund (026)	Wastewater Reserve Fund (056)	Wastewater SDC Fund (027)	Total Wastewater Enterprise
ASSETS				
Current assets:				
Cash and investments	\$ 244,043	\$ 288,057	\$ 13,426	\$ 545,526
Accounts receivable	136,901	-	-	136,901
Inventory	34,850	-	-	34,850
Prepaid expenses	-	-	-	-
Total current assets	<u>415,794</u>	<u>288,057</u>	<u>13,426</u>	<u>717,277</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable assets	4,819	-	-	4,819
Depreciable, net	<u>6,445,787</u>	<u>-</u>	<u>-</u>	<u>6,445,787</u>
Total noncurrent assets	<u>6,450,606</u>	<u>-</u>	<u>-</u>	<u>6,450,606</u>
Total assets	6,866,400	288,057	13,426	7,167,883
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	110,110	-	-	110,110
Related to OPEB	<u>501</u>	<u>-</u>	<u>-</u>	<u>501</u>
Total assets and deferred outflows	<u>6,977,011</u>	<u>288,057</u>	<u>13,426</u>	<u>7,278,494</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	37,119	70,676	-	107,795
Compensated absences	<u>13,529</u>	<u>-</u>	<u>-</u>	<u>13,529</u>
Total current liabilities	50,648	70,676	-	121,324
Noncurrent liabilities:				
Loans payable	38,006	-	-	38,006
Net pension liability	160,333	-	-	160,333
Net OPEB liability	<u>12,312</u>	<u>-</u>	<u>-</u>	<u>12,312</u>
Total liabilities	261,299	70,676	-	331,975
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	129,771	-	-	129,771
Related to OPEB	<u>3,747</u>	<u>-</u>	<u>-</u>	<u>3,747</u>
Total liabilities and deferred inflows	<u>394,817</u>	<u>70,676</u>	<u>-</u>	<u>465,493</u>
NET POSITION				
Net investment in capital assets	6,412,600	-	-	6,412,600
Unrestricted	<u>169,594</u>	<u>217,381</u>	<u>13,426</u>	<u>400,401</u>
Total net position	<u>\$ 6,582,194</u>	<u>\$ 217,381</u>	<u>\$ 13,426</u>	<u>\$ 6,813,001</u>

CITY OF CANNON BEACH, OREGON
WASTEWATER ENTERPRISE
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022

	Wastewater Fund (026)	Wastewater Reserve Fund (056)	Wastewater SDC Fund (027)	Total Wastewater Enterprise
Operating Revenues:				
Charges for services	\$ 1,456,416	\$ -	\$ -	\$ 1,456,416
Other operating revenues	14,517	-	-	14,517
Total operating revenues	<u>1,470,933</u>	<u>-</u>	<u>-</u>	<u>1,470,933</u>
Operating Expenses:				
Personal services	352,133	-	-	352,133
Cost of operations	924,365	-	-	924,365
Depreciation	403,908	-	-	403,908
Total operating expenses	<u>1,680,406</u>	<u>-</u>	<u>-</u>	<u>1,680,406</u>
Operating income (loss)	(209,473)	-	-	(209,473)
Capital contributions	-	-	13,426	13,426
Transfers in	-	29,706	-	29,706
Transfers out	<u>(29,706)</u>	<u>-</u>	<u>-</u>	<u>(29,706)</u>
Change in net position	(239,179)	29,706	13,426	(196,047)
Net Position:				
Beginning of year	<u>6,821,373</u>	<u>187,675</u>	<u>-</u>	<u>7,009,048</u>
End of year	<u>\$ 6,582,194</u>	<u>\$ 217,381</u>	<u>\$ 13,426</u>	<u>\$ 6,813,001</u>

CITY OF CANNON BEACH, OREGON

WASTEWATER ENTERPRISE
Combining Statement of Cash Flows
For the Year Ended June 30, 2022

	Wastewater Fund (026)	Wastewater Reserve Fund (056)	Wastewater SDC Fund (027)	Total Wastewater Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,459,843	\$ -	\$ -	\$ 1,459,843
Payments to suppliers and contractors	(525,883)	88,997	-	(436,886)
Payments to employees	(351,905)	-	-	(351,905)
Payments for interfund services used	<u>(391,016)</u>	<u>-</u>	<u>-</u>	<u>(391,016)</u>
Net cash provided (used) by operating activities	<u>191,039</u>	<u>88,997</u>	<u>-</u>	<u>280,036</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers within enterprise	(612,861)	612,861	-	-
Transfers in	-	29,706	-	29,706
Transfers out	<u>(29,706)</u>	<u>-</u>	<u>-</u>	<u>(29,706)</u>
Net cash provided by (used in) noncapital financing activities	<u>(642,567)</u>	<u>642,567</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from debt	38,006	-	-	38,006
Capital contributions	-	-	13,426	13,426
Acquisition and construction of capital assets	<u>(13,453)</u>	<u>(631,182)</u>	<u>-</u>	<u>(644,635)</u>
Net cash provided by (used in) capital and related financing activities	<u>24,553</u>	<u>(631,182)</u>	<u>13,426</u>	<u>(593,203)</u>
 Net change in cash and investments	 (426,975)	 100,382	 13,426	 (313,167)
Cash and investments:				
Beginning of year	<u>671,018</u>	<u>187,675</u>	<u>-</u>	<u>858,693</u>
End of year	<u>\$ 244,043</u>	<u>\$ 288,057</u>	<u>\$ 13,426</u>	<u>\$ 545,526</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (209,473)	\$ -	\$ -	\$ (209,473)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	403,908	-	-	403,908
Net increase (reduction) of expense under GASB 68	(4,210)	-	-	(4,210)
Net increase (reduction) of expense under GASB 75	679	-	-	679
(Increase) decrease in current assets:				
Receivables	(11,090)	-	-	(11,090)
Internal balances	-	-	-	-
Inventory	3,632	-	-	3,632
Prepaid expenses	4,409	-	-	4,409
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	(575)	88,997	-	88,422
Compensated absences	<u>3,759</u>	<u>-</u>	<u>-</u>	<u>3,759</u>
 Net cash provided (used) by operating activities	 <u>\$ 191,039</u>	 <u>\$ 88,997</u>	 <u>\$ -</u>	 <u>\$ 280,036</u>

CITY OF CANNON BEACH, OREGON
RV PARK ENTERPRISE
Combining Statement of Net Position
June 30, 2022

	RV Park Fund (020)	RV Park Reserve Fund (050)	Total RV Park Enterprise
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets:			
Cash and investments	\$ 1,099,833	\$ 330,673	\$ 1,430,506
Inventory	59,828	-	59,828
Total current assets	<u>1,159,661</u>	<u>330,673</u>	<u>1,490,334</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable assets	799,450	-	799,450
Depreciable, net	1,464,909	-	1,464,909
Total noncurrent assets	<u>2,264,359</u>	<u>-</u>	<u>2,264,359</u>
Total assets	<u>3,424,020</u>	<u>330,673</u>	<u>3,754,693</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	<u>202,338</u>	<u>28,100</u>	<u>230,438</u>
Total liabilities	<u>202,338</u>	<u>28,100</u>	<u>230,438</u>
NET POSITION			
Net investment in capital assets	2,264,359	-	2,264,359
Unrestricted	<u>957,323</u>	<u>302,573</u>	<u>1,259,896</u>
Total net position	<u>\$ 3,221,682</u>	<u>\$ 302,573</u>	<u>\$ 3,524,255</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, 2022

	RV Park Fund (020)	RV Park Reserve Fund (050)	Total RV Park Enterprise
Operating Revenues:			
Charges for services	\$ 2,535,783	\$ -	\$ 2,535,783
Other operating revenues	39	-	39
Total operating revenues	<u>2,535,822</u>	<u>-</u>	<u>2,535,822</u>
Operating Expenses:			
Cost of operations	2,216,462	-	2,216,462
Depreciation	69,954	-	69,954
Total operating expenses	<u>2,286,416</u>	<u>-</u>	<u>2,286,416</u>
Operating income (loss)	249,406	-	249,406
Capital transfers, net	63,350	(63,350)	-
Transfers within enterprise, net	(63,350)	63,350	-
Transfers in	-	186,650	186,650
Transfers out	<u>(436,650)</u>	<u>-</u>	<u>(436,650)</u>
Change in net position	(187,244)	186,650	(594)
Net Position:			
Beginning of year	<u>3,408,926</u>	<u>115,923</u>	<u>3,524,849</u>
End of year	<u>\$ 3,221,682</u>	<u>\$ 302,573</u>	<u>\$ 3,524,255</u>

CITY OF CANNON BEACH, OREGON
RV PARK ENTERPRISE
Combining Statement of Cash Flows
For the Year Ended June 30, 2022

	RV Park Fund (020)	RV Park Reserve Fund (050)	Total RV Park Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,535,822	\$ -	\$ 2,535,822
Payments to suppliers and contractors	(2,042,079)	28,100	(2,013,979)
Payments for interfund services used	(146,100)	-	(146,100)
Net cash provided (used) by operating activities	347,643	28,100	375,743
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers within enterprise	(63,350)	63,350	-
Transfers in	-	186,650	186,650
Transfers out	(436,650)	-	(436,650)
Net cash provided by (used in) noncapital financing activities	(500,000)	250,000	(250,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	54,786	(63,350)	(8,564)
Net change in cash and investments	(97,571)	214,750	117,179
Cash and investments:			
Beginning of year	1,197,404	115,923	1,313,327
End of year	\$ 1,099,833	\$ 330,673	\$ 1,430,506
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 249,406	\$ -	\$ 249,406
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	69,954	-	69,954
(Increase) decrease in current assets:			
Internal balances	-	-	-
Inventory	(33,910)	-	(33,910)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	62,193	28,100	90,293
Net cash provided (used) by operating activities	\$ 347,643	\$ 28,100	\$ 375,743

CITY OF CANNON BEACH, OREGON
RECYCLING ENTERPRISE
Combining Statement of Net Position
June 30, 2022

	Recycling Fund (022)	Recycling Reserve Fund (052)	Total Recycling Enterprise
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets:			
Cash and investments	\$ 140,804	\$ 9,826	\$ 150,630
Accounts receivable	<u>26,074</u>	<u>-</u>	<u>26,074</u>
Total current assets	166,878	9,826	176,704
Noncurrent assets:			
Capital assets:			
Depreciable, net	<u>165,739</u>	<u>-</u>	<u>165,739</u>
Total assets	332,617	9,826	342,443
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	58,669	-	58,669
Related to OPEB	<u>113</u>	<u>-</u>	<u>113</u>
Total assets and deferred outflows	<u>391,399</u>	<u>9,826</u>	<u>401,225</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	3,981	-	3,981
Compensated absences	<u>7,443</u>	<u>-</u>	<u>7,443</u>
Total current liabilities	11,424	-	11,424
Noncurrent liabilities:			
Net pension liability	85,428	-	85,428
Net OPEB liability	<u>2,777</u>	<u>-</u>	<u>2,777</u>
Total liabilities	99,629	-	99,629
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	69,145	-	69,145
Related to OPEB	<u>845</u>	<u>-</u>	<u>845</u>
Total liabilities and deferred inflows	<u>169,619</u>	<u>-</u>	<u>169,619</u>
NET POSITION			
Net investment in capital assets	165,739	-	165,739
Unrestricted	<u>56,041</u>	<u>9,826</u>	<u>65,867</u>
Total net position	<u>\$ 221,780</u>	<u>\$ 9,826</u>	<u>\$ 231,606</u>

CITY OF CANNON BEACH, OREGON
RECYCLING ENTERPRISE
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022

	Recycling Fund (022)	Recycling Reserve Fund (052)	Total Recycling Enterprise
Operating Revenues:			
Charges for services	\$ 255,092	\$ -	\$ 255,092
Other operating revenues	<u>1,315</u>	<u>-</u>	<u>1,315</u>
Total operating revenues	<u>256,407</u>	<u>-</u>	<u>256,407</u>
Operating Expenses:			
Personal services	117,238	-	117,238
Cost of operations	108,752	-	108,752
Depreciation	<u>10,227</u>	<u>-</u>	<u>10,227</u>
Total operating expenses	<u>236,217</u>	<u>-</u>	<u>236,217</u>
Operating income (loss)	20,190	-	20,190
Transfers in	<u>29,162</u>	<u>-</u>	<u>29,162</u>
Change in net position	49,352	-	49,352
Net Position:			
Beginning of year	<u>172,428</u>	<u>9,826</u>	<u>182,254</u>
End of year	<u>\$ 221,780</u>	<u>\$ 9,826</u>	<u>\$ 231,606</u>

CITY OF CANNON BEACH, OREGON
RECYCLING ENTERPRISE
Combining Statement of Cash Flows
For the Year Ended June 30, 2022

	Recycling Fund (022)	Recycling Reserve Fund (052)	Total Recycling Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 259,467	\$ -	\$ 259,467
Payments to suppliers and contractors	(46,328)	-	(46,328)
Payments to employees	(118,242)	-	(118,242)
Payments for interfund services used	(62,568)	-	(62,568)
Net cash provided (used) by operating activities	<u>32,329</u>	<u>-</u>	<u>32,329</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	<u>29,162</u>	<u>-</u>	<u>29,162</u>
Net change in cash and investments	61,491	-	61,491
Cash and investments:			
Beginning of year	<u>79,313</u>	<u>9,826</u>	<u>89,139</u>
End of year	<u>\$ 140,804</u>	<u>\$ 9,826</u>	<u>\$ 150,630</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 20,190	\$ -	\$ 20,190
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	10,227	-	10,227
Net increase (reduction) of expense under GASB 68	(2,244)	-	(2,244)
Net increase (reduction) of expense under GASB 75	152	-	152
(Increase) decrease in current assets:			
Receivables	3,060	-	3,060
Internal balances	-	-	-
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(144)	-	(144)
Compensated absences	<u>1,088</u>	<u>-</u>	<u>1,088</u>
Net cash provided (used) by operating activities	<u>\$ 32,329</u>	<u>\$ -</u>	<u>\$ 32,329</u>

CITY OF CANNON BEACH, OREGON
STORM DRAIN ENTERPRISE
Combining Statement of Net Position
June 30, 2022

	Storm Drain Fund (028)	Storm Drain Reserve Fund (058)	Storm Drain SDC Fund(029)	Total Storm Drain Enterprise
ASSETS				
Current assets:				
Cash and investments	\$ 216,538	\$ 2,185	\$ 7,555	\$ 226,278
Accounts receivable	<u>16,454</u>	<u>-</u>	<u>-</u>	<u>16,454</u>
Total current assets	232,992	2,185	7,555	242,732
Noncurrent assets:				
Capital assets:				
Nondepreciable assets	-	-	-	-
Depreciable, net	<u>536,437</u>	<u>-</u>	<u>-</u>	<u>536,437</u>
Total noncurrent assets	<u>536,437</u>	<u>-</u>	<u>-</u>	<u>536,437</u>
Total assets	769,429	2,185	7,555	779,169
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	4,676	-	-	4,676
Related to OPEB	<u>20</u>	<u>-</u>	<u>-</u>	<u>20</u>
Total assets and deferred outflows	<u>774,125</u>	<u>2,185</u>	<u>7,555</u>	<u>783,865</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	1,318	-	-	1,318
Compensated absences	<u>480</u>	<u>-</u>	<u>-</u>	<u>480</u>
Total current liabilities	1,798	-	-	1,798
Noncurrent liabilities:				
Net pension liability	6,810	-	-	6,810
Net OPEB liability	<u>492</u>	<u>-</u>	<u>-</u>	<u>492</u>
Total liabilities	<u>9,100</u>	<u>-</u>	<u>-</u>	<u>9,100</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	5,512	-	-	5,512
Related to OPEB	<u>150</u>	<u>-</u>	<u>-</u>	<u>150</u>
Total liabilities and deferred inflows	<u>14,762</u>	<u>-</u>	<u>-</u>	<u>14,762</u>
NET POSITION				
Net investment in capital assets	536,437	-	-	536,437
Unrestricted	<u>222,926</u>	<u>2,185</u>	<u>7,555</u>	<u>232,666</u>
Total net position	<u>\$ 759,363</u>	<u>\$ 2,185</u>	<u>\$ 7,555</u>	<u>\$ 769,103</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, 2022

	Storm Drain Fund (028)	Storm Drain Reserve Fund (058)	Storm Drain SDC Fund(029)	Total Storm Drain Enterprise
Operating Revenues:				
Charges for services	\$ 255,307	\$ -	\$ -	\$ 255,307
Other operating revenues	160	-	-	160
Total operating revenues	<u>255,467</u>	<u>-</u>	<u>-</u>	<u>255,467</u>
Operating Expenses:				
Personal services	11,165	-	-	11,165
Cost of operations	222,543	-	-	222,543
Depreciation	24,890	-	-	24,890
Total operating expenses	<u>258,598</u>	<u>-</u>	<u>-</u>	<u>258,598</u>
Income (loss) before contributions and transfers	(3,131)	-	-	(3,131)
Capital contributions	<u>-</u>	<u>-</u>	<u>7,555</u>	<u>7,555</u>
Change in net position	(3,131)	-	7,555	4,424
Net Position:				
Beginning of year	<u>762,494</u>	<u>2,185</u>	<u>-</u>	<u>764,679</u>
End of year	<u>\$ 759,363</u>	<u>\$ 2,185</u>	<u>\$ 7,555</u>	<u>\$ 769,103</u>

CITY OF CANNON BEACH, OREGON

STORM DRAIN ENTERPRISE
Combining Statement of Cash Flows
For the Year Ended June 30, 2022

	Storm Drain Fund (028)	Storm Drain Reserve Fund (058)	Storm Drain SDC Fund(029)	Total Storm Drain Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 262,438	\$ -	\$ -	\$ 262,438
Receipts from interfund services provided	-	-	-	-
Payments to suppliers and contractors	(165,326)	-	-	(165,326)
Payments to employees	(11,315)	-	-	(11,315)
Payments for interfund services used	(63,833)	-	-	(63,833)
Net cash provided (used) by operating activities	<u>21,964</u>	<u>-</u>	<u>-</u>	<u>21,964</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	-	-	7,555	7,555
Acquisition and construction of capital assets	(7,352)	-	-	(7,352)
Net cash provided by (used in) capital and related financing activities	<u>(7,352)</u>	<u>-</u>	<u>7,555</u>	<u>203</u>
Net change in cash and investments	14,612	-	7,555	22,167
Cash and investments:				
Beginning of year	<u>201,926</u>	<u>2,185</u>	<u>-</u>	<u>204,111</u>
End of year	<u>\$ 216,538</u>	<u>\$ 2,185</u>	<u>\$ 7,555</u>	<u>\$ 226,278</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (3,131)	\$ -	\$ -	\$ (3,131)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	24,890	-	-	24,890
Net increase (reduction) of expense under GASB 68	(178)	-	-	(178)
Net increase (reduction) of expense under GASB 75	28	-	-	28
(Increase) decrease in current assets:				
Receivables	6,971	-	-	6,971
Internal balances	-	-	-	-
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	(6,616)	-	-	(6,616)
Compensated absences	-	-	-	-
Net cash provided (used) by operating activities	<u>\$ 21,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,964</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 344,000	\$ 344,000	\$ 616,200	\$ 272,200
Charges for services	1,405,657	1,405,657	1,389,061	(16,596)
Other revenue	13,000	13,000	10,383	(2,617)
Loan proceeds	<u>1,947,667</u>	<u>1,947,667</u>	<u>68,069</u>	<u>(1,879,598)</u>
Total resources	<u>\$ 3,710,324</u>	<u>\$ 3,710,324</u>	<u>\$ 2,083,713</u>	<u>\$ (1,626,611)</u>
Requirements:				
Water Program:				
Personal services	\$ 330,956	\$ 330,956	\$ 320,551	\$ 10,405
Materials and services	798,743	801,593	661,190	140,403
Capital outlay	7,000	7,000	-	7,000
Debt service	<u>27,407</u>	<u>27,407</u>	<u>1,524</u>	<u>25,883</u>
Total program-specific	1,164,106	1,166,956	983,265	183,691
Transfers out	2,122,667	2,122,667	68,069	2,054,598
Contingency	<u>232,821</u>	<u>229,971</u>	<u>-</u>	<u>229,971</u>
Total expenditures	3,519,594	3,519,594	1,051,334	2,468,260
Ending fund balance	<u>190,730</u>	<u>190,730</u>	<u>1,032,379</u>	<u>(841,649)</u>
Total requirements	<u>\$ 3,710,324</u>	<u>\$ 3,710,324</u>	<u>\$ 2,083,713</u>	<u>\$ 1,626,611</u>

Reconciliation to GAAP Basis:

Ending fund balance - budget basis	\$ 1,032,379
Inventory	129,973
Capital assets, net	4,190,078
Deferred outflows related to pensions	152,411
Deferred outflows related to OPEB	497
Accrued interest payable	(2,072)
Accrued compensated absences	(17,815)
Long-term debt	(296,878)
Net pension liability	(221,928)
Net OPEB Liability	(12,201)
Deferred inflows related to pensions	(179,625)
Deferred inflows related to OPEB	<u>(3,713)</u>
Ending net position - GAAP basis	<u>\$ 4,771,106</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, 2022

	Original Budget	Final Budget	Actual	Variance
Resources:				
Beginning fund balance	\$ 385,000	\$ 385,000	\$ 463,019	\$ 78,019
Transfers in	<u>2,122,667</u>	<u>2,122,667</u>	<u>68,069</u>	<u>(2,054,598)</u>
Total resources	<u><u>\$ 2,507,667</u></u>	<u><u>\$ 2,507,667</u></u>	<u><u>\$ 531,088</u></u>	<u><u>\$ (1,976,579)</u></u>
Requirements:				
Water Program:				
Materials and services	\$ 370,000	\$ 370,000	\$ 95,212	\$ 274,788
Capital outlay	<u>1,777,667</u>	<u>1,777,667</u>	<u>69,237</u>	<u>1,708,430</u>
Total program-specific	<u>2,147,667</u>	<u>2,147,667</u>	<u>164,449</u>	<u>1,983,218</u>
Contingency	<u>360,000</u>	<u>360,000</u>	<u>-</u>	<u>360,000</u>
Total expenditures	<u>2,507,667</u>	<u>2,507,667</u>	<u>164,449</u>	<u>2,343,218</u>
Ending fund balance	<u>-</u>	<u>-</u>	<u>366,639</u>	<u>(366,639)</u>
Total requirements	<u><u>\$ 2,507,667</u></u>	<u><u>\$ 2,507,667</u></u>	<u><u>\$ 531,088</u></u>	<u><u>\$ 1,976,579</u></u>

CITY OF CANNON BEACH, OREGON

025 - WATER SDC FUND

Schedule of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Capital contributions	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ 13,047</u>	<u>\$ 47</u>
Requirements:				
Ending fund balance	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ 13,047</u>	<u>\$ (47)</u>
Total requirements	<u><u>\$ 13,000</u></u>	<u><u>\$ 13,000</u></u>	<u><u>\$ 13,047</u></u>	<u><u>\$ (47)</u></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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 580,000	\$ 580,000	\$ 763,544	\$ 183,544
Charges for services	1,463,270	1,463,270	1,456,417	(6,853)
Investment earnings	1,335,000	-	-	-
Other revenue	-	-	14,517	14,517
Loan proceeds	<u>950,000</u>	<u>950,000</u>	<u>257,567</u>	<u>(692,433)</u>
Total resources	<u>\$ 4,328,270</u>	<u>\$ 2,993,270</u>	<u>\$ 2,492,045</u>	<u>\$ (501,225)</u>
Requirements:				
Wastewater Program:				
Personal services	\$ 373,711	\$ 373,711	\$ 351,905	\$ 21,806
Materials and services	971,253	1,038,853	920,734	118,119
Capital outlay	15,000	65,000	13,453	51,547
Debt service	<u>28,500</u>	<u>28,500</u>	<u>-</u>	<u>28,500</u>
Total program-specific	1,388,464	1,506,064	1,286,092	219,972
Transfers out	1,260,000	1,260,000	642,567	617,433
Contingency	<u>277,693</u>	<u>160,093</u>	<u>-</u>	<u>160,093</u>
Total expenditures	2,926,157	2,926,157	1,928,659	997,498
Ending fund balance	<u>1,402,113</u>	<u>67,113</u>	<u>563,386</u>	<u>(496,273)</u>
Total requirements	<u>\$ 4,328,270</u>	<u>\$ 2,993,270</u>	<u>\$ 2,492,045</u>	<u>\$ 501,225</u>

Reconciliation to GAAP Basis:

Ending fund balance - budget basis	\$ 563,386
Inventory	34,850
Capital assets, net	6,450,606
Deferred outflows related to pensions	110,110
Deferred outflows related to OPEB	501
Accrued compensated absences	(13,529)
Long-term debt	(38,006)
Net pension liability	(160,333)
Net OPEB Liability	(12,312)
Deferred inflows related to pensions	(129,771)
Deferred inflows related to OPEB	(3,747)
Accrued drawdown on debt	<u>(219,561)</u>
Ending net position - GAAP basis	<u>\$ 6,582,194</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 180,000	\$ 180,000	\$ 187,675	\$ 7,675
Transfers in	<u>1,260,000</u>	<u>1,260,000</u>	<u>642,567</u>	<u>(617,433)</u>
Total resources	<u>\$ 1,440,000</u>	<u>\$ 1,440,000</u>	<u>\$ 830,242</u>	<u>\$ (609,758)</u>
Requirements:				
Wastewater Program:				
Capital outlay	\$ 1,290,000	\$ 1,290,000	\$ 612,861	\$ 677,139
Contingency	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Total expenditures	1,440,000	1,440,000	612,861	827,139
Ending fund balance	<u>-</u>	<u>-</u>	<u>217,381</u>	<u>(217,381)</u>
Total requirements	<u>\$ 1,440,000</u>	<u>\$ 1,440,000</u>	<u>\$ 830,242</u>	<u>\$ 609,758</u>

CITY OF CANNON BEACH, OREGON

027 - WASTEWATER SDC FUND

Schedule of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Capital contributions	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ 13,426</u>	<u>\$ 426</u>
Requirements:				
Ending fund balance	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ 13,426</u>	<u>\$ (426)</u>
Total requirements	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ 13,426</u>	<u>\$ (426)</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 740,000	\$ 740,000	\$ 1,057,259	\$ 317,259
Charges for services	2,302,491	2,302,491	2,535,783	233,292
Other revenue	-	-	40	40
Total resources	<u>\$ 3,042,491</u>	<u>\$ 3,042,491</u>	<u>\$ 3,593,082</u>	<u>\$ 550,591</u>
Requirements:				
RV Park Program:				
Materials and services	\$ 2,094,174	\$ 2,296,829	\$ 2,187,023	\$ 109,806
Capital outlay	10,000	10,000	8,564	1,436
Transfers out	500,000	500,000	500,000	-
Contingency	<u>420,834</u>	<u>218,179</u>	<u>-</u>	<u>218,179</u>
Total expenditures	3,025,008	3,025,008	2,695,587	329,421
Ending fund balance	<u>17,483</u>	<u>17,483</u>	<u>897,495</u>	<u>(880,012)</u>
Total requirements	<u>\$ 3,042,491</u>	<u>\$ 3,042,491</u>	<u>\$ 3,593,082</u>	<u>\$ (550,591)</u>

Reconciliation to GAAP Basis:

Ending fund balance - budget basis	\$ 897,495
Inventory	59,828
Capital assets, net	<u>2,264,359</u>
Ending net position - GAAP basis	<u>\$ 3,221,682</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 115,922	\$ 115,922	\$ 115,923	\$ 1
Transfers in	250,000	250,000	250,000	-
Total resources	<u>\$ 365,922</u>	<u>\$ 365,922</u>	<u>\$ 365,923</u>	<u>\$ 1</u>
Requirements:				
RV Park Program:				
Capital outlay	\$ 365,922	\$ 365,922	\$ 63,350	\$ 302,572
Ending fund balance	-	-	302,573	(302,573)
Total requirements	<u>\$ 365,922</u>	<u>\$ 365,922</u>	<u>\$ 365,923</u>	<u>\$ (1)</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 50,000	\$ 50,000	\$ 104,322	\$ 54,322
Charges for services	207,000	207,000	255,092	48,092
Other revenue	-	-	1,315	1,315
Transfers in	<u>29,162</u>	<u>29,162</u>	<u>29,162</u>	<u>-</u>
Total resources	<u>\$ 286,162</u>	<u>\$ 286,162</u>	<u>\$ 389,891</u>	<u>\$ 103,729</u>
Requirements:				
Recycling Program:				
Personal services	\$ 121,087	\$ 121,087	\$ 118,242	\$ 2,845
Materials and services	<u>139,075</u>	<u>142,875</u>	<u>108,752</u>	<u>34,123</u>
Total program-specific	260,162	263,962	226,994	36,968
Contingency	<u>26,000</u>	<u>22,200</u>	<u>-</u>	<u>22,200</u>
Total expenditures	286,162	286,162	226,994	59,168
Ending fund balance	<u>-</u>	<u>-</u>	<u>162,897</u>	<u>(162,897)</u>
Total requirements	<u>\$ 286,162</u>	<u>\$ 286,162</u>	<u>\$ 389,891</u>	<u>\$ (103,729)</u>

Reconciliation to GAAP Basis:

Ending fund balance - budget basis	\$ 162,897
Capital assets, net	165,739
Deferred outflows related to pensions	58,669
Deferred outflows related to OPEB	113
Accrued compensated absences	(7,443)
Net pension liability	(85,428)
Net OPEB Liability	(2,777)
Deferred inflows related to pensions	(69,145)
Deferred inflows related to OPEB	<u>(845)</u>
Ending net position - GAAP basis	<u>\$ 221,780</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 9,825	\$ 9,825	\$ 9,826	\$ 1
Total resources	<u>\$ 9,825</u>	<u>\$ 9,825</u>	<u>\$ 9,826</u>	<u>\$ 1</u>
Requirements:				
Recycling Program:				
Capital outlay	\$ 9,825	\$ 9,825	\$ -	\$ 9,825
Ending fund balance	<u>-</u>	<u>-</u>	<u>9,826</u>	<u>(9,826)</u>
Total requirements	<u>\$ 9,825</u>	<u>\$ 9,825</u>	<u>\$ 9,826</u>	<u>\$ (1)</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 180,000	\$ 180,000	\$ 217,417	\$ 37,417
Charges for services	276,000	276,000	255,307	(20,693)
Other revenue	-	-	160	160
Total resources	<u>\$ 456,000</u>	<u>\$ 456,000</u>	<u>\$ 472,884</u>	<u>\$ 16,884</u>
Requirements:				
Storm Drain Program:				
Personal services	\$ 14,794	\$ 14,794	\$ 11,165	\$ 3,629
Materials and services	216,094	216,094	222,693	(6,599)
Capital outlay	<u>76,000</u>	<u>76,000</u>	<u>7,352</u>	<u>68,648</u>
Total program-specific	306,888	306,888	241,210	65,678
Contingency	<u>61,378</u>	<u>61,378</u>	-	61,378
Total expenditures	368,266	368,266	241,210	127,056
Ending fund balance	<u>87,734</u>	<u>87,734</u>	<u>231,674</u>	<u>(143,940)</u>
Total requirements	<u>\$ 456,000</u>	<u>\$ 456,000</u>	<u>\$ 472,884</u>	<u>\$ (16,884)</u>

Reconciliation to GAAP Basis:

Ending fund balance - budget basis	\$ 231,674
Capital assets, net	536,437
Deferred outflows related to pensions	4,676
Deferred outflows related to OPEB	20
Accrued compensated absences	(480)
Net pension liability	(6,810)
Net OPEB Liability	(492)
Deferred inflows related to pensions	(5,512)
Deferred inflows related to OPEB	<u>(150)</u>
Ending net position - GAAP basis	<u>\$ 759,363</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	<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>

CITY OF CANNON BEACH, OREGON

029 - STORM SDC FUND

Schedule of Resources and Requirements

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Capital contributions	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ 7,555</u>	<u>\$ 555</u>
Requirements:				
Ending fund balance	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ 7,555</u>	<u>\$ (555)</u>
Total requirements	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ 7,555</u>	<u>\$ (555)</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Charges for services	\$ 1,999,995	\$ 2,014,495	\$ 1,880,640	\$ (133,855)
Other revenue	-	-	5,472	5,472
Total resources	<u>\$ 1,999,995</u>	<u>\$ 2,014,495</u>	<u>\$ 1,886,112</u>	<u>\$ (128,383)</u>
Requirements:				
Executive	\$ 561,832	\$ 561,832	\$ 529,193	\$ 32,639
Finance	516,765	516,765	467,373	49,392
IT	264,984	264,984	256,255	8,729
Central Services	230,600	245,100	232,623	12,477
Public Works	<u>425,814</u>	<u>425,814</u>	<u>400,668</u>	<u>25,146</u>
Total expenditures	1,999,995	2,014,495	1,886,112	128,383
Ending fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total requirements	<u>\$ 1,999,995</u>	<u>\$ 2,014,495</u>	<u>\$ 1,886,112</u>	<u>\$ 128,383</u>

Reconciliation to GAAP Basis:	
Ending fund balance - budget basis	\$ -
Capital assets, net	67,667
Deferred outflows related to pensions	626,226
Deferred outflows related to OPEB	1,700
Accrued compensated absences	(78,992)
Net pension liability	(911,854)
Net OPEB Liability	(41,743)
Deferred inflows related to pensions	(738,042)
Deferred inflows related to OPEB	<u>(12,704)</u>
Ending net position - GAAP basis	<u>\$ (1,087,742)</u>

COMPLIANCE SECTION

**SCHEDULE OF CONTINUING DISCLOSURES
RELATED TO GENERAL OBLIGATION BONDS AND FULL FAITH & CREDIT BONDS**

TOP TEN TAXPAYERS - 2022-2023	TOP TEN TAXPAYERS - 2021-2022
Georgia Pacific Consumer Products	Georgia Pacific Consumer Products
Lewis & Clark Tree Farms LLC	Lewis & Clark Tree Farms LLC
Pacificorp	Pacificorp
Pacific Coast Seafood	Hampton Lumber Mills Inc.
Hampton Lumber Mills Inc.	Northwest Natural Gas Co.
WorldMark The Club	WorldMark The Club
Northwest Natural Gas Co.	Charter Communications
Charter Communications	Weyerhaeuser Columbia Timberlands LLC
Weyerhaeuser Columbia Timberlands LLC	Pacific Coast Seafood
Lumen Technologies	Lumen Technologies

Source: Clatsop County, Oregon Taxation and Assessment

PROPERTY VALUATIONS	Real Market Value	Assessed Value
2022-23 - City of Cannon Beach	\$ 2,302,409,609	\$ 1,091,431,474
2021-22 - City of Cannon Beach		\$ 1,050,750,628
2020-21 - City of Cannon Beach		\$ 1,017,352,175
2019-20 - City of Cannon Beach		\$ 980,770,506
2018-19 - City of Cannon Beach		\$ 948,238,200
2017-18 - City of Cannon Beach		\$ 913,777,685
2016-17 - City of Cannon Beach		\$ 883,574,038
2015-16 - City of Cannon Beach		\$ 856,606,004

Source: Clatsop County, Oregon Taxation and Assessment

TAX COLLECTION RECORD AND REPRESENTATIVE LEVY RATE FOR DEBT SERVICE								
Fiscal Year	2010 G.O. Bond	2010 G.O. Bond	2012 G.O. Bond	2012 G.O. Bond	2022 G.O. Bond	2022 G.O. Bond	Total	Total
	Tax Collections	Representative Levy Rate	Tax Collections	Representative Levy Rate	Tax Collections	Representative Levy Rate	Combined Tax Collections	Combined Levy Rate
2021-22	\$ 19,885	0.01961	\$ 199,858	0.19710	\$ 179,665	0.17719	\$ 399,408	0.39390
2020-21	223,678	0.19309	239,464	0.20671	226,418	0.27231	689,560	0.39980
2019-20	187,852	0.22316	215,021	0.25544	180,929	0.22473	402,873	0.47860
2018-19	146,554	0.16361	211,830	0.23649	56,252	0.23649	358,384	0.40010
2017-18	134,163	0.15527	201,174	0.23283	58,693	0.23283	335,337	0.38810
2016-17	147,579	0.17749	226,418	0.27231	33,529	0.27231	373,997	0.44980
2015-16	114,134	0.14177	180,929	0.22473	-	0.22473	295,063	0.36650
2014-15	114,863	0.14756	56,252	0.07227	-	0.07227	171,115	0.21983
2013-14	114,215	0.14845	58,693	0.07629	-	0.07629	172,908	0.22473
2012-13	112,418	0.15070	33,529	0.04495	-	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.

TAX COLLECTION RECORD AND REPRESENTATIVE LEVY RATE FOR OPERATIONS		
Fiscal Year	Total Tax Collections	Total Levy Rate
2021-22	\$ 704,235	0.70490

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



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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

We have audited the basic financial statements of the City of Cannon Beach, Oregon (City), as of and for the year ended June 30, 2022 and have issued our report thereon dated February 14, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City'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.



by Paul R Nielson, CPA, a member of the firm
Eugene, Oregon
February 14, 2023