

| CITY OF PORT ORFORD

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023  
WITH  
INDEPENDENT AUDITOR'S REPORT



**Certified  
Public  
Accountants, LLP**

audit | tax | advisory | valuation | wealth

**CITY OF PORT ORFORD, OREGON**

**Fiscal Year Ended June 30, 2023**

**ELECTED OFFICIALS OF THE CITY OF PORT ORFORD, OREGON**

|                                                                           |       |
|---------------------------------------------------------------------------|-------|
| Pat Cox (Elected 11/3/2020)<br>P.O. Box 1031<br>Port Orford, Oregon 97465 | Mayor |
|---------------------------------------------------------------------------|-------|

|                                                                                |                         |
|--------------------------------------------------------------------------------|-------------------------|
| Ann Vileisis (Appointed 11/8/2022)<br>P.O. Box 89<br>Port Orford, Oregon 97465 | Chair/Council President |
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|------------------------------------------------------------------------------|-----------|
| Tim Pogwizd (Elected 11/3/2020)<br>P.O. Box 697<br>Port Orford, Oregon 97465 | Councilor |
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| Brett Webb (Elected 11/8/2022)<br>P.O. Box 1087<br>Port Orford, Oregon 97465 | Councilor |
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| Perri Rask (Elected 11/8/2022)<br>P.O. Box 1287<br>Port Orford, Oregon 97465 | Councilor |
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|                                                                                      |           |
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| Gregory Tidey (Elected 11/3/2020)<br>820 Jackson Street<br>Port Orford, Oregon 97465 | Councilor |
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| Gary Burns (Elected 11/3/2020)<br>P.O. Box 21<br>Port Orford, Oregon 97465 | Councilor |
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**ADMINISTRATION**

|                                                                |                    |
|----------------------------------------------------------------|--------------------|
| Melissa Radcliffe<br>P.O. Box 310<br>Port Orford, Oregon 97465 | City Administrator |
|----------------------------------------------------------------|--------------------|

|                                                       |               |
|-------------------------------------------------------|---------------|
| Lori Cooper<br>975 Oak Street<br>Eugene, Oregon 97401 | Legal Counsel |
|-------------------------------------------------------|---------------|



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Year Ended June 30, 2023

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## Independent Auditor's Report

Honorable Mayor and Council  
City of Port Orford  
Port Orford, Oregon

### Report on the Audit of the Financial Statements

#### ***Qualified and Unmodified Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Orford, Oregon (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

#### *Summary of Opinions*

| <b>Opinion Unit</b>     | <b>Type of Opinion</b> |
|-------------------------|------------------------|
| Governmental Activities | Qualified              |
| Governmental Funds      | Unmodified             |
| Street Funds            | Unmodified             |
| Enterprise Funds        | Unmodified             |

#### *Qualified Opinion on Governmental Activities*

In our opinion, except for the matters described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the City, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Unmodified Opinions on Governmental, Street, and Enterprise Funds*

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the City, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Qualified and Unmodified Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 qualified and unmodified audit opinions.

### *Matter Giving Rise to Qualified Opinion on Governmental Activities*

The City has not obtained an actuarial valuation for its single-employer other-postemployment benefit plan. Accounting principles generally accepted in the United States of America require that long-term liabilities and associated expenses be recorded, which would decrease the ending net position and the change in net position. The amount by which this departure would affect the ending net position and change in net position has not been determined

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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, General Fund and major Special Revenue Fund budgetary comparison information, certain pension schedules, and certain other post-employment benefit schedules as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, certain pension schedules and certain other post-employment benefit schedule 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.

The General Fund and major Special Revenue Fund budgetary comparison information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund and major Special Revenue Fund budgetary comparison information and the combing schedule noted under the required supplementary information in the Table of Contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other 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 other supplementary information listed in the Table of Contents 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Oregon State Regulations***

In accordance with Oregon State Regulation, we have also issued our report dated September 16, 2024 on our consideration of the City of Port Orford's compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.

A handwritten signature in black ink, appearing to read "Benjamin R. Cohn", with a long horizontal flourish extending to the right.

Benjamin R. Cohn, CPA  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
September 16, 2024

**CITY OF PORT ORFORD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2023**

As management of the City of Port Orford (the City), we offer readers of the City financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the City's financial statements. It should also be noted that all amounts included in the text below are rounded for ease of reading.

**FINANCIAL HIGHLIGHTS**

- In the **government-wide statements**, the City's assets and deferred outflows totaled \$18.9 million at June 30, 2023 consisting of \$15.7 million in capital assets, \$1.4 million in unrestricted cash and investments, \$272 thousand in receivables, \$1.1 million in restricted cash and investments, and \$406 thousand in deferred outflows. The City's assets and deferred outflows decreased by \$252 thousand, or 1.31 percent from the prior year.
- In the **government-wide statements**, the City's liabilities and deferred inflows totaled \$3.8 million at June 30, 2023 consisting of \$2.3 million in long-term debt, \$844 thousand in net pension liability, \$388 thousand in deferred inflows, and about \$237 thousand in accounts payable and other current liabilities. Long-term debt decreased by the required payments in the current year.
- In the **government-wide statements**, the City's net position (assets/deferred outflows minus liabilities/deferred inflows) totaled \$15.1 million at June 30, 2023, of which \$13.4 million was net investment in capital assets, \$1.2 million was considered restricted, and \$539 thousand was considered unrestricted. In the prior year, net position totaled \$15.2 million after restatement.
- The City's net position decreased \$98 thousand during the fiscal year ended June 30, 2023 from the prior year net position.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Basic Financial Statements and supplementary information are presented using the integrated approach as prescribed by GASB Statement No. 34. The Basic Financial Statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

The Basic Financial Statements present financial information about the City as a whole and about its activities. Following the Basic Financial Statements is the Required and Other Supplementary Information which provides budgetary comparisons for the governmental and proprietary funds, and other combining fund schedules. Finally, completing the document is a series of other financial schedules, and reports by the independent certified public accountants, as required by statute.

**1. Government-wide Financial Statements**

The government-wide financial statements are designed to present the financial picture of the City in a manner similar to a private-sector business, i.e. from the economic resources measurement focus using the accrual basis of accounting.

The statement of net position includes all assets and deferred outflows of the City (including infrastructure) as well as all liabilities and deferred inflows (including long-term debt). Net position is the difference between assets/deferred outflows and liabilities/deferred inflows, which is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position may be an indicator of whether its financial health is improving or deteriorating.

**CITY OF PORT ORFORD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2023**

The statement of activities reports all revenues when earned and expenses when incurred regardless of the timing of related cash flows. The focus of the statement of activities is to present the major program costs, matching major resources with each. To the extent a program's costs are not recovered by grants and direct charges, it is paid from general taxes and other general revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

The government-wide financial statements distinguish programs/functions of the City that are governmental (principally supported by taxes and intergovernmental revenues) to those that are business-type (intended to recover all or a significant portion of their costs through user fees and charges).

Governmental activities of the City are categorized as follows:

- Administrative – includes centralized services such as information technology, administration and financial services and other general functions not separately identified as a program.
- Police and court department – includes police department and operation of the City's courts
- Parks department – includes maintenance of the City's parks and playgrounds.
- Planning department – includes the City's community development and building inspection functions.
- Highways and streets – includes the City's street maintenance operations, street and local improvement construction and the City's engineering activities.
- Non-departmental – includes those activities that are not specifically included in another department.

Business-type activities include the following:

- Water – includes maintenance, operation and construction of the City's water intake, purification and delivery systems. The principal source of revenue is user fees.
- Sewer - includes maintenance and operation of the City's wastewater collection and treatment system. The principal source of revenue is user fees.
- Other proprietary funds – includes the City's water and sewer system development operations, water and sewer capital reserves, and equipment replacement activities.

## 2. Fund Financial Statements

Following the government-wide statements is a section containing fund financial statements. The fund financial statements include statements for governmental funds and proprietary funds. Funds are used to segregate resources for specific activities or objectives.

**Governmental Funds.** The governmental fund statements emphasize available financial resources rather than net income. They are prepared using the current financial resources measurement focus and modified accrual basis of accounting. A reconciliation of the fund balance reported in the governmental funds balance sheet to the net position reported on the government-wide statement of net position, and a reconciliation of the change in fund balances reported in the governmental funds statement of revenues, expenditures and changes in fund balances to the change in net position reported in the government-wide statement of activities are provided to facilitate a comparison between governmental funds and governmental activities.

**CITY OF PORT ORFORD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2023**

The City has four governmental funds, all of which are considered major funds and presented separately in the governmental funds financial statements. These funds are the General Fund, the Public Safety Fund, the Parks Fund, and the Street Fund.

**Proprietary Funds.** Proprietary funds are used to account for activities supported by user charges and where the emphasis is on net income. The City uses enterprise funds to account for its water and sewer operations. The Water and Sewer Funds are presented separately as the major funds in the proprietary fund financial statements. Five non-major funds are combined and presented in a single column as other proprietary funds.

### 3. Notes to the Basic Financial Statements

The notes provide information that is essential for a full understanding of the data presented in the government-wide and fund financial statements (the basic financial statements). Information such as significant accounting policies and detail of certain assets/deferred outflows and liabilities/deferred inflows are included in the notes which should be read in conjunction with the basic financial statements.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

##### Analysis of Net Position

The City's assets/deferred outflows exceeded liabilities/deferred inflows by \$15.1 million at June 30, 2023. Net position for governmental activities totaled \$11.1 million while net position for business-type activities totaled \$4.0 million.

As mentioned earlier, net position may be an indicator of the City's financial position. At the end of the current year, the City has a positive net position balance. Net position decreased by \$98 thousand from the prior year. The largest portion of the City's net position is its net investment in capital assets, which consists of 88.3 percent of the total net position, followed by the restricted/unrestricted net position representing 11.7 percent of total net position. In the prior year, 89.0 percent of the City's net position was net investments in capital assets, and 11.0 percent was restricted/unrestricted.

|                                                   | June 30, 2023              |                             | June 30, 2022              |                             |
|---------------------------------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|
|                                                   | Governmental<br>Activities | Business-type<br>Activities | Governmental<br>Activities | Business-type<br>Activities |
| Current & other assets                            | \$ 685                     | \$ 2,144                    | \$ 805                     | \$ 1,942                    |
| Capital assets, net                               | 10,959                     | 4,747                       | 11,108                     | 4,815                       |
| Total assets                                      | <u>11,644</u>              | <u>6,891</u>                | <u>11,913</u>              | <u>6,757</u>                |
| Deferred outflows of resources                    | <u>205</u>                 | <u>201</u>                  | <u>264</u>                 | <u>258</u>                  |
| Other liabilities                                 | 92                         | 145                         | 89                         | 97                          |
| Pension liabilities                               | 427                        | 417                         | 393                        | 384                         |
| Long-term debt                                    | -                          | 2,326                       | -                          | 2,405                       |
| Total liabilities                                 | <u>519</u>                 | <u>2,888</u>                | <u>482</u>                 | <u>2,886</u>                |
| Deferred inflows of resources                     | <u>196</u>                 | <u>192</u>                  | <u>321</u>                 | <u>313</u>                  |
| Invested in capital assets<br>net of related debt | 10,959                     | 2,421                       | 11,108                     | 2,411                       |
| Restricted                                        | 113                        | 1,114                       | 120                        | 1,077                       |
| Unrestricted                                      | 62                         | 477                         | 147                        | 329                         |
| Total net position                                | <u>\$ 11,134</u>           | <u>\$ 4,011</u>             | <u>\$ 11,375</u>           | <u>\$ 3,817</u>             |

The amounts in table above are presented in thousands.

**CITY OF PORT ORFORD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2023**

Analysis of Changes in Net Position

The City's Statement of Activities for fiscal year's ended June 30 follows (amounts presented in thousands):

|                                     | June 30, 2023              |                             | June 30, 2022              |                             |
|-------------------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|
|                                     | Governmental<br>Activities | Business-type<br>Activities | Governmental<br>Activities | Business-type<br>Activities |
| <b>Revenues:</b>                    |                            |                             |                            |                             |
| Program revenues:                   |                            |                             |                            |                             |
| Charges for services                | \$ 186                     | \$ 1,115                    | \$ 264                     | \$ 1,201                    |
| Operating grants                    | 130                        | 54                          | 28                         | 1                           |
| Capital Grants                      | -                          | -                           | 75                         | -                           |
| General revenues:                   |                            |                             |                            |                             |
| Property taxes                      | 639                        | -                           | 585                        | -                           |
| Lodging tax                         | 177                        | -                           | 130                        | -                           |
| State and local revenues            | 145                        | -                           | 139                        | -                           |
| Franchise fees                      | 21                         | -                           | 18                         | -                           |
| Earnings on investments             | 26                         | 52                          | 4                          | 9                           |
| Intergovernmental revenue           | -                          | -                           | 128                        | -                           |
| Other                               | 1                          | -                           | 5                          | -                           |
| Total revenues                      | <u>1,324</u>               | <u>1,221</u>                | <u>1,376</u>               | <u>1,211</u>                |
| <b>Expenses:</b>                    |                            |                             |                            |                             |
| Administrative                      | 117                        | -                           | 61                         | -                           |
| Police                              | 522                        | -                           | 627                        | -                           |
| Parks                               | 181                        | -                           | 140                        | -                           |
| Planning                            | 33                         | -                           | 35                         | -                           |
| Highways and streets                | 238                        | -                           | 231                        | -                           |
| Non-departmental                    | 221                        | -                           | 203                        | -                           |
| Interest on long-term debt          | -                          | 103                         | -                          | 106                         |
| Water                               | -                          | 679                         | -                          | 599                         |
| Sewer                               | -                          | 544                         | -                          | 446                         |
| Other programs                      | -                          | 7                           | -                          | 8                           |
| Total expenses                      | <u>1,311</u>               | <u>1,332</u>                | <u>1,297</u>               | <u>1,159</u>                |
| Transfers                           | <u>(306)</u>               | <u>306</u>                  | <u>-</u>                   | <u>-</u>                    |
| (Decrease) Increase in net position | <u>\$ (293)</u>            | <u>\$ 195</u>               | <u>\$ 79</u>               | <u>\$ 52</u>                |

**Governmental Activities**

Governmental activities revenue totaled \$1.3 million in the current year, and consisted primarily of property taxes, other taxes, grants and charges for services. Property taxes were 48.3 percent of total governmental activities revenue in the current year, in comparison to 42.5 percent in the prior year. Charges for services represent 14.0 percent of current year revenue, whereas in the prior year, that percentage was 19.2 percent.

As discussed earlier, the City's governmental activities are categorized into the following programs: administrative; police and court department; parks department; planning department; highways and streets; and non-departmental.

**CITY OF PORT ORFORD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2023**

**Business-Type Activities**

Business-type activities net position increased by \$195 thousand. In the prior year, business-type activities net position increased by \$52 thousand. In the prior year, business-type revenues totaled \$1.21 million and consisted primarily of fees for water and sewer services. In the current year, the City's business-type revenues totaled \$1.22 million, a increase of \$10 thousand over the prior year. Business-type activities are self-supporting where revenues are expected to cover expenses.

**FUND ANALYSIS**

The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, 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. Types of governmental funds reported by the City include the General Fund, the Public Safety Fund, the Parks Fund, and the Street Fund.

At the end of the current year, the City's governmental funds had combined ending fund balances of \$571 thousand, a decrease of \$180 thousand from the prior year fund balance (after restatement).

The General Fund is the primary operating fund of the City and is automatically considered a major governmental fund. At the end of the fiscal year, the unassigned fund balance of the General Fund was \$92 thousand, a decrease of \$319 thousand from the prior year fund balance (after restatement). Unassigned fund balance represents 21.7 percent of total annual General Fund expenditures (before considering transfers), which may be a useful measure of the General Fund's liquidity. In the prior year, unassigned fund balance in the General Fund was about 94.8 percent of total expenditures (before considering transfers) of the fund.

Proprietary Funds

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

The net position of the Water and Sewer Funds at the end of the year amounted to \$1.2 million each. The changes in net position of these major proprietary funds were a increase of \$104 thousand for the Water Fund and an decrease of \$94 thousand for the Sewer Fund. The Water, Sewer, and the Equipment Replacement funds are the only proprietary funds which report capital assets. Additionally, a portion of the payroll and related expenses for administrative and maintenance staff were charged to these funds in an effort to properly allocate the costs in the other funds during the year.

Other factors concerning the finances of the proprietary funds can be found in the previous discussion of the City's business-type activities.

**CITY OF PORT ORFORD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2023**

**CAPITAL ASSETS**

As of June 30, 2023, the City had invested \$15.7 million in capital assets, net of depreciation as reflected in the following table, which represents a net decrease (additions, deductions and depreciation) of \$217 thousand from the prior year's capital assets.

|                          | Governmental<br>Activities | Business-type<br>Activities | Total               |
|--------------------------|----------------------------|-----------------------------|---------------------|
| Land                     | \$ 8,104,172               | \$ 220,716                  | \$ 8,324,888        |
| Construction in progress | 900                        | 174,150                     | 175,050             |
| Buildings & improvements | 139,243                    | 16,714                      | 155,957             |
| Machinery & equipment    | 136,971                    | 414,841                     | 551,812             |
| Infrastructure           | 2,577,929                  | 3,920,364                   | 6,498,293           |
|                          | <u>\$ 10,959,215</u>       | <u>\$ 4,746,785</u>         | <u>\$15,706,000</u> |

**DEBT ADMINISTRATION**

As of year-end, the City had \$2.3 million in debt outstanding, a decrease of \$79 thousand from the previous year. The decrease is a result of the City's paying all scheduled principal payments on long-term debt. The City did not issue any new debt for the 2022-23 fiscal year. Debt outstanding by type at year-end is comprised of the following:

|                                | Business-type<br>Activities |
|--------------------------------|-----------------------------|
| Sewer Revenue Bond             | \$ 446                      |
| Sewer Revenue Installment Bond | 1,880                       |
|                                | <u>\$ 2,326</u>             |

Debt Limitation and Ratings

Oregon Revised Statutes provides a limit on non-self-supporting general obligation debt of 3 percent of the real market value of all taxable property within the City. Based on the fiscal year 2023 value, the City is within its debt limitation.

Please refer to the notes to the basic financial statements for further detailed information.

**CITY OF PORT ORFORD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2023**

**ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND RATES**

The City of Port Orford Budget Committee considered the long-term impacts of the current economic conditions on the local economy in preparation of the 2022-23 budget. This budget includes updated assumptions for inflation and adjustments to utility rates and other City fees and charges. The following are some major assumptions that were used in preparation of the budget.

- 3% increase to property taxes.
- Increase payroll cost's 2.5% for Cost-of-Living Adjustment (COLA) per the Teamsters 206 Collective Bargaining Agreement (CBA.)
- Health insurance rates are increased per our underwriter.
- Water and Wastewater rates will not be increased by the annual CPI due to economic conditions and a transfer from the General Fund is necessary to facilitate this.
- Purchase of an additional 160 acres to protect the City's watershed.

For future budgets the City Council is reevaluating the Ordinance for Short Term Rentals (STR's) to ensure fees recoup the costs of City services such as Public Safety and Fire protection. Additionally, management is currently renegotiating the franchise fee with Coos Curry Electric. The proposal is to switch from free street lights as the franchise fee to 4% of the total revenue received by Coos Curry Electric.

**REQUEST FOR INFORMATION**

The City's financial statements are designed to present users with a general overview of the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to City Hall at P.O. Box 310, Port Orford, Oregon 97465. The City's telephone number is 541-332-3681.



## | BASIC FINANCIAL STATEMENTS



## **| GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF PORT ORFORD  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

|                                                                      | Governmental<br>Activities | Business-type<br>Activities | Total                |
|----------------------------------------------------------------------|----------------------------|-----------------------------|----------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS:</b>                                 |                            |                             |                      |
| Cash and investments                                                 | \$ 531,850                 | \$ 881,868                  | \$ 1,413,718         |
| Receivables, net                                                     | 147,507                    | 124,369                     | 271,876              |
| Restricted cash and investments                                      | -                          | 1,132,602                   | 1,132,602            |
| Net OPEB asset                                                       | 5,292                      | 5,176                       | 10,468               |
| Capital assets, net:                                                 |                            |                             |                      |
| Land                                                                 | 8,104,172                  | 220,716                     | 8,324,888            |
| Construction in progress                                             | 900                        | 174,150                     | 175,050              |
| Buildings and improvements                                           | 139,243                    | 16,714                      | 155,957              |
| Machinery and equipment                                              | 136,971                    | 414,841                     | 551,812              |
| Infrastructure                                                       | 2,577,929                  | 3,920,364                   | 6,498,293            |
| <b>TOTAL ASSETS</b>                                                  | <b>11,643,864</b>          | <b>6,890,800</b>            | <b>18,534,664</b>    |
| Deferred outflows of resources:                                      |                            |                             |                      |
| Deferred amounts related to other post<br>employment benefits (OPEB) | 679                        | 663                         | 1,342                |
| Deferred amounts related to pensions                                 | 204,562                    | 200,080                     | 404,642              |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                          | <b>205,241</b>             | <b>200,743</b>              | <b>405,984</b>       |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>                            | <b>11,849,105</b>          | <b>7,091,543</b>            | <b>18,940,648</b>    |
| <b>LIABILITIES AND DEFERRED INFLOWS:</b>                             |                            |                             |                      |
| Accounts payable                                                     | 27,194                     | 69,259                      | 96,453               |
| Accrued salaries and benefits                                        | 30,206                     | 22,664                      | 52,870               |
| Accrued interest                                                     | -                          | 20,003                      | 20,003               |
| Unearned revenue                                                     | 10,543                     | -                           | 10,543               |
| Deposits                                                             | -                          | 18,786                      | 18,786               |
| Accrued compensated absences                                         | 24,182                     | 14,373                      | 38,555               |
| Net pension liability                                                |                            |                             |                      |
| Due in more than one year                                            | 426,560                    | 417,210                     | 843,770              |
| Long-term debt                                                       |                            |                             |                      |
| Due within one year                                                  | -                          | 82,205                      | 82,205               |
| Due in more than one year                                            | -                          | 2,243,648                   | 2,243,648            |
| <b>TOTAL LIABILITIES</b>                                             | <b>518,685</b>             | <b>2,888,148</b>            | <b>3,406,833</b>     |
| Deferred inflows of resources:                                       |                            |                             |                      |
| Deferred amounts related to other post<br>employment benefits (OPEB) | 814                        | 796                         | 1,610                |
| Deferred amounts related to pensions                                 | 195,389                    | 191,107                     | 386,496              |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                           | <b>196,203</b>             | <b>191,903</b>              | <b>388,106</b>       |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>                        | <b>714,888</b>             | <b>3,080,051</b>            | <b>3,794,939</b>     |
| <b>NET POSITION:</b>                                                 |                            |                             |                      |
| Net Investment in capital assets                                     | 10,959,215                 | 2,420,932                   | 13,380,147           |
| Restricted for:                                                      |                            |                             |                      |
| Streets                                                              | 112,602                    | -                           | 112,602              |
| Debt service                                                         | -                          | 182,168                     | 182,168              |
| System development costs                                             | -                          | 931,798                     | 931,798              |
| Unrestricted                                                         | 62,400                     | 476,594                     | 538,994              |
| <b>TOTAL NET POSITION</b>                                            | <b>\$ 11,134,217</b>       | <b>\$ 4,011,492</b>         | <b>\$ 15,145,709</b> |

CITY OF PORT ORFORD  
STATEMENT OF ACTIVITIES  
FISCAL YEAR END JUNE 30, 2023

| Functions/Programs                                         | Expenses     | Program Revenues                      |                                    | Net (Expense) Revenue and Changes in Net Position |                          |                      |
|------------------------------------------------------------|--------------|---------------------------------------|------------------------------------|---------------------------------------------------|--------------------------|----------------------|
|                                                            |              | Fines, Fees, and Charges for Services | Operating Grants and Contributions | Governmental Activities                           | Business-Type Activities | Total                |
| <b>Governmental activities:</b>                            |              |                                       |                                    |                                                   |                          |                      |
| General government                                         |              |                                       |                                    |                                                   |                          |                      |
| Administrative                                             | 116,810      | \$ 21,102                             | \$ -                               | \$ (95,708)                                       | \$ -                     | \$ (95,708)          |
| Police & court department                                  | 521,767      | 145,920                               | -                                  | (375,847)                                         | -                        | (375,847)            |
| Parks department                                           | 181,261      | 5,056                                 | 1,470                              | (174,735)                                         | -                        | (174,735)            |
| Planning department                                        | 32,952       | 13,608                                | -                                  | (19,344)                                          | -                        | (19,344)             |
| Highways and streets                                       | 237,700      | -                                     | -                                  | (237,700)                                         | -                        | (237,700)            |
| Non-departmental                                           | 220,864      | -                                     | 128,049                            | (92,815)                                          | -                        | (92,815)             |
| Total government activities                                | 1,311,354    | 185,686                               | 129,519                            | (996,149)                                         | -                        | (996,149)            |
| <b>Business-type activities:</b>                           |              |                                       |                                    |                                                   |                          |                      |
| Water                                                      | 678,656      | 487,328                               | 53,817                             | -                                                 | (137,511)                | (137,511)            |
| Sewer                                                      | 543,760      | 617,824                               | -                                  | -                                                 | 74,064                   | 74,064               |
| Other programs                                             | 7,115        | 10,120                                | -                                  | -                                                 | 3,005                    | 3,005                |
| Interest on long-term debt                                 | 102,612      | -                                     | -                                  | -                                                 | (102,612)                | (102,612)            |
| Total business-type activities                             | 1,332,143    | 1,115,272                             | 53,817                             | -                                                 | (163,054)                | (163,054)            |
| Total common city                                          | \$ 2,643,497 | \$ 1,300,958                          | \$ 183,336                         | (996,149)                                         | (163,054)                | (1,159,203)          |
| General revenues:                                          |              |                                       |                                    |                                                   |                          |                      |
| Property taxes levied for general purposes                 |              |                                       |                                    | 357,114                                           | -                        | 357,114              |
| Property taxes levied for public safety                    |              |                                       |                                    | 282,348                                           | -                        | 282,348              |
| Lodging tax                                                |              |                                       |                                    | 176,546                                           | -                        | 176,546              |
| State highway tax                                          |              |                                       |                                    | 90,609                                            | -                        | 90,609               |
| State revenue sharing                                      |              |                                       |                                    | 12,433                                            | -                        | 12,433               |
| State cigarette, marijuana, and alcohol taxes              |              |                                       |                                    | 42,129                                            | -                        | 42,129               |
| Franchise fees                                             |              |                                       |                                    | 20,945                                            | -                        | 20,945               |
| Interest on investments                                    |              |                                       |                                    | 26,139                                            | 52,002                   | 78,141               |
| Other                                                      |              |                                       |                                    | 894                                               | -                        | 894                  |
| Total general revenues                                     |              |                                       |                                    | 1,009,157                                         | 52,002                   | 1,061,159            |
| Transfers                                                  |              |                                       |                                    | (306,027)                                         | 306,027                  | -                    |
| <b>CHANGE IN NET POSITION</b>                              |              |                                       |                                    | (293,019)                                         | 194,975                  | (98,044)             |
| <b>BEGINNING NET POSITION - JULY 1, 2022 (AS RESTATED)</b> |              |                                       |                                    | 11,427,236                                        | 3,816,517                | 15,243,753           |
| <b>ENDING NET POSITION - JUNE 30, 2023</b>                 |              |                                       |                                    | <u>\$ 11,134,217</u>                              | <u>\$ 4,011,492</u>      | <u>\$ 15,145,709</u> |



## FUND FINANCIAL STATEMENTS

**CITY OF PORT ORFORD  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

|                                                                               | <b>General<br/>Fund</b> | <b>Public<br/>Safety<br/>Fund</b> | <b>Parks<br/>Fund</b> | <b>Street<br/>Fund</b> | <b>Total</b>      |
|-------------------------------------------------------------------------------|-------------------------|-----------------------------------|-----------------------|------------------------|-------------------|
| <b>ASSETS:</b>                                                                |                         |                                   |                       |                        |                   |
| Equity in pooled cash and investments                                         | \$ 74,936               | \$ 130,322                        | \$ 222,671            | \$ 103,921             | \$ 531,850        |
| Receivables                                                                   | 46,980                  | -                                 | 36,294                | 13,737                 | 97,011            |
| Taxes receivable                                                              | 27,268                  | 23,228                            | -                     | -                      | 50,496            |
| <b>TOTAL ASSETS</b>                                                           | <b>\$ 149,184</b>       | <b>\$ 153,550</b>                 | <b>\$ 258,965</b>     | <b>\$ 117,658</b>      | <b>\$ 679,357</b> |
| <b>LIABILITIES:</b>                                                           |                         |                                   |                       |                        |                   |
| Accounts payable                                                              | \$ 12,674               | \$ 3,374                          | \$ 9,981              | \$ 1,165               | \$ 27,194         |
| Accrued salaries and benefits                                                 | 6,428                   | 17,103                            | 2,784                 | 3,891                  | 30,206            |
| Unearned revenue                                                              | 10,543                  | -                                 | -                     | -                      | 10,543            |
| <b>TOTAL LIABILITIES</b>                                                      | <b>29,645</b>           | <b>20,477</b>                     | <b>12,765</b>         | <b>5,056</b>           | <b>67,943</b>     |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                         |                         |                                   |                       |                        |                   |
| Unavailable revenue - property taxes                                          | 15,268                  | 13,006                            | -                     | -                      | 28,274            |
| Unavailable revenue - citations                                               | 12,430                  | -                                 | -                     | -                      | 12,430            |
| <b>TOTAL DEFERRED INFLOWS<br/>OF RESOURCES</b>                                | <b>27,698</b>           | <b>13,006</b>                     | <b>-</b>              | <b>-</b>               | <b>40,704</b>     |
| <b>FUND BALANCE:</b>                                                          |                         |                                   |                       |                        |                   |
| Restricted for:                                                               |                         |                                   |                       |                        |                   |
| Streets - operations, maintenance<br>and capital improvements                 | -                       | -                                 | -                     | 112,602                | 112,602           |
| Committed - capital improvements                                              | -                       | -                                 | 246,200               | -                      | 246,200           |
| Unassigned                                                                    | 91,841                  | 120,067                           | -                     | -                      | 211,908           |
| <b>TOTAL FUND BALANCES</b>                                                    | <b>91,841</b>           | <b>120,067</b>                    | <b>246,200</b>        | <b>112,602</b>         | <b>570,710</b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 149,184</b>       | <b>\$ 153,550</b>                 | <b>\$ 258,965</b>     | <b>\$ 117,658</b>      | <b>\$ 679,357</b> |

**CITY OF PORT ORFORD  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2023**

|                                                                                                                                                                                                                                                                   |                    |                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------------------|
| <b>TOTAL FUND BALANCES</b>                                                                                                                                                                                                                                        |                    | <b>\$ 570,710</b>           |
| Amounts reported by governmental activities in the Statement of Net Position are different because:                                                                                                                                                               |                    |                             |
| Capital assets are not financial resources and, therefore, are not reported in the governmental funds:                                                                                                                                                            |                    |                             |
| Cost                                                                                                                                                                                                                                                              | \$ 14,732,015      |                             |
| Accumulated depreciation                                                                                                                                                                                                                                          | <u>(3,772,800)</u> | 10,959,215                  |
| The other post employment benefit asset (OPEB) and associated deferred outflows and inflows are not reported with the governmental funds as they are not available nor payable.                                                                                   |                    |                             |
|                                                                                                                                                                                                                                                                   |                    | 5,157                       |
| A portion of the City's receivables are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore, are not reported as revenue in the governmental funds:                                                |                    |                             |
| Property tax                                                                                                                                                                                                                                                      | \$ 28,274          |                             |
| Citations                                                                                                                                                                                                                                                         | <u>12,430</u>      | 40,704                      |
| The net deferred outflow/(inflow) associated with the City's pension (OPERS) is not recorded in the governmental funds as it is not available nor payable currently.                                                                                              |                    |                             |
|                                                                                                                                                                                                                                                                   |                    | 9,173                       |
| Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due. Long-term liabilities consist of: |                    |                             |
| Accrued vacation payable                                                                                                                                                                                                                                          | \$ (24,182)        |                             |
| Net pension liability                                                                                                                                                                                                                                             | <u>(426,560)</u>   | <u>(450,742)</u>            |
| <b>TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES</b>                                                                                                                                                                                                              |                    | <b><u>\$ 11,134,217</u></b> |

**CITY OF PORT ORFORD**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED JUNE 30, 2023**

|                                                              | <b>General<br/>Fund</b> | <b>Public<br/>Safety<br/>Fund</b> | <b>Parks<br/>Funds</b> | <b>Street<br/>Fund</b> | <b>Total</b>      |
|--------------------------------------------------------------|-------------------------|-----------------------------------|------------------------|------------------------|-------------------|
| <b>REVENUES:</b>                                             |                         |                                   |                        |                        |                   |
| Property taxes                                               | \$ 353,622              | \$ 278,977                        | \$ -                   | \$ -                   | \$ 632,599        |
| Interest on investments                                      | 12,602                  | 2,575                             | 7,387                  | 3,575                  | 26,139            |
| Intergovernmental                                            | 182,611                 | -                                 | -                      | 90,609                 | 273,220           |
| Franchise fee revenues                                       | 20,945                  | -                                 | -                      | -                      | 20,945            |
| Licenses and permits                                         | 7,648                   | -                                 | -                      | -                      | 7,648             |
| Administrative charges                                       | 49,452                  | -                                 | -                      | -                      | 49,452            |
| Rents                                                        | -                       | -                                 | 5,056                  | -                      | 5,056             |
| Transient lodging tax                                        | -                       | -                                 | 176,546                | -                      | 176,546           |
| Fees                                                         | 14,038                  | -                                 | -                      | -                      | 14,038            |
| Citations                                                    | 129,254                 | -                                 | -                      | -                      | 129,254           |
| Reimbursements                                               | 13,454                  | -                                 | -                      | -                      | 13,454            |
| Miscellaneous                                                | 144                     | 1,195                             | -                      | -                      | 1,339             |
| Contributions                                                | -                       | -                                 | 1,470                  | -                      | 1,470             |
| <b>TOTAL REVENUES</b>                                        | <b>783,770</b>          | <b>282,747</b>                    | <b>190,459</b>         | <b>94,184</b>          | <b>1,351,160</b>  |
| <b>EXPENDITURES:</b>                                         |                         |                                   |                        |                        |                   |
| Current:                                                     |                         |                                   |                        |                        |                   |
| Administrative                                               | 88,225                  | -                                 | -                      | -                      | 88,225            |
| Court                                                        | 41,180                  | -                                 | -                      | -                      | 41,180            |
| Emergency management                                         | 17,708                  | -                                 | -                      | -                      | 17,708            |
| Police department                                            | -                       | 507,945                           | -                      | -                      | 507,945           |
| Parks department                                             | -                       | -                                 | 178,641                | -                      | 178,641           |
| Streets department                                           | -                       | -                                 | -                      | 116,064                | 116,064           |
| Planning department                                          | 33,390                  | -                                 | -                      | -                      | 33,390            |
| Non-departmental                                             | 219,866                 | -                                 | -                      | -                      | 219,866           |
| Capital outlay                                               | 22,400                  | -                                 | -                      | -                      | 22,400            |
| <b>TOTAL EXPENDITURES</b>                                    | <b>422,769</b>          | <b>507,945</b>                    | <b>178,641</b>         | <b>116,064</b>         | <b>1,207,711</b>  |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b> | <b>361,001</b>          | <b>(225,198)</b>                  | <b>11,818</b>          | <b>(21,880)</b>        | <b>125,741</b>    |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                         |                                   |                        |                        |                   |
| Transfers in                                                 | -                       | 350,000                           | -                      | 23,954                 | 373,954           |
| Transfers out                                                | (679,981)               | -                                 | -                      | -                      | (679,981)         |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>              | <b>(679,981)</b>        | <b>350,000</b>                    | <b>-</b>               | <b>23,954</b>          | <b>(306,027)</b>  |
| <b>NET CHANGES IN FUND BALANCE</b>                           | <b>(318,980)</b>        | <b>124,802</b>                    | <b>11,818</b>          | <b>2,074</b>           | <b>(180,286)</b>  |
| <b>FUND BALANCE, July 1, 2022 (as restated)</b>              | <b>410,821</b>          | <b>(4,735)</b>                    | <b>234,382</b>         | <b>110,528</b>         | <b>750,996</b>    |
| <b>FUND BALANCE, June 30, 2023</b>                           | <b>\$ 91,841</b>        | <b>\$ 120,067</b>                 | <b>\$ 246,200</b>      | <b>\$ 112,602</b>      | <b>\$ 570,710</b> |

**CITY OF PORT ORFORD  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FISCAL YEAR END JUNE 30, 2023**

**NET CHANGE IN FUND BALANCE** **\$ (180,286)**

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

Government funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

|                                 |                  |           |
|---------------------------------|------------------|-----------|
| Expenditures for capital assets | \$ 22,400        |           |
| Less current year depreciation  | <u>(169,854)</u> | (147,454) |

Governmental funds report proceeds from the sale of capital assets as revenue. However, only the net gain (loss) on the sale is reported in the Statement of Activities:

|                          |              |       |
|--------------------------|--------------|-------|
| Cost basis of asset sold | \$ (9,944)   |       |
| Accumulated depreciation | <u>8,946</u> | (998) |

Receivables that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities, the following are recognized as revenue when levied:

|                |            |       |
|----------------|------------|-------|
| Property taxes | \$ 6,863   |       |
| Citations      | <u>716</u> | 7,579 |

|                                |  |                |
|--------------------------------|--|----------------|
| Change in compensated absences |  | <u>(2,370)</u> |
|--------------------------------|--|----------------|

|                               |  |                                   |
|-------------------------------|--|-----------------------------------|
| <b>CHANGE IN NET POSITION</b> |  | <b><u><u>\$ (293,019)</u></u></b> |
|-------------------------------|--|-----------------------------------|

**CITY OF PORT ORFORD  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2023**

|                                                                              | <b>Water<br/>Fund</b> | <b>Sewer<br/>Fund</b> | <b>Other<br/>Proprietary<br/>Funds</b> | <b>Total</b>        |
|------------------------------------------------------------------------------|-----------------------|-----------------------|----------------------------------------|---------------------|
| <b>ASSETS:</b>                                                               |                       |                       |                                        |                     |
| Current assets:                                                              |                       |                       |                                        |                     |
| Equity in pooled cash and investments                                        | \$ 133,600            | \$ 177,011            | \$ 571,257                             | \$ 881,868          |
| Receivables, net                                                             | 59,531                | 64,838                | -                                      | 124,369             |
| Restricted cash and investments                                              | 16,336                | 184,468               | 931,798                                | 1,132,602           |
| <b>Total current assets</b>                                                  | <b>209,467</b>        | <b>426,317</b>        | <b>1,503,055</b>                       | <b>2,138,839</b>    |
| Noncurrent assets:                                                           |                       |                       |                                        |                     |
| Net OPEB asset                                                               | 2,996                 | 2,180                 | -                                      | 5,176               |
| Land                                                                         | 219,326               | 1,390                 | -                                      | 220,716             |
| Construction in progress                                                     | 174,150               | -                     | -                                      | 174,150             |
| Buildings and improvements, net                                              | 16,714                | -                     | -                                      | 16,714              |
| Equipment, net                                                               | 366,581               | 15,629                | 32,631                                 | 414,841             |
| Infrastructure, net                                                          | 581,094               | 3,339,270             | -                                      | 3,920,364           |
| <b>Total noncurrent assets</b>                                               | <b>1,360,861</b>      | <b>3,358,469</b>      | <b>32,631</b>                          | <b>4,751,961</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                                       |                       |                       |                                        |                     |
| Deferred amounts related to other post<br>employment benefits (OPEB)         | 384                   | 279                   | -                                      | 663                 |
| Deferred amounts related to pensions                                         | 115,822               | 84,258                | -                                      | 200,080             |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                                  | <b>116,206</b>        | <b>84,537</b>         | <b>-</b>                               | <b>200,743</b>      |
| <b>TOTAL ASSETS AND DEFERRED<br/>OUTFLOWS OF RESOURCES</b>                   | <b>\$ 1,686,534</b>   | <b>\$ 3,869,323</b>   | <b>\$ 1,535,686</b>                    | <b>\$ 7,091,543</b> |
| <b>LIABILITIES:</b>                                                          |                       |                       |                                        |                     |
| Current liabilities:                                                         |                       |                       |                                        |                     |
| Accounts payable                                                             | \$ 65,169             | \$ 4,090              | \$ -                                   | \$ 69,259           |
| Accrued salaries and benefits                                                | 13,711                | 8,953                 | -                                      | 22,664              |
| Accrued compensated absences                                                 | 10,344                | 4,029                 | -                                      | 14,373              |
| Accrued interest                                                             | -                     | 20,003                | -                                      | 20,003              |
| Deposits                                                                     | 16,336                | 2,450                 | -                                      | 18,786              |
| Bonds and notes payable                                                      | -                     | 82,205                | -                                      | 82,205              |
| <b>Total current liabilities</b>                                             | <b>105,560</b>        | <b>121,730</b>        | <b>-</b>                               | <b>227,290</b>      |
| Noncurrent liabilities:                                                      |                       |                       |                                        |                     |
| Net pension                                                                  | 241,514               | 175,696               | -                                      | 417,210             |
| Bonds and notes payable                                                      | -                     | 2,243,648             | -                                      | 2,243,648           |
| <b>Total noncurrent liabilities</b>                                          | <b>241,514</b>        | <b>2,419,344</b>      | <b>-</b>                               | <b>2,660,858</b>    |
| <b>TOTAL LIABILITIES</b>                                                     | <b>347,074</b>        | <b>2,541,074</b>      | <b>-</b>                               | <b>2,888,148</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                        |                       |                       |                                        |                     |
| Deferred amounts related to other post<br>employment benefits (OPEB)         | 461                   | 335                   | -                                      | 796                 |
| Deferred amounts related to pensions                                         | 110,628               | 80,479                | -                                      | 191,107             |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                   | <b>111,089</b>        | <b>80,814</b>         | <b>-</b>                               | <b>191,903</b>      |
| Net position:                                                                |                       |                       |                                        |                     |
| Net investment in capital assets                                             | 1,357,865             | 1,030,436             | 32,631                                 | 2,420,932           |
| Restricted:                                                                  |                       |                       |                                        |                     |
| Debt service                                                                 | -                     | 182,168               | -                                      | 182,168             |
| System development costs                                                     | -                     | -                     | 931,798                                | 931,798             |
| Unrestricted                                                                 | (129,494)             | 34,831                | 571,257                                | 476,594             |
| <b>TOTAL NET POSITION</b>                                                    | <b>1,228,371</b>      | <b>1,247,435</b>      | <b>1,535,686</b>                       | <b>4,011,492</b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND NET POSITION</b> | <b>\$ 1,686,534</b>   | <b>\$ 3,869,323</b>   | <b>\$ 1,535,686</b>                    | <b>\$ 7,091,543</b> |

**CITY OF PORT ORFORD  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FISCAL YEAR END JUNE 30, 2023**

|                                                   | <b>Water<br/>Fund</b> | <b>Sewer<br/>Fund</b> | <b>Other<br/>Proprietary<br/>Funds</b> | <b>Total</b>        |
|---------------------------------------------------|-----------------------|-----------------------|----------------------------------------|---------------------|
| <b>OPERATING REVENUES:</b>                        |                       |                       |                                        |                     |
| Charges for services                              | \$ 486,435            | \$ 617,424            | \$ -                                   | \$ 1,103,859        |
| Grants                                            | 53,817                | -                     | -                                      |                     |
| Miscellaneous                                     | 893                   | 400                   | -                                      | 1,293               |
| <b>TOTAL OPERATING REVENUES</b>                   | <b>541,145</b>        | <b>617,824</b>        | <b>-</b>                               | <b>1,105,152</b>    |
| <b>OPERATING EXPENSES:</b>                        |                       |                       |                                        |                     |
| Personal services                                 | 305,225               | 193,725               | -                                      | 498,950             |
| Materials and services                            | 262,244               | 213,769               | -                                      | 476,013             |
| Depreciation                                      | 111,187               | 136,266               | 7,115                                  | 254,568             |
| <b>TOTAL OPERATING EXPENSES</b>                   | <b>678,656</b>        | <b>543,760</b>        | <b>7,115</b>                           | <b>1,229,531</b>    |
| <b>OPERATING INCOME (LOSS)</b>                    | <b>(137,511)</b>      | <b>74,064</b>         | <b>(7,115)</b>                         | <b>(124,379)</b>    |
| <b>NONOPERATING REVENUES (EXPENSES):</b>          |                       |                       |                                        |                     |
| System development charges                        | -                     | -                     | 10,120                                 | 10,120              |
| Interest on investments                           | 1,744                 | 7,399                 | 42,859                                 | 52,002              |
| Interest expense                                  | -                     | (102,612)             | -                                      | (102,612)           |
| <b>TOTAL NONOPERATING<br/>REVENUES (EXPENSES)</b> | <b>1,744</b>          | <b>(95,213)</b>       | <b>52,979</b>                          | <b>(50,610)</b>     |
| <b>INCOME BEFORE OPERATING TRANSFERS</b>          | <b>(135,767)</b>      | <b>(21,149)</b>       | <b>45,864</b>                          | <b>(111,052)</b>    |
| <b>TRANSFERS</b>                                  |                       |                       |                                        |                     |
| Transfer in                                       | 306,027               | -                     | 139,425                                | 445,452             |
| Transfer out                                      | (66,492)              | (72,933)              | -                                      | (139,425)           |
| <b>TOTAL TRANSFERS</b>                            | <b>239,535</b>        | <b>(72,933)</b>       | <b>139,425</b>                         | <b>306,027</b>      |
| <b>CHANGE IN NET POSITION</b>                     | <b>103,768</b>        | <b>(94,082)</b>       | <b>185,289</b>                         | <b>194,975</b>      |
| <b>NET POSITION, July 1, 2022</b>                 | <b>1,124,603</b>      | <b>1,341,517</b>      | <b>1,350,397</b>                       | <b>3,816,517</b>    |
| <b>NET POSITION, June 30, 2023</b>                | <b>\$ 1,228,371</b>   | <b>\$ 1,247,435</b>   | <b>\$ 1,535,686</b>                    | <b>\$ 4,011,492</b> |

**CITY OF PORT ORFORD  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FISCAL YEAR END JUNE 30, 2023**

|                                                                                                               | <b>Water<br/>Fund</b> | <b>Sewer<br/>Fund</b> | <b>Other<br/>Proprietary<br/>Funds</b> | <b>Total</b>        |
|---------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|----------------------------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                                                  |                       |                       |                                        |                     |
| Receipts from customers                                                                                       | \$ 483,024            | \$ 614,641            | \$ -                                   | \$ 1,097,665        |
| Payments to suppliers                                                                                         | (200,975)             | (229,117)             | -                                      | (430,092)           |
| Payments to employees                                                                                         | (322,501)             | (206,294)             | -                                      | (528,795)           |
| Other receipts                                                                                                | 58,542                | (300)                 | -                                      | 58,242              |
| <b>Net cash provided (used)<br/>by operating activities</b>                                                   | <u>18,090</u>         | <u>178,930</u>        | <u>-</u>                               | <u>197,020</u>      |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>                                                      |                       |                       |                                        |                     |
| Transfers in                                                                                                  | 306,027               | -                     | 139,425                                | 445,452             |
| Transfers out                                                                                                 | (66,492)              | (72,933)              | -                                      | (139,425)           |
| <b>Net cash provided (used) by non-capital and<br/>related financing activities</b>                           | <u>239,535</u>        | <u>(72,933)</u>       | <u>139,425</u>                         | <u>306,027</u>      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES:</b>                                          |                       |                       |                                        |                     |
| System development charges                                                                                    | -                     | -                     | 10,120                                 | 10,120              |
| Principal paid on capital debt                                                                                | -                     | (78,780)              | -                                      | (78,780)            |
| Interest paid on capital debt                                                                                 | -                     | (103,388)             | -                                      | (103,388)           |
| Purchase and construction of capital assets                                                                   | (174,150)             | -                     | (12,000)                               | (186,150)           |
| <b>Net cash provided (used) by capital and<br/>related financing activities</b>                               | <u>(174,150)</u>      | <u>(182,168)</u>      | <u>(1,880)</u>                         | <u>(368,318)</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                                                  |                       |                       |                                        |                     |
| Interest and dividends                                                                                        | 1,744                 | 7,399                 | 42,859                                 | 52,002              |
| <b>Net increase (decrease) in<br/>cash and cash equivalents</b>                                               | <u>85,219</u>         | <u>(68,772)</u>       | <u>180,404</u>                         | <u>196,851</u>      |
| <b>Cash and investments - beginning of the year</b>                                                           | <u>64,717</u>         | <u>430,251</u>        | <u>1,322,651</u>                       | <u>1,817,619</u>    |
| <b>Cash and investments - end of the year</b>                                                                 | <u>\$ 149,936</u>     | <u>\$ 361,479</u>     | <u>\$ 1,503,055</u>                    | <u>\$ 2,014,470</u> |
| <b>Reconciliation of cash and investments<br/>to the Statement of Net Position:</b>                           |                       |                       |                                        |                     |
| Unrestricted cash and investments                                                                             | \$ 133,600            | \$ 177,011            | \$ 571,257                             | \$ 881,868          |
| Restricted cash                                                                                               | 16,336                | 184,468               | 931,798                                | 1,132,602           |
| <b>Total cash and investments</b>                                                                             | <u>\$ 149,936</u>     | <u>\$ 361,479</u>     | <u>\$ 1,503,055</u>                    | <u>\$ 2,014,470</u> |
| <b>Reconciliation of operating income (loss)<br/>to net cash provided (used)<br/>by operating activities:</b> |                       |                       |                                        |                     |
| Operating income (loss)                                                                                       | \$ (137,511)          | \$ 74,064             | \$ (7,115)                             | \$ (70,562)         |
| Adjustments to reconcile operating income to cash<br>provided by operating activities:                        |                       |                       |                                        |                     |
| Depreciation expense                                                                                          | 111,187               | 136,266               | 7,115                                  | 254,568             |
| Change in assets, deferred outflows/inflows, and liabilities:                                                 |                       |                       |                                        |                     |
| Prepays                                                                                                       | -                     | -                     | -                                      | -                   |
| Receivables, net                                                                                              | (3,411)               | (2,783)               | -                                      | (6,194)             |
| Pension/OPEB                                                                                                  | (17,276)              | (12,569)              | -                                      | (29,845)            |
| Deposits                                                                                                      | 3,832                 | (700)                 | -                                      | 3,132               |
| Accounts payable and other accruals                                                                           | 61,269                | (15,348)              | -                                      | 45,921              |
| <b>Net cash provided (used) by operating activities</b>                                                       | <u>\$ 18,090</u>      | <u>\$ 178,930</u>     | <u>\$ -</u>                            | <u>\$ 197,020</u>   |



## **| NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 1 - Summary of Significant Accounting Policies**

**Organization**

The City of Port Orford (the City) is a municipal corporation governed by a Council comprised of six members and a Mayor who are elected at large. The City Administrator is directly responsible to this governing body. The City continues to operate under a council/manager form of government and provides the following services as authorized by its charter: police, fire, parks, municipal court, planning, public works, water utilities and sewer utilities.

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

**The Financial Reporting Entity**

As required by GAAP, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable or a legally separate organization that raises and holds economic resources for the direct benefit of the primary government. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. For financial reporting purposes the City is classified as a primary government and there are no outside organizations or governmental units that are considered to be component units under criteria set forth in GAAP.

**Financial Statement Presentation, Measurement Focus and Basis of Accounting**

**Government-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities report information on all activities of the primary government. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees charged to external parties for services.

The Statement of Activities presents the direct expenses of a given function/program or business-type activity and the related program revenues categorized into charges for services, operating grants and contributions, and capital grants and contributions. Direct expenses are those that are clearly identifiable with a specific function or program. Indirect expenses are those costs, usually administrative in nature, that support all City functions and enable direct services to be provided. Program revenues include 1) fees, fines and charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, investment income and other items not included among program revenues are reported as general revenues.

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Government-Wide Financial Statements (continued)**

The government-wide financial statements are accounted for using an 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 timing of related cash flows. Non-exchange transactions, in which the City receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized when all eligibility requirements have been satisfied. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transfers, charges, advances, and loans between governmental and business-type activities are not eliminated.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

**Fund Financial Statements**

The City uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate funds. Fund financial statements are provided for governmental and proprietary fund types.

**Governmental Funds**

Governmental funds are used to account for most of the City's general activities, including the collection and disbursement of earmarked monies (General and Special Revenue Funds).

The governmental fund financial statements are presented on a modified accrual basis of accounting with a current financial resources measurement focus whereby only current assets (deferred outflows) and current liabilities (deferred inflows) generally are included in the Balance Sheet, and the Statement of Revenues, Expenditures and Changes in Fund Balance present increases and decreases in those current net fund balances. Governmental funds use the modified accrual basis of accounting where revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount can be determined and "available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Intergovernmental revenues are recognized when all eligibility requirements are met. Eligibility requirements for intergovernmental revenues received on a reimbursement basis (i.e. where monies must be expended on specific projects or for a specific purpose before any amounts are paid to the City) are determined to be met when the underlying expenditures are recorded. Eligibility requirements for intergovernmental revenues, which are unrestricted as to purpose of the expenditure and are usually revocable only for failure to comply with prescribed requirements, are considered to be met at the time of receipt or when susceptible to accrual.

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Governmental Funds (continued)**

Property taxes and citations are reflected as revenues in the fiscal period for which they were levied, provided they are due, or past due, and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days). Otherwise, they are reported as a deferred inflow of resources (unavailable revenue).

Licenses and permits and miscellaneous revenues that are 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. Investment earnings are recorded as earned since they are measurable and available. All other revenues are considered to be measurable and available only when cash is received by the City.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliation is provided to explain the differences between the governmental fund statements and the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

There are stated minimum criteria for the determination of major funds: percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category, or the governmental and enterprise funds combined. In addition, standards permit the presentation of major funds based on management judgement.

The following are the City's major governmental funds:

*General Fund* – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. Principal sources of revenue are property taxes, charges for services, and intergovernmental revenues. Primary expenditures of the General Fund are made for the court department, and general administration. Effectively, all line and staff departments within the City, except those related to activity in Special Revenue Funds and Proprietary Funds, are financed by the General Fund.

*Public Safety Fund* – The Public Safety Fund, a Special Revenue Fund, accounts for the City's Police activities. Principal sources of revenue are local option taxes, grants, and transfers from the General Fund.

*Parks Fund* – The Parks Fund, a Special Revenue Fund, accounts for the maintenance of the City's parks and tourist destinations. Principal sources of revenue are lodging taxes, grants, and contributions.

*Street Fund* – The Street Fund, a Special Revenue Fund, accounts for the maintenance and construction of the City's streets. Principal sources of revenue are highway taxes. The Street Fund includes the Street Capital Reserve Fund which is combined for financial reporting purposes.

**Proprietary Funds**

Proprietary funds account for the acquisition, operation and maintenance of the City's facilities and services which are entirely self-supporting through service charges of customers. Services accounted for through enterprise funds are water and sewer operations. Funds included in this category are the Water Fund, Sewer Fund, Water System Development Fund, Sewer System Development Fund, Water Capital Reserve Fund, Sewer Capital Reserve Fund, and the Equipment Replacement Fund.

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Proprietary Funds (continued)**

Operating expenses include cost of sales, debt service, capital outlay, administration expenses, and depreciation.

The principal operating revenues are charges to customers, grants, and earnings on investments.

All proprietary funds are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the Statement of Net Position. The accrual basis of accounting is utilized by proprietary fund types where revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The following are the City's major enterprise funds:

*Water Fund* – This fund accounts for the maintenance, operation and construction of the City's water intake, purification and delivery systems. The principal source of revenue is user fees.

*Sewer Fund* – This fund accounts for the maintenance and operation of the City's wastewater collection and treatment system. The principal source of revenue is user fees.

Additionally, the City also reports other proprietary funds that are not considered major funds.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition on net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Additionally, the City has one type of deferred inflows which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet.

**Use of Estimates**

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

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Cash and Investments**

The City maintains a common cash and investment pool for all City funds. All short-term, highly-liquid investments, including investments in the State Treasurer's Local Government Investment Pool (LGIP) where the remaining maturity at the time of purchase is one year or less are stated at amortized cost, which approximates fair value. Investments with a remaining maturity at the time of purchase of more than one year are stated at fair value. Fair value is determined as the quoted market price if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties. Earnings on pooled cash and investments are credited to each fund monthly based on the average daily balance of each participating fund.

Pooled cash and investments have the general characteristics of a demand deposit account in that any participating fund may deposit additional cash at any time and may also withdraw cash at any time without prior notice or penalty.

For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

**Deposits**

Deposits are required of new utility customers prior to receiving City water and sewer services. Upon service termination, the individual's respective deposit of \$100, that is currently required, is applied to the amount owed with any remaining balance refunded to the customer.

**Receivables**

Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property.

Receivables of the enterprise funds are recognized as revenue when earned, including services provided but not billed. Receivables in governmental and enterprise funds are stated net of any allowance for uncollectible accounts.

**Prepays**

Governmental fund expenditures for services/benefits extending over more than one accounting period are recorded as expense in the period in which the cash is paid. In the government-wide financial statements these expenditures are recorded as a current asset (when applicable).

**Capital Assets**

Capital assets are stated at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the fair market value of such assets at the date of donation. As permitted by GASB Statement No. 34, the City has limited the capitalization of infrastructure to only those which were constructed or acquired after July 1, 2004. Capital assets include land, construction in progress, buildings, improvements, infrastructure, machinery, vehicles, and equipment costing over \$5,000 with an estimated life that extends beyond one reporting period. Infrastructure assets include streets, sidewalks, streetlights, water and sewer systems, etc. Maintenance and repairs that do not add to the value of the assets or extend the assets' lives are charged to expenditures as incurred and are not capitalized.

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Capital Assets (continued)**

Depreciation is computed using the straight-line method over the estimated useful lives of the related capital assets, except for land and construction in progress which are not depreciated.

The estimated useful lives of the various categories of assets are as follows:

|                                   |                |
|-----------------------------------|----------------|
| Buildings and improvements        | 20 to 50 years |
| Infrastructure                    | 10 to 50 years |
| Machinery, vehicles and equipment | 5 to 30 years  |

Upon disposal of capital assets, the accounts are relieved of the related historical costs and accumulated depreciation, and if appropriate, resulting gains or losses are recognized.

**Compensated Absences**

Liabilities for vacation pay are recorded in the Statement of Net Position and proprietary fund financial statements when vested or earned by employees. Vacation pay is accrued as an expenditure in the governmental fund financial statements when the amounts are expected to be liquidated with expendable available resources. Sick leave pay does not vest and is recorded as leave when taken.

**Long-Term Debt and Debt Issuance Costs**

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or business-type activities Statement of Net Position. Bond premiums and discounts (if applicable) are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are recognized as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the period incurred. The face amount of the debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payment (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Post-employment Health Benefits**

Substantially all of the City's employees are participants in OPERS - Retirement Health Insurance Account (RHIA). Contributions to OPERS RHIA are made in a current basis as required by the plan and are charged as expenses.

Additionally, the City offers eligible employees who elect early retirement payment of group medical insurance premiums. The city also allows eligible retirees to purchase health insurance at the same rate as active employees. Such costs are recorded as expenses in the General Fund and funded as premiums become due. No liability has been recorded as the City has not obtained an actuarial valuation for the present value of the projected future benefits for retired and active employees.

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Operating Revenues and Expenses, Non-Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activities of the proprietary funds. For the City, these revenues are charges for sales of water, sewer and related SDC charges. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. Non-operating revenues and expenses of the City are those revenues and expenses not directly related to the service provided by the fund. Non-operating revenues and expenses include interest, and gain or loss on disposition of capital assets.

**Net Position and Fund Balances**

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the City's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the City.

In the fund financial statements, governmental fund equity is classified in the following categories:

Non-Spendable – Includes items not immediately converted to cash, such as prepaid items and inventory.

Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

Committed – Includes items committed by the City Council, by majority vote.

Assigned – Includes items assigned for specific uses, authorized by the City Administrator and/or Finance Director.

Unassigned – This is the residual classification used for those balances not assigned to another category.

It is the City's policy to first use restricted net position prior to the use of unrestricted net position when expenditure is incurred for purposes for which both restricted and unrestricted net position is available. In addition, it is the City's policy to use committed and then assigned fund balance when an expenditure is incurred for purposes for which committed, assigned, and unrestricted fund balance classifications could be used.

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Adoption of New GASB Pronouncements**

During the fiscal year ended June 30, 2023, the City implemented the following GASB Pronouncements:

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. There is no effect on the City's financial statements as a result of this Statement.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement's objective is to address accounting and financial reporting for arrangements in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a capital asset for a period of time in an exchange or exchange-like transaction. There is no effect on the City's financial statements as a result of this Statement.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement's objective is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. There is no effect on the City's financial statements as a result of this Statement.

**Future GASB Pronouncements**

The following GASB pronouncements have been issued, but are not effective as of June 30, 2023:

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement clarifies the presentation and disclosures requirements for prior period adjustments to beginning net position. This Statement will be effective for the City for fiscal year ending June 30, 2024.

GASB Statement No. 101, *Compensated Absences*. Issued in June 2022, this Statement updates recognition and measurement guidelines for compensated absences. This statement was issued in June 2022 to recognize (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The statement also amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose the net change in the liability. In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. This Statement will be effective for the City for the year ending June 30, 2025.

The City is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the City's financial statements.

**CITY OF PORT ORFORD, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**Note 2 – Restatement of Beginning Fund Balance and Beginning Net Position**

For the year ended June 30, 2023, restatements of previously reported balances were identified as follows:

**General Fund**

The beginning fund balance for the General Fund was restated to adjust accounts receivable and deferred revenue to actual. These adjustments resulted in an increase in the General Fund beginning fund balance as follows:

|                                                          |                          |
|----------------------------------------------------------|--------------------------|
| Fund balance - beginning of year, as previously reported | \$ 399,021               |
| Correction of error - deferred revenue                   | 5,520                    |
| Correction of error - accounts receivable                | <u>6,280</u>             |
| Fund balance - beginning of year, as restated            | <u><u>\$ 410,821</u></u> |

**Parks Fund**

The beginning fund balance for the Parks Fund was restated to adjust accounts receivable to actual. This adjustment resulted in an increase in the Parks Fund beginning fund balance as follows:

|                                                          |                          |
|----------------------------------------------------------|--------------------------|
| Fund balance - beginning of year, as previously reported | \$ 193,334               |
| Correction of error - accounts receivable                | <u>41,048</u>            |
| Fund balance - beginning of year, as restated            | <u><u>\$ 234,382</u></u> |

**Governmental Activities**

The beginning net position for governmental activities was restated as a result of the restatements to the General Fund and Parks Fund as stated above. These adjustments resulted in an increase in the governmental activities beginning net position as follows:

|                                                                    |                             |
|--------------------------------------------------------------------|-----------------------------|
| Net position - beginning of year, as previously reported           | \$ 11,374,388               |
| Correction of error - deferred revenue - general fund              | 5,520                       |
| Correction of error - accounts receivable - general and parks fund | <u>47,328</u>               |
| Net position - beginning of year, as restated                      | <u><u>\$ 11,427,236</u></u> |

**Note 3 - Appropriation and Budgetary Controls**

The City is subject to provisions of the Oregon Revised Statutes which set forth local budget procedures. A resolution authorizing appropriation for each fund sets the level by which expenditures cannot legally exceed appropriations. Appropriations are established by organizational unit in the General Fund, and by program in other funds.

The City Council may, however, approve additional appropriations for necessary expenditures which could not be reasonably estimated at the time the budget was adopted. Additionally, budgets may be modified during the fiscal year by the use of appropriation transfers between legal categories or appropriation transfers from one fund to another.

Such transfers must be authorized by official resolution or ordinance of the City Council. The resolution or ordinance must state the need for the transfer, the purpose of the authorized expenditures and the amount of the appropriation transferred.

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 3 - Appropriation and Budgetary Controls (continued)**

Transfers of contingency appropriations which in aggregate during a fiscal year exceed 15% of the total appropriations of the fund may only be made after adoption of a supplemental budget prepared for that purpose. A supplemental budget less than 10% of the fund's original budget may be adopted at a regular meeting of the governing body. A supplemental budget greater than 10% of the fund's original budget requires public hearings, publication in newspapers and approval by the Council. Budget amounts shown in the financial statements include the original budget, supplemental budgets, and budget transfers. All appropriations terminate on June 30. Original and supplemental budgets may be modified by the use of appropriation transfers between levels of control. Such transfers require approval by passing a Council resolution authorizing the transfer. All budget amendments are subject to the limitations put forth in the Oregon Revised Statutes Chapters 294.305 through 394.565 (Oregon Budget Law).

During the fiscal year ending June 30, 2023, the City was not in compliance with the following:

Amounts on the resolution adopting the fiscal year 2024 budget did not agree to the budget document.

Negative budgeted fund balances are a violation of Local Budget Law. The City budgeted a negative prior year fund balance in the Public Safety Fund. Additionally, the City budgeted a negative fund ending balance in the Public Safety Fund.

**Note 4 - Equity in Pooled Cash and Investments**

**Pooled Deposits and Investments**

The City maintains a cash management pool for its cash and investments in which each fund participates. Interest earnings are distributed based on average daily balances.

The City participates in the State of Oregon Local Investment Pool (LGIP or Pool) which is an open ended, no-load diversified portfolio created under ORS 294.805 to 294.895 and is not registered with the U.S. Securities and Exchange Commission as an investment company. 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 managed like that of a prudent investor, 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 and maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually. The State of Oregon Local Government Investment Pool is not rated. Same day wire redemptions cannot exceed \$1.5 million and withdrawals in excess of \$25 million may require 48 hours notice.

The City's position in the pool at June 30, 2023 is stated at amortized cost which approximates fair value.

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 4 - Equity in Pooled Cash and Investments (continued)**

**Deposits**

Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. For the fiscal year ended June 30, 2023, the carrying amounts of the City's deposits in various financial institutions were \$279,318 and the bank balances were \$304,259. For deposits in excess of federal depository insurance (currently limited to balances less than \$250,000), Oregon Revised Statute 295 requires a multiple financial institution collateral pool and eliminated Certificates of Participation. As a result, all balances over the \$250,000 FDIC limit are collateralized. As of June 30, 2023, the City's deposits with various financial institutions exceeded federal depository insurance by \$54,259.

**Investments and Credit Risk**

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the City's name and are not subject to collateralization requirements or ORS 295.015.

The City has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool (LGIP) during fiscal year 2022-2023. Investments in the LGIP are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board. Investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the City's cash position.

As of June 30, 2023, and for the year then ended, the City was in compliance with the aforementioned State of Oregon statutes.

*Credit Risk.* State Statutes authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, banker's acceptances, certain commercial papers, and the State Treasurer's Investment Pool, among others. The City has no formal investment policy that further restricts its investment choices.

*Concentration of Credit Risk.* The City is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The City has no such investments.

*Interest Rate Risk.* The City has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

**CITY OF PORT ORFORD, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**Note 4 - Equity in Pooled Cash and Investments (continued)**

**Investments and Credit Risk (continued)**

Cash and investments are comprised of the following as of June 30, 2023:

|                    |                     |
|--------------------|---------------------|
| Petty cash         | \$ 400              |
| Demand deposits    | 279,318             |
| Investments - LGIP | <u>2,266,602</u>    |
|                    | <u>\$ 2,546,320</u> |

Cash and investments are shown on the Statement of Net Position as follows:

|                                 |                     |
|---------------------------------|---------------------|
| Cash and investments            | \$ 1,413,718        |
| Restricted cash and investments | <u>1,132,602</u>    |
| Total cash and investments      | <u>\$ 2,546,320</u> |

**Fair Value of Assets**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 - Unadjusted inputs using quoted prices in active markets for identical investments.

Level 2 - Other significant observable inputs other than level 1 prices, including, but are not limited to, quoted prices for similar investments, inputs other than quoted prices that are observable for investments (such as interest rates, prepayment speeds, credit risk, etc.) or other market corroborated inputs.

Level 3 - Significant inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

| Investments Measured at<br>Fair Value: | Totals as of<br>6/30/2023 | Level One          | Level Two          | Level Three        | Amortized Cost<br>Not Measured<br>at Fair Value |
|----------------------------------------|---------------------------|--------------------|--------------------|--------------------|-------------------------------------------------|
| Local Government<br>Investment Pool    | <u>\$2,266,602</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ 2,266,602</u>                             |
| Total:                                 | <u><u>\$2,266,602</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 2,266,602</u></u>                      |

**CITY OF PORT ORFORD, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**Note 5 - Receivables**

Receivables are comprised of the following as of June 30, 2023:

|                     | On<br>Account    | Property<br>Taxes | Utility           | Total             |
|---------------------|------------------|-------------------|-------------------|-------------------|
| General             | \$ 46,980        | \$ 27,268         | \$ -              | \$ 74,248         |
| Public Safety       | -                | 23,228            | -                 | 23,228            |
| Parks               | 36,294           | -                 | -                 | 36,294            |
| Street              | 13,737           | -                 | -                 | 13,737            |
| Total Governmental  | <u>\$ 97,011</u> | <u>\$ 50,496</u>  | <u>\$ -</u>       | <u>\$ 147,507</u> |
| Water               | \$ -             | \$ -              | \$ 59,531         | \$ 59,531         |
| Sewer               | -                | -                 | 64,838            | 64,838            |
| Total Business-Type | <u>\$ -</u>      | <u>\$ -</u>       | <u>\$ 124,369</u> | <u>\$ 124,369</u> |

**Note 6 - Capital Assets**

The changes in governmental activities capital assets for the year ended June 30, 2023 are as follows:

|                                                       | Balance<br>June 30, 2022 | Additions           | Transfers/<br>Deletions | Balance<br>June 30, 2023 |
|-------------------------------------------------------|--------------------------|---------------------|-------------------------|--------------------------|
| <b>Governmental Activities</b>                        |                          |                     |                         |                          |
| Capital assets not<br>being depreciated:              |                          |                     |                         |                          |
| Land                                                  | \$ 8,104,172             | \$ -                | \$ -                    | \$ 8,104,172             |
| Construction in progress                              | -                        | 900                 | -                       | 900                      |
| Total capital assets<br>not being depreciated         | <u>8,104,172</u>         | <u>900</u>          | <u>-</u>                | <u>8,105,072</u>         |
| Capital assets being depreciated:                     |                          |                     |                         |                          |
| Buildings and improvements                            | 417,975                  | -                   | -                       | 417,975                  |
| Machinery, vehicles and equipment                     | 356,381                  | 21,500              | (9,944)                 | 367,937                  |
| Infrastructure                                        | 5,841,031                | -                   | -                       | 5,841,031                |
| Total capital assets being<br>depreciated             | <u>6,615,387</u>         | <u>21,500</u>       | <u>(9,944)</u>          | <u>6,626,943</u>         |
| Less accumulated depreciation for:                    |                          |                     |                         |                          |
| Buildings and improvements                            | (267,622)                | (11,110)            | -                       | (278,732)                |
| Machinery, vehicles and equipment                     | (211,680)                | (28,232)            | 8,946                   | (230,966)                |
| Infrastructure                                        | (3,132,590)              | (130,512)           | -                       | (3,263,102)              |
| Total accumulated depreciation                        | <u>(3,611,892)</u>       | <u>(169,854)</u>    | <u>8,946</u>            | <u>(3,772,800)</u>       |
| Total capital assets being<br>depreciated, net        | <u>3,003,495</u>         | <u>(148,354)</u>    | <u>(998)</u>            | <u>2,854,143</u>         |
| Total capital assets,<br>governmental activities, net | <u>\$ 11,107,667</u>     | <u>\$ (147,454)</u> | <u>\$ (998)</u>         | <u>\$ 10,959,215</u>     |

**CITY OF PORT ORFORD, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**Note 6 - Capital Assets (continued)**

Depreciation expense for the year ended June 30, 2023 was charged to the following programs:

Governmental activities:

| <u>Program</u>      |                              |
|---------------------|------------------------------|
| Administrative      | \$ 15,638                    |
| Police department   | 13,044                       |
| Parks department    | 21,580                       |
| Highways and street | <u>119,592</u>               |
| <br>Total           | <br><u><u>\$ 169,854</u></u> |

The changes in business-type activities capital assets for the year ended June 30, 2023 are as follows:

|                                                            | <u>Balance<br/>June 30, 2022</u> | <u>Additions</u>              | <u>Transfers/<br/>Deletions</u> | <u>Balance<br/>June 30, 2023</u> |
|------------------------------------------------------------|----------------------------------|-------------------------------|---------------------------------|----------------------------------|
| <b>Business-type Activities</b>                            |                                  |                               |                                 |                                  |
| Capital assets not<br>being depreciated:                   |                                  |                               |                                 |                                  |
| Land                                                       | \$ 220,716                       | \$ -                          | \$ -                            | \$ 220,716                       |
| Construction in progress                                   | <u>-</u>                         | <u>174,150</u>                | <u>-</u>                        | <u>174,150</u>                   |
| <br>Total capital assets<br>not being depreciated          | <br><u>220,716</u>               | <br><u>174,150</u>            | <br><u>-</u>                    | <br><u>394,866</u>               |
| <br>Capital assets being depreciated:                      |                                  |                               |                                 |                                  |
| Buildings and improvements                                 | 152,028                          | -                             | -                               | 152,028                          |
| Machinery, vehicles and equipment                          | 851,469                          | 12,000                        | -                               | 863,469                          |
| Infrastructure                                             | <u>9,020,577</u>                 | <u>-</u>                      | <u>-</u>                        | <u>9,020,577</u>                 |
| <br>Total capital assets being<br>depreciated              | <br><u>10,024,074</u>            | <br><u>12,000</u>             | <br><u>-</u>                    | <br><u>10,036,074</u>            |
| <br>Less accumulated depreciation for:                     |                                  |                               |                                 |                                  |
| Buildings and improvements                                 | (132,273)                        | (3,041)                       | -                               | (135,314)                        |
| Machinery, vehicles and equipment                          | (413,784)                        | (34,844)                      | -                               | (448,628)                        |
| Infrastructure                                             | <u>(4,883,530)</u>               | <u>(216,683)</u>              | <u>-</u>                        | <u>(5,100,213)</u>               |
| <br>Total accumulated depreciation                         | <br><u>(5,429,587)</u>           | <br><u>(254,568)</u>          | <br><u>-</u>                    | <br><u>(5,684,155)</u>           |
| <br>Total capital assets being<br>depreciated, net         | <br><u>4,594,487</u>             | <br><u>(242,568)</u>          | <br><u>-</u>                    | <br><u>4,351,919</u>             |
| <br>Total capital assets,<br>business-type activities, net | <br><u><u>\$ 4,815,203</u></u>   | <br><u><u>\$ (68,418)</u></u> | <br><u><u>\$ -</u></u>          | <br><u><u>\$ 4,746,785</u></u>   |

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 6 - Capital Assets (continued)**

Depreciation expense for the year was charged to the following programs:

Business-type activities:

| <u>Program</u> |                   |
|----------------|-------------------|
| Water          | \$ 111,187        |
| Sewer          | 136,266           |
| Other programs | <u>7,115</u>      |
| Total          | <u>\$ 254,568</u> |

**Note 7 - Interfund Transactions**

**Interfund Transfers**

Interfund transfers during the year ended June 30, 2023 were as follows:

|                             | <u>Transfer<br/>In</u> | <u>Transfer<br/>Out</u> |
|-----------------------------|------------------------|-------------------------|
| Sewer Fund                  | \$ -                   | \$ 72,933               |
| Sewer Capital Reserves Fund | 62,933                 | -                       |
| Water Fund                  | 306,027                | 66,492                  |
| Water Capital Reserves Fund | 56,492                 | -                       |
| Equipment Replacement Fund  | 20,000                 | -                       |
| Public Safety Fund          | 350,000                | -                       |
| Street Capital Reserve Fund | 23,954                 | -                       |
| General Fund                | <u>-</u>               | <u>679,981</u>          |
| Total Transfers             | <u>\$ 819,406</u>      | <u>\$ 819,406</u>       |

The City made transfers from the General Fund to the Public Safety Fund, Street Capital Reserve Fund and the Water Fund are to supplement current operations. The City made transfers from the Water fund to the Water Capital Reserve fund and the Equipment Replacement Fund for future infrastructure improvements and/or replacement. The City made transfers from the Sewer Fund to the Sewer Capital Reserves fund and Equipment Replacement Fund for future infrastructure improvements and/or replacement. All transfers were included in the original budget document.

**Administrative Charges**

Administrative charges during the year ended June 30, 2023 were as follows:

|                    | <u>Charge<br/>From</u> | <u>Charge<br/>To</u> |
|--------------------|------------------------|----------------------|
| General Fund       | \$ 49,452              | \$ -                 |
| Parks Fund         | -                      | 18,000               |
| Public Safety Fund | <u>-</u>               | <u>31,452</u>        |
| Total Charges      | <u>\$ 49,452</u>       | <u>\$ 49,452</u>     |

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 7 - Interfund Transactions (continued)**

**Administrative Charges (continued)**

Payroll costs for finance personnel are initially recorded in the General Fund. A portion of these costs are allocated to other City funds at a predetermined percentage to approximate time spent by the finance staff performing duties for these other funds. Similarly, payroll costs for water, sewer, and maintenance personnel are recorded in the water, sewer, parks, and street funds based on a predetermined percentage to approximate time spent by the City's personnel.

**Note 8 - Long-term Debt**

**Sewer Revenue Bond Phase 1 & 2**

On March 3, 1995, the City entered into two loan agreements with the United States of America (the Government), acting through USDA Rural Utilities Service. The Series 1995 Bonds were issued in two series: 1995 Phase 1 in the amount of \$741,000 will be referred to as Sewer Revenue Bond Phase 1, and 1995 Phase 2 in the amount of \$159,000 will be referred to as Sewer Revenue Bond Phase 2. The Sewer Revenue Bond Phase 1 & 2 was issued to finance the acquisition and construction, extension, and improvement of the City's sewer system. The City's payment obligations are to be secured by unobligated net revenues of the Sewer Utility system. The agreement contains a provision that in the event of a default and default under any other such instrument shall constitute default hereafter upon default and the Government in its option may declare all or any part of said indebtedness immediately due and payable. The Sewer Revenue Bond Phase 1 & 2 have combined annual payments of \$48,916, including interest of 4.50%, due March 3<sup>rd</sup> each year through 2035. Principal and interest payments are made from the Sewer Fund. As part of the transaction, the City has established a reserve in the amount of \$40,274 and \$8,642 for the Sewer Revenue Bond Phase 1 & 2 respectively. The reserve accounts shall be used and disbursed only for the purpose of paying the cost of repairing or replacing any damage to the City's sewer system and when necessary for the purpose of making payments of principal and interest on the Sewer Revenue Bonds in the event the amount in the Sewer Fund is insufficient to meet such payments.

Annual debt service requirements associated with the Sewer Revenue Bond Phase 1 & 2 are as follows:

| Fiscal Year Ending<br>June 30 | Interest          | Principal         | Total             |
|-------------------------------|-------------------|-------------------|-------------------|
| 2024                          | \$ 20,052         | \$ 28,864         | \$ 48,916         |
| 2025                          | 18,753            | 30,163            | 48,916            |
| 2026                          | 17,395            | 31,521            | 48,916            |
| 2027                          | 15,977            | 32,939            | 48,916            |
| 2028                          | 14,495            | 34,421            | 48,916            |
| 2029-2033                     | 47,799            | 196,781           | 244,580           |
| 2034-2035                     | 6,165             | 90,903            | 97,068            |
|                               | <u>\$ 140,636</u> | <u>\$ 445,592</u> | <u>\$ 586,228</u> |

**CITY OF PORT ORFORD, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**Note 8 - Long-term Debt (continued)**

**Sewer Revenue Bond Phase 3**

On April 27, 2005, the City entered into a loan agreement for \$2,542,000 with the United States of America (the Government), acting through USDA Rural Utilities Service. Sewer Revenue Bond Phase 3 was used to pay off previous interim financing. The City's payment obligations are to be secured by unobligated net revenues of the Sewer Utility system. The agreement contains a provision that in the event of a default and default under any other such instrument shall constitute default hereafter upon default and the Government in its option may declare all or any part of said indebtedness immediately due and payable. Annual payments of \$133,252, including interest of 4.25%, are due April 27<sup>th</sup> each year through 2045. Principle and interest payments are made from the Sewer Fund. As part of the transaction, the City has established a reserve in the amount of \$133,252. The reserve account shall be used and disbursed only for the purpose of paying the cost of repairing or replacing any damage to the City's sewer system and when necessary for the purpose of making payments of principal and interest on the Sewer Revenue Bonds in the event the amount in the Sewer Fund is insufficient to meet such payments.

Annual debt service requirements associated with the Sewer Revenue Bond Phase 3 are as follows:

| Fiscal Year Ending<br>June 30 | Interest            | Principal           | Total               |
|-------------------------------|---------------------|---------------------|---------------------|
| 2024                          | \$ 79,911           | \$ 53,341           | \$ 133,252          |
| 2025                          | 77,644              | 55,608              | 133,252             |
| 2026                          | 75,280              | 57,972              | 133,252             |
| 2027                          | 72,817              | 60,435              | 133,252             |
| 2028                          | 70,248              | 63,004              | 133,252             |
| 2029-2033                     | 308,716             | 357,545             | 666,261             |
| 2034-2038                     | 226,011             | 440,250             | 666,261             |
| 2039-2043                     | 124,160             | 542,101             | 666,261             |
| 2044-2045                     | 16,038              | 250,005             | 266,043             |
|                               | <u>\$ 1,050,825</u> | <u>\$ 1,880,261</u> | <u>\$ 2,931,086</u> |

**CITY OF PORT ORFORD, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**Note 8 - Long-term Debt (continued)**

The following is a summary of changes in long-term liabilities during the fiscal year ended June 30, 2023:

|                                                                 | Balance at<br>06/30/22 | Additions        | Reductions          | Balance at<br>06/30/23 |
|-----------------------------------------------------------------|------------------------|------------------|---------------------|------------------------|
| Governmental Activities:                                        |                        |                  |                     |                        |
| Compensated Absences                                            | \$ 21,812              | \$ 23,280        | \$ (20,910)         | \$ 24,182              |
| Total Governmental Activities                                   | 21,812                 | 23,280           | (20,910)            | 24,182                 |
| Business-type Activities:                                       |                        |                  |                     |                        |
| Compensated Absences                                            | 7,644                  | 10,328           | (7,628)             | 10,344                 |
| Total Water Fund                                                | 7,644                  | 10,328           | (7,628)             | 10,344                 |
| Sewer Revenue Installment Bond - Phase 1 & 2 (Direct Borrowing) | 473,213                | -                | (27,621)            | 445,592                |
| Sewer Revenue Installment<br>Bond - Phase 3 (Direct Borrowing)  | 1,931,420              | -                | (51,159)            | 1,880,261              |
| Compensated Absences                                            | 2,466                  | 4,349            | (2,786)             | 4,029                  |
| Total Sewer Fund                                                | 2,407,099              | 4,349            | (81,566)            | 2,329,882              |
| Total Long-term Liabilities                                     | <u>\$2,436,555</u>     | <u>\$ 37,957</u> | <u>\$ (110,104)</u> | <u>\$2,364,408</u>     |

**Note 9 – Postemployment Benefits Other Than Pensions (OPEB)**

**Retirement Health Insurance Account (RHIA)**

**Plan Description** - As a member of Oregon Public Employees Retirement System (OPERS), the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other post-employment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan was closed to new entrants hired on or after August 29, 2003.

OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO box 23700, Tigard, OR 97281-3700.

**Funding Policy** - Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410.

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 9 – Postemployment Benefits Other Than Pensions (OPEB) (continued)**

**Retirement Health Insurance Account (RHIA) (continued)**

To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a OPERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

**Contributions** - Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS. The contribution rates in effect for the fiscal year ended June 30, 2023 for the OPEB program were: Tier1/Tier 2 – 0.05%, and OPSRP general service – 0.00%. The City contributed \$54 for the year ended June 30, 2023.

**Actuarial Valuation**

The actuarial valuation used for RHIA is identical to the actuarial valuation details related to the OPERS Plan disclosed in Note 10 Defined Benefit Pension Plan (excluding the healthcare cost trend rate and a retiree healthcare participation assumption of 27.5% for healthy retirees and 15% for disabled retirees has been used). The actuarial valuation details are the Actuarial Methods and Assumptions, Discount Rate, Assumed Asset Allocation, and the Investment Rate of Return.

**OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2023, the City reported \$10,468 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020. The City's proportion of the net OPEB asset was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, (measurement date), the City's proportion was 0.00294608 percent.

For the year ended June 30, 2023, the City recognized an increase of OPEB expense of \$22.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                                     | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Difference between expected and actual experience                   | \$ -                              | \$ 284                           |
| Changes in assumptions                                              | 82                                | 349                              |
| Net difference between projected and actual earnings on investments | -                                 | 798                              |
| Changes in proportionate share                                      | 1,204                             | 179                              |
| City's contributions subsequent to the measurement date:            | 54                                | -                                |
|                                                                     | <hr/>                             | <hr/>                            |
| Total                                                               | \$ 1,340                          | \$ 1,610                         |

\$54 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase to the net OPEB asset in the year ended June 30, 2024.

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 9 – Postemployment Benefits Other Than Pensions (OPEB) (continued)**

**Retirement Health Insurance Account (RHIA) (continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources (prior to post-measurement date contributions) related to OPEB will be recognized in pension expense (or expense reduction) as follows:

| Year Ended<br>June 30 | Deferred Outflow/Inflow of<br>Resources (prior to post-<br>measurement date) |
|-----------------------|------------------------------------------------------------------------------|
| 2024                  | \$ 9                                                                         |
| 2025                  | (85)                                                                         |
| 2026                  | (504)                                                                        |
| 2027                  | 256                                                                          |
| 2028                  | -                                                                            |
| Thereafter            | -                                                                            |
| Total                 | <u>\$ (324)</u>                                                              |

***Sensitivity for the City's Proportionate Share of the Net OPEB Asset to Changes in Discount Rate***

The following presents the City's proportionate share of the net OPEB asset calculated using the discount rate of 6.90 percent, as well as what the City's proportionate share of the net OPEB 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:

| City's Net OPEB<br>Asset/(Liability) | 1% Decrease<br>(5.90%) | Current<br>Discount Rate<br>(6.90%) | 1% Increase<br>(7.90%) |
|--------------------------------------|------------------------|-------------------------------------|------------------------|
| Retirement Health Insurance Account  | \$ 9,435               | \$ 10,468                           | \$ 11,354              |

The RHIA OPEB is unaffected by healthcare cost trends due to the benefit being limited to \$60 monthly payments toward Medicare companion insurance premiums.

***Changes in Assumptions***

The changes in assumptions used for RHIA are identical to the changes in assumptions related to the OPERS Plan disclosed in *Note 10 – Defined Benefit Pension Plan*.

**Single-Employer Defined Benefit Health Care Plan**

**Plan Description.** The City operates a single-employer retiree benefit plan through the Oregon Educators Benefit Board that provides post-employment health, dental vision and life insurance benefits to eligible employees and their spouses. The City is required by Oregon Revised Statutes 243.303 to provide retirees and their dependents with group health insurance from the date of retirement to age 65 at the same rate provided to current employees. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for any portion of the premiums not paid by the Employer. In some cases, the premium itself for retirees, does not represent the full cost of medical coverage (as retirees can be expected to generate higher medical claims and therefore higher premiums than the active population). Providing the same rate to retirees as provided to current employees, raises the medical premium rates for the entire employee group. This additional cost is called the "implicit subsidy" and is required to be valued under GASB 75.

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 9 – Postemployment Benefits Other Than Pensions (OPEB) (continued)**

**Single-Employer Defined Benefit Health Care Plan (continued)**

**Funding Policy.** When the District has retirees participating in their health insurance plan, it will, when applicable, collect insurance premiums from all retirees each month and deposit them. The City will then pay healthcare insurance premiums for all retirees at the applicable rate for each family classification.

The City did not obtain an actuarial valuation for the year ended June 30, 2023 for the single-employer plan.

**Note 10 – Defined Pension Benefit Plan**

**Plan description**

Employees are provided pensions as participants under one or more plans currently available through Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit plan in accordance with Oregon Revised Statutes Chapter 238, Chapter 238A, and Internal Revenue Service Code Section 401(a).

There are currently two programs within OPERS, with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are OPERS Program members, and benefits are provided based on whether a member qualifies for Tier One or Tier Two described below. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members. OPSRP is a hybrid retirement plan with two components: 1) the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan), and 2) the Individual Account Program (IAP) (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan).

The ORS Chapter 238 Defined Benefit Plan was closed to new members hired on or after August 29, 2003. In 1995, the Oregon Legislature created a second tier of benefits for those who became OPERS Program members after 1995 but before August 29, 2003. The second tier does not have the Tier One assumed earnings rate guarantee and has a higher normal retirement age of 60, compared to age 58 for Tier One.

Beginning January 1, 2004, PERS active Tier One or Tier Two members became members of the OPSRP IAP Program. OPERS plan member contributions (the employee contribution, whether made by the employee or "picked-up" by the employer) go into the IAP portion of OPSRP. OPERS plan members retain their existing OPERS accounts; however, member contributions after January 1, 2004 are deposited in the member's IAP, not into the member's OPERS account. Accounts are credited with earnings and losses net of administrative expenses.

**Tier One/Tier Two Retirement Benefit (Chapter 238)**

**Pension Benefits** - The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.00 percent for Police and Fire employees and 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 a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit will be equal to \$210,582 as of January 1, 2022, and is indexed with inflation every year.

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 10 – Defined Pension Benefit Plan (continued)**

**Tier One/Tier Two Retirement Benefit (Chapter 238) (continued)**

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 was 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:

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

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

**Benefit Changes After Retirement** - Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of the underlying global equity investments of that account.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

**OPSRP Pension Program (Chapter 238A)**

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

*General Service* - 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for General Service members is age 65, or age 58 with 30 years of retirement credit.

*Police and Fire* - 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for a police and fire member 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.

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 10 – Defined Pension Benefit Plan (continued)**

**OPSRP Pension Program (Chapter 238A) (continued)**

Under Senate Bill 1049, passed during 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit was equal to \$210,582 as of January 1, 2022 and is indexed with inflation each year.

A member of the 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. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70 ½ years.

*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. The COLA is capped at 2.0 percent.

**Contributions**

OPERS funding policy provides for periodic member and employer contributions at rates established by the OPERS Board, subject to limits set by statute. The rates established for member and employer contributions were approved based on the recommendation of the OPERS third-party actuary.

*Member Contributions* – Beginning January 1, 2004, all member contributions, except for contributions by judge members, were placed in the IAP. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers.

*Employer Contributions* - OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and OPEB plans.

Employer contributions during the period July 1, 2021 through June 30, 2023, were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2022. For the period July 1, 2022 through June 30, 2023, net employer contribution rates were 26.46% for Tier 1/Tier 2 employees and 20.06% for OPSRP General Employees and 24.42% for OPSRP Police and Fire Employees. Employer contributions for the year ended June 30, 2023 were \$158,295.

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 10 – Defined Pension Benefit Plan (continued)**

**Pension Plan Annual Comprehensive Financial Report (ACFR)**

OPERS prepares their financial statements in accordance with generally accepted accounting principles in the United States of America as set forth in Governmental Accounting Standards Board (GASB) pronouncements that apply to governmental accounting for fiduciary funds and enterprise funds. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefits and withdrawals are recognized when they are currently due and payable in accordance with the terms of the plan. Investments are recognized at fair value, the amount that could be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Oregon PERS produces an independently audited ACFR which includes the OPEB plans and can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2022-Annual-Comprehensive-Financial-report.pdf>

***Actuarial Valuation***

The employer contribution rates effective July 1, 2021 through June 30, 2023, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from the member's date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

***Actuarial Methods and Assumptions Used in Developing Total Pension Liability***

|                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation date                    | December 31, 2020                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Measurement date                  | June 30, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Experience study                  | 2020, published July 20, 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Actuarial assumptions:            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Actuarial cost method             | Entry age normal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Inflation rate                    | 2.40 percent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Long-term expected rate of return | 6.90 percent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Discount rate                     | 6.90 percent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Projected salary increases        | 3.40 percent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Cost of living adjustments (COLA) | Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Mortality                         | <p><b><i>Healthy retirees and beneficiaries:</i></b><br/>Pub-2010 Healthy retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b><i>Active members:</i></b><br/>Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b><i>Disabled retirees:</i></b><br/>Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> |

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 10 – Defined Pension Benefit Plan (continued)**

***Actuarial Methods and Assumptions Used in Developing Total Pension Liability (continued)***

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study, which reviewed experience for the four-year period ending on December 31, 2020.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Assumed Asset Allocation**

| <u>Asset Class</u>      | <u>Target Allocation</u> |
|-------------------------|--------------------------|
| Debt securities         | 20.00%                   |
| Public equity           | 30.00%                   |
| Private equity          | 20.00%                   |
| Real estate             | 12.50%                   |
| Real assets             | 7.50%                    |
| Diversifying strategies | 7.50%                    |
| Risk parity             | 2.50%                    |
| Total                   | <u>100.00%</u>           |

**Long-term Expected Rate of Return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June, 2021 the OPERS 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.

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 10 – Defined Pension Benefit Plan (continued)**

**Long-term Expected Rate of Return (continued)**

The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at the time based on the OIC long-term target asset allocation. The OIC's description of each asset was used to map the target allocation to the asset classes shown below:

| <u>Asset Class</u>                  | <u>Target Allocation</u> | <u>20-Year<br/>Annualized<br/>Geometric Mean</u> |
|-------------------------------------|--------------------------|--------------------------------------------------|
| Global equity                       | 30.62%                   | 5.85%                                            |
| Private equity                      | 25.50%                   | 7.71%                                            |
| Core fixed income                   | 23.75%                   | 2.73%                                            |
| Real estate                         | 12.25%                   | 5.66%                                            |
| Master limited partnerships         | 0.75%                    | 5.71%                                            |
| Infrastructure                      | 1.50%                    | 6.26%                                            |
| Commodities                         | 0.63%                    | 3.10%                                            |
| Hedge fund of funds - multistrategy | 1.25%                    | 5.11%                                            |
| Hedge fund equity - hedge           | 0.63%                    | 5.31%                                            |
| Hedge fund - macro                  | 5.62%                    | 5.06%                                            |
| US cash                             | -2.50%                   | 1.76%                                            |
| Total                               | <u><u>100.00%</u></u>    |                                                  |
| Assumed inflation - mean            |                          | 2.40%                                            |

\*Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

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

At June 30, 2023, the City reported a liability of \$843,770 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. 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 employers, actuarially determined. At June 30, 2022, (measurement date), the City's proportion was approximately .00551051 percent.

For the year ended June 30, 2023, the City recognized a reduction in pension expense of \$60,379. The \$60,379 was treated as a decrease of payroll related expense in the Statement of Activities and allocated to Governmental Activities, Sewer Fund and Water Fund using allocation percentages of 50.6, 20.8, and 28.6 percent, respectively.

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 10 – Defined Pension Benefit Plan (continued)**

**Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                       | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|-------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Difference between expected and actual experience                                                     | \$ 40,958                         | \$ 5,262                         |
| Changes in assumptions                                                                                | 132,392                           | 1,210                            |
| Net difference between projected and actual earnings on investments                                   | -                                 | 150,850                          |
| Changes in proportionate share                                                                        | 72,346                            | 146,954                          |
| Differences between employer contributions and employer's proportionate share of system contributions | 651                               | 82,220                           |
| Total (prior to post-MD contributions)                                                                | 158,295                           | -                                |
| City's contributions subsequent to the measurement date                                               |                                   |                                  |
| Total                                                                                                 | \$ 404,642                        | \$ 386,496                       |

\$158,295 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources (prior to post-measurement date contributions) related to pensions will be recognized in pension expense or (expense reduction) as follows:

| Year Ended<br>June 30 | Deferred Outflow/(Inflow) of<br>Resources |
|-----------------------|-------------------------------------------|
| 2024                  | \$ (11,176)                               |
| 2025                  | (46,421)                                  |
| 2026                  | (95,019)                                  |
| 2027                  | 33,059                                    |
| 2028                  | (20,592)                                  |
| Thereafter            | -                                         |
| Total                 | \$ (140,149)                              |

**Sensitivity for the City's Proportionate Share of the Net Pension Liability to Changes in Discount Rate**

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate:

| City's Net Pension<br>Asset/(Liability) | 1% Decrease<br>(5.90%) | Current<br>Discount Rate<br>(6.90%) | 1% Increase<br>(7.90%) |
|-----------------------------------------|------------------------|-------------------------------------|------------------------|
| Defined Benefit Pension                 | \$ (1,496,352)         | \$ (843,770)                        | \$ (297,588)           |

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 10 – Defined Pension Benefit Plan (continued)**

**Changes in Assumptions and Methods**

A summary of key changes implemented since the December 31, 2020 valuation are noted below. Additional detail and list of changes can be found in the 2020 Experience Study for the System, which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/Actuarial/2022/Actuarial-Valuation-Results.pdf>

***Assumption Changes***

- There were no changes to actuarial assumptions since the December 31, 2020 actuarial valuation.

***Actuarial Methods***

- There were no changes to actuarial methods since the December 31, 2020 actuarial valuation.

***Plan Changes***

- There were no changes to plan provisions valued since the December 31, 2020 actuarial valuation. The provisions of Senate Bill 111 and House Bill 2906, Both enacted in June 2021, were reflected in the December 31, 2020 actuarial valuation.

**Defined Contribution Plan – Individual Account Program (IAP)**

*Pension Benefits* - Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. The IAP is an individual account-based program under the OPERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. All covered employees are required by State statute to contribute 6% of their salary to the plan. 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. This account falls under Internal Revenue Code Section 401(a).

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.

*Member Contributions* - Beginning January 1, 2004, all the member contributions, except for contributions by judge members, were placed in the OPSRP Individual Account Program (IAP). Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf.

**CITY OF PORT ORFORD, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**Note 10 – Defined Pension Benefit Plan (continued)**

**Defined Contribution Plan – Individual Account Program (IAP) (continued)**

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than \$2,500 per month (increased to \$3,333 per month in 2022) 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

EPSA redirect is only triggered when the member's gross pay in a month exceeds the monthly salary threshold, tied to the annual Consumer Price Index (All Urban Consumers, West Region).

During 2023, the City, as an employee benefit, paid the employee portion of the contribution. Employer contributions for the year ended June 30, 2023 were \$35,644, of which \$32,052 was deposited into the individual members' accounts.

**Note 11 - Risk Management**

The City of Port Orford is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Worker's compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year and the City has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years.

**Note 12 - Concentrations of Risk**

In the normal course of operations, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**Note 13 - Current Vulnerability Due to Certain Concentrations**

The City's operations are concentrated within Curry County. In addition, substantially all the City's revenues for continuing operations are from federal, state, local government agencies, utilities and charges for services.

**Note 14 - Subsequent Events**

Management of the City has evaluated events and transactions occurring after June 30, 2023 through the date the financial statements were available for issuance, for recognition and/or disclosure in the financial statements.

On December 15, 2023, the City entered into an agreement with the State of Oregon for the Clean Water State Revolving Fund Loan in the amount of \$826,015, with up to \$413,008 being forgivable. The purpose of this loan is to purchase an 160 acre parcel that is in the City's drinking water source area. The interest rate on the loan is 1.42% with an estimated maturity date of June, 2056, depending on completion date.

On January 12, 2024, the City entered into a grant agreement with Oregon Business Development Department for \$1,500,000. The purpose of this grant is to perform design and construction activities to rehabilitate its Community Center Complex.



## | REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF PORT ORFORD**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)**  
**AND SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**  
**LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)**

**City of Port Orford Proportionate Share of Net Pension Asset/(Liability) as of the measurement date**

|                                                                                      | <b>2023</b> | <b>2022</b> | <b>2021</b> | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b>  | <b>2016</b>  | <b>2015</b> |
|--------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|
| City of proportion of the net pension asset/(liability)                              | 0.00551%    | 0.00649%    | 0.00607%    | 0.00622%    | 0.00524%    | 0.00610%    | 0.00557%     | 0.00610%     | 0.00614%    |
| City's proportion of the net pension asset/(liability)                               | (843,770)   | (776,619)   | (1,323,795) | (1,075,134) | (793,861)   | (822,792)   | \$ (836,296) | \$ (350,449) | \$ 139,207  |
| City's covered payroll                                                               | \$ 618,202  | \$ 655,846  | \$ 661,111  | \$ 643,368  | \$ 568,051  | \$ 497,109  | \$ 516,695   | \$ 472,562   | \$ 460,356  |
| City's proportionate share of the net pension as a percentage of its covered payroll | 136.49%     | 118.41%     | 200.24%     | 167.11%     | 139.75%     | 165.52%     | 161.85%      | 74.16%       | 30.24%      |
| Plan fiduciary net position as a percentage of the total pension liability           | 84.50%      | 87.57%      | 75.80%      | 80.23%      | 82.07%      | 83.10%      | 80.52%       | 91.88%       | 103.59%     |

**City of Port Orford Pension Contributions**

|                                                        | <b>2023</b> | <b>2022</b> | <b>2021</b> | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> |
|--------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contributions                   | \$ 158,295  | \$ 139,732  | \$ 124,990  | \$ 132,040  | \$ 99,240   | \$ 90,214   | \$ 63,716   | \$ 66,037   | \$ 50,957   |
| Contribution in relation to the contractually required | (158,295)   | (139,732)   | (124,990)   | (132,040)   | (99,240)    | (90,214)    | (63,716)    | (66,037)    | (50,957)    |
| Contributions deficiency (excess)                      | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| City's covered payroll                                 | \$ 766,160  | \$ 618,202  | \$ 655,846  | \$ 661,111  | \$ 643,368  | \$ 568,051  | \$ 497,109  | \$ 516,695  | \$ 472,562  |
| Contributions as a percentage of covered payroll       | 20.66%      | 22.60%      | 19.06%      | 19.97%      | 15.43%      | 15.88%      | 12.82%      | 12.78%      | 10.78%      |

**Notes to Schedule -**

A summary of assumption changes implemented since the December 31, 2020 valuation are outlined briefly in *Note 10* in Notes to the basic Financial Statements. A comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the system, which was published in July 2021, can be found at:

<https://www.oregon.gov/pers/Documents/Financials/Actuarial/2021/2020-Experience-Study.pdf>

**Other Information -**

This schedule is presented to illustrate required supplementary information for a 10-year period. The City adopted GASB 68 during the fiscal 2015, as a result only 9 years of information is presented.

**CITY OF PORT ORFORD**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB (RHIA) ASSET/(LIABILITY)**  
**AND SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (RHIA)**  
**LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)**

**City of Port Orford Proportionate Share of Net OPEB Asset/(Liability) at the measurement date.**

|                                                                                                          | <b>2023</b> | <b>2022</b> | <b>2021</b> | <b>2020</b> | <b>2019</b> | <b>2018</b> |
|----------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| City of proportion of the net OPEB RHIA asset/(liability)                                                | 0.00295%    | 0.00374%    | 0.00338%    | 0.00567%    | 0.00530%    | 0.00476%    |
| City's proportion of the net OPEB RHIA asset/(liability)                                                 | 10,468      | 12,832      | 6,894       | 10,958      | 5,912       | 1,985       |
| City's covered payroll                                                                                   | \$ 618,202  | \$ 655,846  | \$ 661,111  | \$ 643,368  | \$ 568,051  | \$ 497,109  |
| City's proportionate share of the net OPEB RHIA asset/(liability) as a percentage of its covered payroll | 1.69%       | 1.96%       | 1.04%       | 1.70%       | 1.04%       | 0.40%       |
| Plan fiduciary net position as a percentage of the total OPEB RHIA asset                                 | 194.60%     | 183.90%     | 150.10%     | 144.40%     | 123.90%     | 108.88%     |

**City of Port Orford Contributions**

|                                                        | <b>2023</b> | <b>2022</b> | <b>2021</b> | <b>2020</b> | <b>2019</b> | <b>2018</b> |
|--------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contributions                   | \$ 54       | \$ 73       | \$ 100      | \$ 242      | \$ 2,810    | \$ 2,564    |
| Contribution in relation to the contractually required | (54)        | (73)        | (100)       | (242)       | (2,810)     | (2,564)     |
| Contributions deficiency (excess)                      | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| City's covered payroll                                 | \$ 766,160  | \$ 618,202  | \$ 655,846  | \$ 661,111  | \$ 643,368  | \$ 568,051  |
| Contributions as a percentage of covered payroll       | 0.01%       | 0.01%       | 0.02%       | 0.04%       | 0.44%       | 0.45%       |

**Note to schedule:**

A summary of assumption changes implemented since the December 31, 2020 valuation are outlined briefly in *Note 9* in Notes to the basic Financial Statements. A comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the system, which was published in July 2021, can be found at:

<https://www.oregon.gov/pers/Documents/Financials/Actuarial/2021/2020-Experience-Study.pdf>

**Other Information -**

This schedule is presented to illustrate required supplementary information for a 10 year period. The City adopted GASB 75 for RHIA during fiscal year 2018, as a result, only six years of information is presented.

**CITY OF PORT ORFORD**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FISCAL YEAR END JUNE 30, 2023**

|                                                              | <b>Budget</b>    |                  |                  | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--------------------------------------------------------------|------------------|------------------|------------------|-------------------------------------------------------------------|
|                                                              | <b>Adopted</b>   | <b>Final</b>     | <b>Actual</b>    |                                                                   |
| <b>REVENUES</b>                                              |                  |                  |                  |                                                                   |
| Property taxes                                               | \$ 350,505       | \$ 350,505       | \$ 353,622       | \$ 3,117                                                          |
| Interest on investments                                      | 3,000            | 3,000            | 12,602           | 9,602                                                             |
| Intergovernmental                                            | 34,948           | 34,948           | 182,611          | 147,663                                                           |
| Franchise fee revenues                                       | 20,453           | 20,453           | 20,945           | 492                                                               |
| Licenses and permits                                         | 16,500           | 16,500           | 7,648            | (8,852)                                                           |
| Administrative charges (Interfund)                           | 51,500           | 51,500           | 49,452           | (2,048)                                                           |
| Fees                                                         | 8,500            | 8,500            | 14,038           | 5,538                                                             |
| Citations                                                    | 273,711          | 273,711          | 129,254          | (144,457)                                                         |
| Reimbursements                                               | 14,000           | 14,000           | 13,454           | (546)                                                             |
| Donations                                                    | 30,000           | 30,000           | -                | (30,000)                                                          |
| Miscellaneous                                                | 100              | 100              | 144              | 44                                                                |
| <b>TOTAL REVENUES</b>                                        | <b>803,217</b>   | <b>803,217</b>   | <b>783,770</b>   | <b>(19,447)</b>                                                   |
| <b>EXPENDITURES</b>                                          |                  |                  |                  |                                                                   |
| Current:                                                     |                  |                  |                  |                                                                   |
| Administrative                                               | 124,275          | 124,275          | 88,225           | 36,050                                                            |
| Court                                                        | 104,976          | 104,976          | 41,180           | 63,796                                                            |
| Emergency management                                         | 31,010           | 31,010           | 17,708           | 13,302                                                            |
| Planning department                                          | 33,722           | 33,722           | 33,390           | 332                                                               |
| Non-departmental                                             | 298,185          | 298,185          | 219,866          | 78,319                                                            |
| Capital outlay                                               | 75,000           | 75,000           | 22,400           | 52,600                                                            |
| Contingency                                                  | 23,977           | 23,977           | -                | 23,977                                                            |
| <b>TOTAL EXPENDITURES</b>                                    | <b>691,145</b>   | <b>691,145</b>   | <b>422,769</b>   | <b>268,376</b>                                                    |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b> | <b>112,072</b>   | <b>112,072</b>   | <b>361,001</b>   | <b>248,929</b>                                                    |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                  |                  |                  |                                                                   |
| Transfers out                                                | (857,000)        | (857,000)        | (679,981)        | 177,019                                                           |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>              | <b>(857,000)</b> | <b>(857,000)</b> | <b>(679,981)</b> | <b>177,019</b>                                                    |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <b>(744,928)</b> | <b>(744,928)</b> | <b>(318,980)</b> | <b>(425,948)</b>                                                  |
| <b>FUND BALANCE, July 1, 2022 (as restated)</b>              | <b>744,928</b>   | <b>744,928</b>   | <b>410,821</b>   | <b>(334,107)</b>                                                  |
| <b>FUND BALANCE, June 30, 2023</b>                           | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ 91,841</b> | <b>\$ 91,841</b>                                                  |

**CITY OF PORT ORFORD**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**PUBLIC SAFETY FUND**  
**FISCAL YEAR END JUNE 30, 2023**

|                                                              | <b>Budget</b>     |                   |                   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------------------------------------------------------|
|                                                              | <b>Adopted</b>    | <b>Final</b>      | <b>Actual</b>     |                                                                   |
| <b>REVENUES</b>                                              |                   |                   |                   |                                                                   |
| Property taxes                                               | \$ 289,477        | \$ 289,477        | \$ 278,977        | \$ (10,500)                                                       |
| Interest on investments                                      | 1,500             | 1,500             | 2,575             | 1,075                                                             |
| Intergovernmental                                            | 5,000             | 5,000             | -                 | (5,000)                                                           |
| Grants                                                       | 1,737             | 1,737             | -                 | (1,737)                                                           |
| Miscellaneous                                                | 9,039             | 9,039             | 1,195             | (7,844)                                                           |
| <b>TOTAL REVENUES</b>                                        | <b>306,753</b>    | <b>306,753</b>    | <b>282,747</b>    | <b>(24,006)</b>                                                   |
| <b>EXPENDITURES</b>                                          |                   |                   |                   |                                                                   |
| Current:                                                     |                   |                   |                   |                                                                   |
| Personnel services                                           | 486,281           | 486,281           | 431,274           |                                                                   |
| Materials & services                                         | 59,427            | 59,427            | 76,671            |                                                                   |
| <b>TOTAL EXPENDITURES</b>                                    | <b>545,708</b>    | <b>545,708</b>    | <b>507,945</b>    | <b>37,763</b>                                                     |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b> | <b>(238,955)</b>  | <b>(238,955)</b>  | <b>(225,198)</b>  | <b>13,757</b>                                                     |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                   |                   |                   |                                                                   |
| Transfers in                                                 | 350,000           | 350,000           | 350,000           | -                                                                 |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>              | <b>350,000</b>    | <b>350,000</b>    | <b>350,000</b>    | <b>-</b>                                                          |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <b>111,045</b>    | <b>111,045</b>    | <b>124,802</b>    | <b>13,757</b>                                                     |
| <b>FUND BALANCE, July 1, 2022</b>                            | <b>(114,821)</b>  | <b>(114,821)</b>  | <b>(4,735)</b>    | <b>110,086</b>                                                    |
| <b>FUND BALANCE, June 30, 2023</b>                           | <b>\$ (3,776)</b> | <b>\$ (3,776)</b> | <b>\$ 120,067</b> | <b>\$ 123,843</b>                                                 |

**CITY OF PORT ORFORD**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**PARKS FUND**  
**FISCAL YEAR END JUNE 30, 2023**

|                                                              | <b>Budget</b>    |                  |                   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--------------------------------------------------------------|------------------|------------------|-------------------|-------------------------------------------------------------------|
|                                                              | <b>Adopted</b>   | <b>Final</b>     | <b>Actual</b>     |                                                                   |
| <b>REVENUES</b>                                              |                  |                  |                   |                                                                   |
| Interest on investments                                      | \$ 800           | \$ 800           | \$ 7,387          | \$ 6,587                                                          |
| Rents                                                        | 4,300            | 4,300            | 5,056             | 756                                                               |
| Transient lodging tax                                        | 140,000          | 140,000          | 176,546           | 36,546                                                            |
| Miscellaneous                                                | 600              | 600              | -                 | (600)                                                             |
| Contributions                                                | 5,118            | 5,118            | 1,470             | (3,648)                                                           |
| <b>TOTAL REVENUES</b>                                        | <b>150,818</b>   | <b>150,818</b>   | <b>190,459</b>    | <b>39,641</b>                                                     |
| <b>EXPENDITURES</b>                                          |                  |                  |                   |                                                                   |
| Current:                                                     |                  |                  |                   |                                                                   |
| Personnel services                                           | 51,952           | 51,952           | 78,940            |                                                                   |
| Materials and services                                       | 124,095          | 124,095          | 99,701            |                                                                   |
| Capital outlay                                               | 3,700            | 3,700            | -                 |                                                                   |
| <b>TOTAL EXPENDITURES</b>                                    | <b>179,747</b>   | <b>179,747</b>   | <b>178,641</b>    | <b>1,106</b>                                                      |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b> | <b>(28,929)</b>  | <b>(28,929)</b>  | <b>11,818</b>     | <b>40,747</b>                                                     |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                  |                  |                   |                                                                   |
| Transfers in                                                 | 30,000           | 30,000           | -                 | (30,000)                                                          |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>              | <b>30,000</b>    | <b>30,000</b>    | <b>-</b>          | <b>(30,000)</b>                                                   |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <b>1,071</b>     | <b>1,071</b>     | <b>11,818</b>     | <b>10,747</b>                                                     |
| <b>FUND BALANCE, July 1, 2022 (as restated)</b>              | <b>37,114</b>    | <b>37,114</b>    | <b>234,382</b>    | <b>197,268</b>                                                    |
| <b>FUND BALANCE, June 30, 2023</b>                           | <b>\$ 38,185</b> | <b>\$ 38,185</b> | <b>\$ 246,200</b> | <b>\$ 208,015</b>                                                 |

**CITY OF PORT ORFORD  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - STREET FUND  
FISCAL YEAR END JUNE 30, 2023**

|                                                              | <b>Street<br/>Fund</b> | <b>Street Capital<br/>Reserve<br/>Fund</b> | <b>Total<br/>Street Fund</b> |
|--------------------------------------------------------------|------------------------|--------------------------------------------|------------------------------|
| <b>REVENUES:</b>                                             |                        |                                            |                              |
| Interest on investments                                      | \$ 2,322               | \$ 1,253                                   | \$ 3,575                     |
| Intergovernmental                                            | 90,609                 | -                                          | 90,609                       |
| <b>TOTAL REVENUES</b>                                        | <b>92,931</b>          | <b>1,253</b>                               | <b>94,184</b>                |
| <b>EXPENDITURES:</b>                                         |                        |                                            |                              |
| Current:                                                     |                        |                                            |                              |
| Personnel services                                           | 92,914                 | -                                          | 92,914                       |
| Materials and services                                       | 23,150                 | -                                          | 23,150                       |
| <b>TOTAL EXPENDITURES</b>                                    | <b>116,064</b>         | <b>-</b>                                   | <b>116,064</b>               |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b> | <b>(23,133)</b>        | <b>1,253</b>                               | <b>(21,880)</b>              |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                        |                                            |                              |
| Transfers in                                                 | -                      | 23,954                                     | 23,954                       |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>              | <b>-</b>               | <b>23,954</b>                              | <b>23,954</b>                |
| <b>NET CHANGES IN FUND BALANCE</b>                           | <b>(23,133)</b>        | <b>25,207</b>                              | <b>2,074</b>                 |
| <b>FUND BALANCE, July 1, 2022</b>                            | <b>83,815</b>          | <b>26,713</b>                              | <b>110,528</b>               |
| <b>FUND BALANCE, June 30, 2023</b>                           | <b>\$ 60,682</b>       | <b>\$ 51,920</b>                           | <b>\$ 112,602</b>            |

**CITY OF PORT ORFORD**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**STREET FUND**  
**FISCAL YEAR END JUNE 30, 2023**

|                                                              | <b>Budget</b>   |                 |                  | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--------------------------------------------------------------|-----------------|-----------------|------------------|-------------------------------------------------------------------|
|                                                              | <b>Adopted</b>  | <b>Final</b>    | <b>Actual</b>    |                                                                   |
| <b>REVENUES</b>                                              |                 |                 |                  |                                                                   |
| Intergovernmental                                            | \$ 86,000       | \$ 86,000       | \$ 90,609        | \$ 4,609                                                          |
| Interest on investments                                      | 500             | 500             | 2,322            | 1,822                                                             |
| <b>TOTAL REVENUES</b>                                        | <u>86,500</u>   | <u>86,500</u>   | <u>92,931</u>    | <u>6,431</u>                                                      |
| <b>EXPENDITURES</b>                                          |                 |                 |                  |                                                                   |
| Current                                                      |                 |                 |                  |                                                                   |
| Highways and streets:                                        |                 |                 |                  |                                                                   |
| Personnel services                                           | 78,800          | 78,800          | 92,914           |                                                                   |
| Materials and services                                       | 22,250          | 22,250          | 23,150           |                                                                   |
| Capital outlay                                               | 20,000          | 20,000          | -                |                                                                   |
| Contingency                                                  | 56,908          | 56,908          | -                |                                                                   |
| <b>TOTAL EXPENDITURES</b>                                    | <u>177,958</u>  | <u>177,958</u>  | <u>116,064</u>   | <u>61,894</u>                                                     |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b> | <u>(91,458)</u> | <u>(91,458)</u> | <u>(23,133)</u>  | <u>68,325</u>                                                     |
| <b>NET CHANGE IN FUND BALANCE</b>                            | (91,458)        | (91,458)        | (23,133)         | 68,325                                                            |
| <b>FUND BALANCE, July 1, 2022</b>                            | <u>91,458</u>   | <u>91,458</u>   | <u>83,815</u>    | <u>(7,643)</u>                                                    |
| <b>FUND BALANCE, June 30, 2023</b>                           | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ 60,682</u> | <u>\$ 60,682</u>                                                  |

**CITY OF PORT ORFORD  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
STREET CAPITAL RESERVE FUND  
FISCAL YEAR END JUNE 30, 2023**

|                                                 | <b>Budget</b>           |                         |                         | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|-------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------------------------------------------------|
|                                                 | <b>Adopted</b>          | <b>Final</b>            | <b>Actual</b>           |                                                                   |
| <b>REVENUES</b>                                 |                         |                         |                         |                                                                   |
| Interest on investments                         | \$ 200                  | \$ 200                  | \$ 1,253                | \$ 1,053                                                          |
| <b>TOTAL REVENUES</b>                           | <u>200</u>              | <u>200</u>              | <u>1,253</u>            | <u>1,053</u>                                                      |
| <b>OTHER FINANCING SOURCES (USES):</b>          |                         |                         |                         |                                                                   |
| Transfers in                                    | <u>27,000</u>           | <u>27,000</u>           | <u>23,954</u>           | <u>(3,046)</u>                                                    |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b> | <u>27,000</u>           | <u>27,000</u>           | <u>23,954</u>           | <u>(3,046)</u>                                                    |
| <b>NET CHANGE IN FUND BALANCE</b>               | <u>27,200</u>           | <u>27,200</u>           | <u>25,207</u>           | <u>(1,993)</u>                                                    |
| <b>FUND BALANCE, July 1, 2022</b>               | <u>4,365</u>            | <u>4,365</u>            | <u>26,713</u>           | <u>22,348</u>                                                     |
| <b>FUND BALANCE, June 30, 2023</b>              | <u><u>\$ 31,565</u></u> | <u><u>\$ 31,565</u></u> | <u><u>\$ 51,920</u></u> | <u><u>\$ 20,355</u></u>                                           |



## | OTHER SUPPLEMENTARY INFORMATION

**CITY OF PORT ORFORD**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**WATER FUND**  
**FISCAL YEAR END JUNE 30, 2023**

|                                                                   | <b>Budget</b>     |                   |                     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|-------------------------------------------------------------------|-------------------|-------------------|---------------------|-------------------------------------------------------------------|
|                                                                   | <b>Adopted</b>    | <b>Final</b>      | <b>Actual</b>       |                                                                   |
| <b>REVENUES</b>                                                   |                   |                   |                     |                                                                   |
| Charges for services                                              | \$ 487,106        | \$ 487,106        | \$ 486,435          | \$ (671)                                                          |
| Grants                                                            | 525,000           | 525,000           | 53,817              | (471,183)                                                         |
| Miscellaneous                                                     | 1,213             | 1,213             | 893                 | (320)                                                             |
| Interest on investments                                           | 1,500             | 1,500             | 1,744               | 244                                                               |
| <b>TOTAL REVENUES</b>                                             | <b>1,014,819</b>  | <b>1,014,819</b>  | <b>542,889</b>      | <b>(471,930)</b>                                                  |
| <b>EXPENDITURES</b>                                               |                   |                   |                     |                                                                   |
| Current:                                                          |                   |                   |                     |                                                                   |
| Personnel services                                                | 331,113           | 331,113           | 319,801             |                                                                   |
| Materials and services                                            | 207,497           | 207,497           | 262,244             |                                                                   |
| Capital outlay                                                    | 775,000           | 775,000           | 174,150             |                                                                   |
| Contingency                                                       | 38,744            | 38,744            | -                   |                                                                   |
| <b>TOTAL EXPENDITURES</b>                                         | <b>1,352,354</b>  | <b>1,352,354</b>  | <b>756,195</b>      | <b>596,159</b>                                                    |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b>      | <b>(337,535)</b>  | <b>(337,535)</b>  | <b>(213,306)</b>    | <b>124,229</b>                                                    |
| <b>OTHER FINANCING SOURCES (USES):</b>                            |                   |                   |                     |                                                                   |
| Transfers in                                                      | 550,000           | 550,000           | 306,027             | (243,973)                                                         |
| Transfers out                                                     | (66,492)          | (66,492)          | (66,492)            | -                                                                 |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>                   | <b>483,508</b>    | <b>483,508</b>    | <b>239,535</b>      | <b>(243,973)</b>                                                  |
| <b>NET CHANGE IN FUND BALANCE</b>                                 | <b>145,973</b>    | <b>145,973</b>    | <b>26,229</b>       | <b>(119,744)</b>                                                  |
| <b>FUND BALANCE, July 1, 2022</b>                                 | <b>54,027</b>     | <b>54,027</b>     | <b>88,022</b>       | <b>33,995</b>                                                     |
| <b>FUND BALANCE, June 30, 2023</b>                                | <b>\$ 200,000</b> | <b>\$ 200,000</b> | <b>\$ 114,251</b>   | <b>\$ (85,749)</b>                                                |
| Adjustments to generally accepted<br>accounting principles basis: |                   |                   |                     |                                                                   |
| Property, plant and equipment                                     |                   |                   | 1,357,865           |                                                                   |
| Net OPEB asset (liability) - RHIA                                 |                   |                   | 2,996               |                                                                   |
| Deferred outflows - RHIA                                          |                   |                   | 384                 |                                                                   |
| Deferred outflows - PERS                                          |                   |                   | 115,822             |                                                                   |
| Net pension asset (liability) - PERS                              |                   |                   | (241,514)           |                                                                   |
| Deferred inflows - RHIA                                           |                   |                   | (461)               |                                                                   |
| Deferred inflows - PERS                                           |                   |                   | (110,628)           |                                                                   |
| Compensated absences                                              |                   |                   | (10,344)            |                                                                   |
| <b>Total Net Position</b>                                         |                   |                   | <b>\$ 1,228,371</b> |                                                                   |

**CITY OF PORT ORFORD**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**SEWER FUND**  
**FISCAL YEAR END JUNE 30, 2023**

|                                                                  | <b>Budget</b>     |                   |                     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|------------------------------------------------------------------|-------------------|-------------------|---------------------|-------------------------------------------------------------------|
|                                                                  | <b>Adopted</b>    | <b>Final</b>      | <b>Actual</b>       |                                                                   |
| <b>REVENUES</b>                                                  |                   |                   |                     |                                                                   |
| Charges for services                                             | \$ 644,452        | \$ 644,452        | \$ 617,424          | \$ (27,028)                                                       |
| Miscellaneous                                                    | 1,000             | 1,000             | 400                 | (600)                                                             |
| Interest on investments                                          | 5,603             | 5,603             | 7,399               | 1,796                                                             |
| <b>TOTAL REVENUES</b>                                            | <b>651,055</b>    | <b>651,055</b>    | <b>625,223</b>      | <b>(25,832)</b>                                                   |
| <b>EXPENDITURES</b>                                              |                   |                   |                     |                                                                   |
| Current:                                                         |                   |                   |                     |                                                                   |
| Personnel services                                               | 209,078           | 209,078           | 204,731             |                                                                   |
| Materials and services                                           | 157,200           | 157,200           | 213,769             |                                                                   |
| Capital outlay                                                   | 100,000           | 100,000           | -                   |                                                                   |
| Debt service                                                     | 182,168           | 182,168           | 182,168             |                                                                   |
| Contingency                                                      | 30,000            | 30,000            | -                   |                                                                   |
| <b>TOTAL EXPENDITURES</b>                                        | <b>678,446</b>    | <b>678,446</b>    | <b>600,668</b>      | <b>77,778</b>                                                     |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b>     | <b>(27,391)</b>   | <b>(27,391)</b>   | <b>24,555</b>       | <b>51,946</b>                                                     |
| <b>OTHER FINANCING SOURCES (USES):</b>                           |                   |                   |                     |                                                                   |
| Transfers in                                                     | 100,000           | 100,000           | -                   | (100,000)                                                         |
| Transfers out                                                    | (72,933)          | (72,933)          | (72,933)            | -                                                                 |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>                  | <b>27,067</b>     | <b>27,067</b>     | <b>(72,933)</b>     | <b>(100,000)</b>                                                  |
| <b>NET CHANGE IN FUND BALANCE</b>                                | <b>(324)</b>      | <b>(324)</b>      | <b>(48,378)</b>     | <b>(48,054)</b>                                                   |
| <b>FUND BALANCE, July 1, 2022</b>                                | <b>204,769</b>    | <b>204,769</b>    | <b>459,202</b>      | <b>254,433</b>                                                    |
| <b>FUND BALANCE, June 30, 2023</b>                               | <b>\$ 204,445</b> | <b>\$ 204,445</b> | <b>\$ 410,824</b>   | <b>\$ 206,379</b>                                                 |
| Adjustments to generally accepted<br>accounting principles basis |                   |                   |                     |                                                                   |
| Property, plant and equipment                                    |                   |                   | 3,356,289           |                                                                   |
| Bonds and notes payable                                          |                   |                   | (2,325,853)         |                                                                   |
| Net OPEB asset (liability) - RHIA                                |                   |                   | 2,180               |                                                                   |
| Deferred outflows - RHIA                                         |                   |                   | 279                 |                                                                   |
| Deferred outflows - PERS                                         |                   |                   | 84,258              |                                                                   |
| Net pension asset (liability) - PERS                             |                   |                   | (175,696)           |                                                                   |
| Deferred inflows - RHIA                                          |                   |                   | (335)               |                                                                   |
| Deferred inflows - PERS                                          |                   |                   | (80,479)            |                                                                   |
| Accrued interest                                                 |                   |                   | (20,003)            |                                                                   |
| Compensated absences                                             |                   |                   | (4,029)             |                                                                   |
| Total net position                                               |                   |                   | <b>\$ 1,247,435</b> |                                                                   |

CITY OF PORT ORFORD  
COMBINING SCHEDULE OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
JUNE 30, 2023

|                                               | Water<br>System<br>Development<br>Fund | Sewer<br>System<br>Development<br>Fund | Water<br>Capital<br>Reserve<br>Fund | Sewer<br>Capital<br>Reserve<br>Fund | Equipment<br>Replacement<br>Fund | Total<br>Nonmajor<br>Proprietary<br>Funds |
|-----------------------------------------------|----------------------------------------|----------------------------------------|-------------------------------------|-------------------------------------|----------------------------------|-------------------------------------------|
| <b>ASSETS</b>                                 |                                        |                                        |                                     |                                     |                                  |                                           |
| Current assets:                               |                                        |                                        |                                     |                                     |                                  |                                           |
| Equity in pooled cash and investments         | \$ -                                   | \$ -                                   | \$ 142,113                          | \$ 325,027                          | \$ 104,117                       | \$ 571,257                                |
| Restricted cash and investments               | 550,831                                | 380,967                                | -                                   | -                                   | -                                | 931,798                                   |
| Noncurrent assets:                            |                                        |                                        |                                     |                                     |                                  |                                           |
| Capital assets (net)                          | -                                      | -                                      | -                                   | -                                   | 32,631                           | 32,631                                    |
| <b>TOTAL ASSETS</b>                           | <u>\$ 550,831</u>                      | <u>\$ 380,967</u>                      | <u>\$ 142,113</u>                   | <u>\$ 325,027</u>                   | <u>\$ 136,748</u>                | <u>\$ 1,535,686</u>                       |
| <b>LIABILITIES AND NET POSITION</b>           |                                        |                                        |                                     |                                     |                                  |                                           |
| Net position:                                 |                                        |                                        |                                     |                                     |                                  |                                           |
| Net investment in capital assets              | \$ -                                   | \$ -                                   | \$ -                                | \$ -                                | \$ 32,631                        | \$ 32,631                                 |
| Restricted                                    | 550,831                                | 380,967                                | -                                   | -                                   | -                                | 931,798                                   |
| Unrestricted                                  | -                                      | -                                      | 142,113                             | 325,027                             | 104,117                          | 571,257                                   |
| <b>TOTAL LIABILITIES<br/>AND NET POSITION</b> | <u>\$ 550,831</u>                      | <u>\$ 380,967</u>                      | <u>\$ 142,113</u>                   | <u>\$ 325,027</u>                   | <u>\$ 136,748</u>                | <u>\$ 1,535,686</u>                       |

CITY OF PORT ORFORD  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
FISCAL YEAR END JUNE 30, 2023

|                                                   | Water<br>System<br>Development<br>Fund | Sewer<br>System<br>Development<br>Fund | Water<br>Capital<br>Reserve<br>Fund | Sewer<br>Capital<br>Reserve<br>Fund | Equipment<br>Replacement<br>Fund | Total<br>Nonmajor<br>Proprietary<br>Funds |
|---------------------------------------------------|----------------------------------------|----------------------------------------|-------------------------------------|-------------------------------------|----------------------------------|-------------------------------------------|
| <b>OPERATING EXPENSES</b>                         |                                        |                                        |                                     |                                     |                                  |                                           |
| Depreciation                                      | -                                      | -                                      | -                                   | -                                   | 7,115                            | 7,115                                     |
| <b>TOTAL OPERATING EXPENSE</b>                    | -                                      | -                                      | -                                   | -                                   | 7,115                            | 7,115                                     |
| <b>OPERATING INCOME (LOSS)</b>                    | -                                      | -                                      | -                                   | -                                   | (7,115)                          | (7,115)                                   |
| <b>NONOPERATING REVENUES (EXPENSES)</b>           |                                        |                                        |                                     |                                     |                                  |                                           |
| Transfers in                                      | -                                      | -                                      | 56,492                              | 62,933                              | 20,000                           | 139,425                                   |
| System development charges                        | -                                      | 10,120                                 | -                                   | -                                   | -                                | 10,120                                    |
| Interest on investments                           | 16,465                                 | 11,376                                 | 4,078                               | 8,460                               | 2,480                            | 42,859                                    |
| <b>TOTAL NONOPERATING<br/>REVENUES (EXPENSES)</b> | 16,465                                 | 21,496                                 | 60,570                              | 71,393                              | 22,480                           | 192,404                                   |
| <b>CHANGES IN NET POSITION</b>                    | 16,465                                 | 21,496                                 | 60,570                              | 71,393                              | 15,365                           | 185,289                                   |
| <b>NET POSITION, July 1, 2022</b>                 | 534,366                                | 359,471                                | 81,543                              | 253,634                             | 121,383                          | 1,350,397                                 |
| <b>NET POSITION, June 30, 2023</b>                | <u>\$ 550,831</u>                      | <u>\$ 380,967</u>                      | <u>\$ 142,113</u>                   | <u>\$ 325,027</u>                   | <u>\$ 136,748</u>                | <u>\$ 1,535,686</u>                       |

CITY OF PORT ORFORD  
COMBINING SCHEDULE OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FISCAL YEAR END JUNE 30, 2023

|                                                                                                               | Water<br>System<br>Development<br>Fund | Sewer<br>System<br>Development<br>Fund | Water<br>Capital<br>Reserve<br>Fund | Sewer<br>Capital<br>Reserve<br>Fund | Equipment<br>Replacement<br>Fund | Total<br>Nonmajor<br>Proprietary<br>Funds |
|---------------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|-------------------------------------|-------------------------------------|----------------------------------|-------------------------------------------|
| <b>CASH FLOWS FROM NON - CAPITAL FINANCING ACTIVITIES</b>                                                     |                                        |                                        |                                     |                                     |                                  |                                           |
| Transfers in                                                                                                  | \$ -                                   | \$ -                                   | \$ 56,492                           | \$ 62,933                           | \$ 20,000                        | \$ 139,425                                |
| <b>Net cash provided (used)<br/>by non-capital financing activities</b>                                       | -                                      | -                                      | 56,492                              | 62,933                              | 20,000                           | 139,425                                   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b>                                           |                                        |                                        |                                     |                                     |                                  |                                           |
| System development charges                                                                                    | -                                      | 10,120                                 | -                                   | -                                   | -                                | 10,120                                    |
| Purchase and construction of capital assets                                                                   | -                                      | -                                      | -                                   | -                                   | (12,000)                         | (12,000)                                  |
| <b>Net cash provided (used)<br/>by capital and related financing activities</b>                               | -                                      | 10,120                                 | -                                   | -                                   | (12,000)                         | (1,880)                                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                                   |                                        |                                        |                                     |                                     |                                  |                                           |
| Interest and dividends                                                                                        | 16,465                                 | 11,376                                 | 4,078                               | 8,460                               | 2,480                            | 42,859                                    |
| <b>Net increase (decrease)<br/>in cash and cash equivalents</b>                                               | 16,465                                 | 21,496                                 | 60,570                              | 71,393                              | 10,480                           | 180,404                                   |
| Balances - beginning of the year                                                                              | 534,366                                | 359,471                                | 81,543                              | 253,634                             | 93,637                           | 1,322,651                                 |
| Balances - end of the year                                                                                    | <u>\$ 550,831</u>                      | <u>\$ 380,967</u>                      | <u>\$ 142,113</u>                   | <u>\$ 325,027</u>                   | <u>\$ 104,117</u>                | <u>\$ 1,503,055</u>                       |
| <b>Reconciliation of operating income<br/>(loss) to net cash provided<br/>(used) by operating activities:</b> |                                        |                                        |                                     |                                     |                                  |                                           |
| Operating income (loss)                                                                                       | \$ -                                   | \$ -                                   | \$ -                                | \$ -                                | \$ (7,115)                       | \$ (7,115)                                |
| Depreciation expense                                                                                          | -                                      | -                                      | -                                   | -                                   | 7,115                            | 7,115                                     |
| <b>Net cash provided (used) by operating activities</b>                                                       | <u>\$ -</u>                            | <u>\$ -</u>                            | <u>\$ -</u>                         | <u>\$ -</u>                         | <u>\$ -</u>                      | <u>\$ -</u>                               |

**CITY OF PORT ORFORD  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
WATER SYSTEM DEVELOPMENT FUND  
FISCAL YEAR END JUNE 30, 2023**

|                                    | <b>Budget</b>     |                   |                   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|------------------------------------|-------------------|-------------------|-------------------|-------------------------------------------------------------------|
|                                    | <b>Adopted</b>    | <b>Final</b>      | <b>Actual</b>     |                                                                   |
| <b>REVENUES</b>                    |                   |                   |                   |                                                                   |
| System development charges         | \$ 40,000         | \$ 40,000         | \$ -              | \$ (40,000)                                                       |
| Interest on investments            | 4,000             | 4,000             | 16,465            | 12,465                                                            |
| <b>TOTAL REVENUES</b>              | <u>44,000</u>     | <u>44,000</u>     | <u>16,465</u>     | <u>(27,535)</u>                                                   |
| <b>EXPENDITURES</b>                |                   |                   |                   |                                                                   |
| Water system development           | <u>150,000</u>    | <u>150,000</u>    | <u>-</u>          | <u>150,000</u>                                                    |
| <b>TOTAL EXPENDITURES</b>          | <u>150,000</u>    | <u>150,000</u>    | <u>-</u>          | <u>150,000</u>                                                    |
| <b>NET CHANGE IN FUND BALANCE</b>  | (106,000)         | (106,000)         | 16,465            | 122,465                                                           |
| <b>FUND BALANCE, July 1, 2022</b>  | <u>533,597</u>    | <u>533,597</u>    | <u>534,366</u>    | <u>769</u>                                                        |
| <b>FUND BALANCE, June 30, 2023</b> | <u>\$ 427,597</u> | <u>\$ 427,597</u> | <u>\$ 550,831</u> | <u>\$ 123,234</u>                                                 |

CITY OF PORT ORFORD  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
SEWER SYSTEM DEVELOPMENT FUND  
FISCAL YEAR END JUNE 30, 2023

|                                    | Budget            |                   |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------------|-------------------|-------------------|-------------------|---------------------------------------------------------|
|                                    | Adopted           | Final             | Actual            |                                                         |
| <b>REVENUES</b>                    |                   |                   |                   |                                                         |
| System development charges         | \$ 30,360         | \$ 30,360         | \$ 10,120         | \$ (20,240)                                             |
| Interest on investments            | 2,500             | 2,500             | 11,376            | 8,876                                                   |
| <b>TOTAL REVENUES</b>              | <b>32,860</b>     | <b>32,860</b>     | <b>21,496</b>     | <b>(11,364)</b>                                         |
| <b>EXPENDITURES</b>                |                   |                   |                   |                                                         |
| Sewer system development           | 100,000           | 100,000           | -                 | 100,000                                                 |
| <b>TOTAL EXPENDITURES</b>          | <b>100,000</b>    | <b>100,000</b>    | <b>-</b>          | <b>100,000</b>                                          |
| <b>NET CHANGE IN FUND BALANCE</b>  | <b>(67,140)</b>   | <b>(67,140)</b>   | <b>21,496</b>     | <b>88,636</b>                                           |
| <b>FUND BALANCE, July 1, 2022</b>  | <b>358,952</b>    | <b>358,952</b>    | <b>359,471</b>    | <b>519</b>                                              |
| <b>FUND BALANCE, June 30, 2023</b> | <b>\$ 291,812</b> | <b>\$ 291,812</b> | <b>\$ 380,967</b> | <b>\$ 89,155</b>                                        |

**CITY OF PORT ORFORD  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
WATER CAPITAL RESERVE FUND  
FISCAL YEAR END JUNE 30, 2023**

|                                                 | <b>Budget</b>     |                   |                   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|-------------------------------------------------|-------------------|-------------------|-------------------|-------------------------------------------------------------------|
|                                                 | <b>Adopted</b>    | <b>Final</b>      | <b>Actual</b>     |                                                                   |
| <b>REVENUES</b>                                 |                   |                   |                   |                                                                   |
| Interest on investments                         | \$ 400            | \$ 400            | \$ 4,078          | \$ 3,678                                                          |
| <b>TOTAL REVENUES</b>                           | 400               | 400               | 4,078             | 3,678                                                             |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                   |                   |                   |                                                                   |
| Transfers in                                    | 58,524            | 58,524            | 56,492            | (2,032)                                                           |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b> | 58,524            | 58,524            | 56,492            | (2,032)                                                           |
| <b>NET CHANGE IN FUND BALANCE</b>               | 58,924            | 58,924            | 60,570            | 1,646                                                             |
| <b>FUND BALANCE, July 1, 2022</b>               | 86,989            | 86,989            | 81,543            | (5,446)                                                           |
| <b>FUND BALANCE, June 30, 2023</b>              | <u>\$ 145,913</u> | <u>\$ 145,913</u> | <u>\$ 142,113</u> | <u>\$ (3,800)</u>                                                 |

**CITY OF PORT ORFORD  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
SEWER CAPITAL RESERVE FUND  
FISCAL YEAR END JUNE 30, 2023**

|                                                 | <b>Budget</b>     |                   |                   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|-------------------------------------------------|-------------------|-------------------|-------------------|-------------------------------------------------------------------|
|                                                 | <b>Adopted</b>    | <b>Final</b>      | <b>Actual</b>     |                                                                   |
| <b>REVENUES</b>                                 |                   |                   |                   |                                                                   |
| Interest on investments                         | \$ 2,000          | \$ 2,000          | \$ 8,460          | \$ 6,460                                                          |
| <b>TOTAL REVENUES</b>                           | <u>2,000</u>      | <u>2,000</u>      | <u>8,460</u>      | <u>6,460</u>                                                      |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                   |                   |                   |                                                                   |
| Transfers in                                    | <u>62,933</u>     | <u>62,933</u>     | <u>62,933</u>     | <u>-</u>                                                          |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b> | <u>62,933</u>     | <u>62,933</u>     | <u>62,933</u>     | <u>-</u>                                                          |
| <b>NET CHANGE IN FUND BALANCE</b>               | 64,933            | 64,933            | 71,393            | 6,460                                                             |
| <b>FUND BALANCE, July 1, 2022</b>               | <u>253,342</u>    | <u>253,342</u>    | <u>253,634</u>    | <u>292</u>                                                        |
| <b>FUND BALANCE, June 30, 2023</b>              | <u>\$ 318,275</u> | <u>\$ 318,275</u> | <u>\$ 325,027</u> | <u>\$ 6,752</u>                                                   |

**CITY OF PORT ORFORD  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
EQUIPMENT REPLACEMENT FUND  
FISCAL YEAR END JUNE 30, 2023**

|                                                                  | <b>Budget</b>    |                  |                   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|------------------------------------------------------------------|------------------|------------------|-------------------|-------------------------------------------------------------------|
|                                                                  | <b>Adopted</b>   | <b>Final</b>     | <b>Actual</b>     |                                                                   |
| <b>REVENUES</b>                                                  |                  |                  |                   |                                                                   |
| Interest on investments                                          | \$ 800           | \$ 800           | \$ 2,480          | \$ 1,680                                                          |
| <b>TOTAL REVENUES</b>                                            | <u>800</u>       | <u>800</u>       | <u>2,480</u>      | <u>1,680</u>                                                      |
| <b>EXPENDITURES</b>                                              |                  |                  |                   |                                                                   |
| Capital outlay                                                   | <u>100,000</u>   | <u>100,000</u>   | <u>12,000</u>     | <u>88,000</u>                                                     |
| <b>TOTAL EXPENDITURES</b>                                        | <u>100,000</u>   | <u>100,000</u>   | <u>12,000</u>     | <u>88,000</u>                                                     |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b>     | <u>(99,200)</u>  | <u>(99,200)</u>  | <u>(9,520)</u>    | <u>89,680</u>                                                     |
| <b>OTHER FINANCING SOURCES (USES)</b>                            |                  |                  |                   |                                                                   |
| Transfers in                                                     | <u>20,000</u>    | <u>20,000</u>    | <u>20,000</u>     | <u>-</u>                                                          |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>                  | <u>20,000</u>    | <u>20,000</u>    | <u>20,000</u>     | <u>-</u>                                                          |
| <b>NET CHANGE IN FUND BALANCE</b>                                | <u>(79,200)</u>  | <u>(79,200)</u>  | <u>10,480</u>     | <u>89,680</u>                                                     |
| <b>FUND BALANCE, July 1, 2022</b>                                | <u>113,503</u>   | <u>113,503</u>   | <u>93,637</u>     | <u>(19,866)</u>                                                   |
| <b>FUND BALANCE, June 30, 2023</b>                               | <u>\$ 34,303</u> | <u>\$ 34,303</u> | <u>\$ 104,117</u> | <u>\$ 69,814</u>                                                  |
| Adjustments to generally accepted<br>accounting principles basis |                  |                  |                   |                                                                   |
| Capital assets, net                                              |                  |                  | <u>32,631</u>     |                                                                   |
| Total net position                                               |                  |                  | <u>\$ 136,748</u> |                                                                   |



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

Honorable Mayor and Council  
City of Port Orford  
Port Orford, Oregon

We have audited the basic financial statements of the City of Port Orford (the City) as of and for the year ended June 30, 2023, and have issued our report thereon dated September 16, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

### Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the 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 under ORS Chapter 295.
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required under ORS Chapter 294.
- Insurance and fidelity under 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 under ORS Chapter 294.
- Public contracts and purchasing under ORS Chapters 279A, 279B, 279C.

In connection with our audit, 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 Administration Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, except as reported in Note 2 (Appropriation and Budgetary Controls) of the financial statements.

In addition, the City did not submit the required audit report to the Oregon Secretary of State Audit Division in a timely manner.

### **OAR 162-010-0230 Internal Control**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions 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.

### **Restrictions on Use**

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

A handwritten signature in black ink, appearing to read "Benjamin R. Cohn", with a long horizontal flourish extending to the right.

Benjamin R. Cohn, CPA  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
September 16, 2024