



## **Staff Report**

For City Council Meeting - 3/2/2022

### ***Subject - Visitors - Kori Sarrett - Accuity LLC - Annual Audit Report***

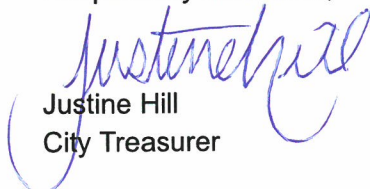
**Synopsis:** Oregon law requires local governments to file annual financial reports to the Secretary of State Audits Division. The audit being presented is for the July 1, 2020 – June 30, 2021 fiscal year. The City contracted with Accuity Certified Public Accountants to prepare the required audit reports. Accuity's objective was to provide a professional opinion as to whether the basic financial statements were fairly presented, in all material respects, in conformity with the modified cash. In connection with their testing, nothing came to their attention that caused them to believe that the City was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except in two areas of improvement, which were excess of expenditures over appropriations and noncompliance with public contracts and purchasing. Overall, in their opinion, the financial information was fairly stated in all material respects in relation to the basic financial statements taken as a whole. The required submission to the State was completed on December 28, 2021.

**Recommended Motion:** N/A

**Legal Analysis:** N/A

**Financial Analysis:** N/A

Respectfully submitted,

  
Justine Hill  
City Treasurer



**CITY OF GEARHART**  
**Clatsop County, Oregon**

**ANNUAL FINANCIAL REPORT**

June 30, 2021



**CITY OF GEARHART**  
**Clatsop County, Oregon**

CITY OFFICIALS

June 30, 2021

**MAYOR**

Paulina Cockrum  
P.O. Box 2405  
Gearhart, Oregon 97138

**CITY COUNCIL**

Kerry Smith  
707 F Street  
Gearhart, Oregon 97138

Reita Fackerell  
776 Summit  
Gearhart, Oregon 97138

Brent Warren  
P.O. Box 2295  
Gearhart, Oregon 97138

Daniel Jesse  
1389 Sea Ridge Lane  
Gearhart, Oregon 97138

**CITY ADMINISTRATOR**

Chad Sweet  
89447 Manion Drive  
Warrenton, Oregon 97146

**CITY ATTORNEY**

Peter Watts  
1969 Willamette Falls Dr, Suite 260  
West Linn, Oregon 97068

**CITY OF GEARHART**  
**Clatsop County, Oregon**

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

The Honorable Paulina Cockrum, Mayor  
and Members of the City Council  
City of Gearhart  
Gearhart, Oregon 97138

### **Report on the Financial Statements**

We have audited the accompanying modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Gearhart, Clatsop County, Oregon, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note I; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the business-type activities, each major fund other than the General Fund, and the aggregate remaining fund information of the City of Gearhart, Clatsop County, Oregon as of June 30, 2021, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended on the basis of accounting described in Note I.

### Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2021, the City adopted new accounting guidance: GASB Statement No. 84, *Fiduciary Activities*, and Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Our opinions are not modified with respect to this matter.

### Basis of Accounting

We draw attention to Note I of the financial statements, which describes the basis of accounting. The City of Gearhart prepares its financial statements on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gearhart’s basic financial statements. The budgetary comparison information and combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The aforementioned 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 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 2, 2021 on our tests of the City’s compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Accuity, LLC

By: \_\_\_\_\_



Glen O. Kearns, CPA

Albany, Oregon

December 2, 2021



## **BASIC FINANCIAL STATEMENTS**

**CITY OF GEARHART**  
**Clatsop County, Oregon**

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2021

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 1,043,642	\$ 23,999	\$ 1,067,641
Restricted assets			
Cash and cash equivalents	493,410	1,352,186	1,845,596
Capital assets not being depreciated	54,476	54,650	109,126
Capital assets being depreciated, net	387,568	9,787,860	10,175,428
Total assets	1,979,096	11,218,695	13,197,791
<b>LIABILITIES</b>			
Current liabilities			
Bail trust liability	15,263	-	15,263
Long-term debt, current portion	635,000	-	635,000
Total current liabilities	650,263	-	650,263
Noncurrent liabilities			
Long-term debt, less current portion	3,397,769	-	3,397,769
Total liabilities	4,048,032	-	4,048,032
<b>NET POSITION</b>			
Net investment in capital assets	(3,590,725)	9,842,510	6,251,785
Restricted for:			
Special projects	465,331	-	465,331
Debt service	46,036	-	46,036
System development	-	1,352,186	1,352,186
Unrestricted	1,010,422	23,999	1,034,421
Total net position	\$ (2,068,936)	\$ 11,218,695	\$ 9,149,759

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

**CITY OF GEARHART**  
**Clatsop County, Oregon**

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended June 30, 2021

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities						
General government	\$ 740,882	\$ 353,625	\$ -	\$ (387,257)	\$ -	\$ (387,257)
Public safety	1,210,784	255,280	40,536	(914,968)	-	(914,968)
Highways and streets	125,228	27,090	-	(98,138)	-	(98,138)
Parks and recreation	79,643	-	41,833	(37,810)	-	(37,810)
Unallocated depreciation	94,788	-	-	(94,788)	-	(94,788)
Interest on long-term debt	181,737	-	-	(181,737)	-	(181,737)
Total governmental activities	<u>\$ 2,433,062</u>	<u>\$ 635,995</u>	<u>\$ 82,369</u>	<u>(1,714,698)</u>	<u>-</u>	<u>(1,714,698)</u>
Business-Type activities						
Water	<u>\$ 1,183,861</u>	<u>\$ 923,077</u>	<u>\$ -</u>	<u>-</u>	<u>(260,784)</u>	<u>(260,784)</u>
General revenues						
Property taxes levied for general purposes				652,883	-	652,883
Property taxes levied for debt service				781,221	-	781,221
Transient room taxes				421,513	-	421,513
State highway tax				118,666	-	118,666
Alcohol and cigarette taxes				36,195	-	36,195
Franchise fees				145,059	-	145,059
State revenue sharing				24,184	-	24,184
Investment earnings				9,505	13,419	22,924
Miscellaneous				281,590	-	281,590
Total general revenues				<u>2,470,816</u>	<u>13,419</u>	<u>2,484,235</u>
Transfers				<u>20,000</u>	<u>(20,000)</u>	<u>-</u>
Change in net position				776,118	(267,365)	508,753
Net position - beginning				<u>(2,845,054)</u>	<u>11,486,060</u>	<u>8,641,006</u>
Net position - ending				<u>\$ (2,068,936)</u>	<u>\$ 11,218,695</u>	<u>\$ 9,149,759</u>

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

**CITY OF GEARHART  
Clatsop County, Oregon**

BALANCE SHEET - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

June 30, 2021

	General Fund	Special Revenue Funds		Fire Apparatus Reserve Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Gearhart Road District General Fund	State Street Fund				
<b>ASSETS</b>							
Cash and cash equivalents	\$ 451,429	\$ 202,961	\$ 194,816	\$ 242,198	\$ 46,036	\$ 399,612	\$ 1,537,052
<b>LIABILITIES</b>							
Bail trust liability	\$ 15,263	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,263
<b>FUND BALANCES</b>							
Restricted	49,597	202,961	194,816	-	46,036	-	493,410
Committed	-	-	-	242,198	-	399,612	641,810
Unassigned	386,569	-	-	-	-	-	386,569
Total fund balances	436,166	202,961	194,816	242,198	46,036	399,612	1,521,789
Total liabilities and fund balances	\$ 451,429	\$ 202,961	\$ 194,816	\$ 242,198	\$ 46,036	\$ 399,612	\$ 1,537,052

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

**CITY OF GEARHART**  
**Clatsop County, Oregon**

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

June 30, 2021

<b>Total fund balances</b>		\$ 1,521,789
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds:		
Cost	1,606,175	
Accumulated depreciation	<u>(1,164,131)</u>	442,044
Long-term liabilities are not due or payable in the current period and are therefore not reported in the governmental funds. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:		
Bonds payable	(4,210,000)	
Bond premiums, net	<u>177,231</u>	<u>(4,032,769)</u>
<b>Net position of governmental activities</b>		<b>\$ <u>(2,068,936)</u></b>

The accompanying notes are an integral part of these financial statements

**CITY OF GEARHART**  
**Clatsop County, Oregon**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	Special Revenue Funds						Total Governmental Funds
	General Fund	Gearhart Road District General Fund	State Street Fund	Fire Apparatus Reserve Fund	Debt Service Fund	Nonmajor Governmental Funds	
<b>REVENUES</b>							
Property taxes	\$ 616,235	\$ 36,648	\$ -	\$ -	\$ 781,221	\$ -	\$ 1,434,104
Intergovernmental	253,195	-	118,666	-	-	24,184	396,045
Licenses, fees, and permits	390,231	-	-	-	-	-	390,231
Franchise fees	145,059	-	-	-	-	-	145,059
Grants and contributions	41,833	-	-	-	-	40,536	82,369
Transient room taxes	421,513	-	-	-	-	-	421,513
Fines and forfeitures	27,190	-	-	-	-	-	27,190
Investment earnings	1,663	1,362	1,210	1,286	873	3,111	9,505
Miscellaneous	281,590	-	-	-	-	1,574	283,164
Total revenues	<u>2,178,509</u>	<u>38,010</u>	<u>119,876</u>	<u>1,286</u>	<u>782,094</u>	<u>69,405</u>	<u>3,189,180</u>
<b>EXPENDITURES</b>							
Current							
General government	844,984	-	-	-	-	-	844,984
Public safety	1,061,824	-	-	-	-	82,407	1,144,231
Highways and streets	-	-	119,183	-	-	-	119,183
Parks and recreation	30,623	-	-	-	-	-	30,623
Debt service	-	-	-	-	791,737	-	791,737
Capital outlay	27,683	2,537	-	4,447	-	17,245	51,912
Total expenditures	<u>1,965,114</u>	<u>2,537</u>	<u>119,183</u>	<u>4,447</u>	<u>791,737</u>	<u>99,652</u>	<u>2,982,670</u>
Excess (deficiency) of revenues over (under) expenditures	<u>213,395</u>	<u>35,473</u>	<u>693</u>	<u>(3,161)</u>	<u>(9,643)</u>	<u>(30,247)</u>	<u>206,510</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	30,000	-	50,000	80,000
Transfers out	(60,000)	-	-	-	-	-	(60,000)
Total other financing sources (uses)	<u>(60,000)</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>50,000</u>	<u>20,000</u>
Net change in fund balances	153,395	35,473	693	26,839	(9,643)	19,753	226,510
Fund balances - beginning	<u>282,771</u>	<u>167,488</u>	<u>194,123</u>	<u>215,359</u>	<u>55,679</u>	<u>379,859</u>	<u>1,295,279</u>
Fund balances - ending	<u>\$ 436,166</u>	<u>\$ 202,961</u>	<u>\$ 194,816</u>	<u>\$ 242,198</u>	<u>\$ 46,036</u>	<u>\$ 399,612</u>	<u>\$ 1,521,789</u>

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

**CITY OF GEARHART**  
**Clatsop County, Oregon**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

<b>Net change in fund balances</b>		\$	226,510
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and are reported as depreciation expense.</p>			
Expenditures for capital assets	34,396		
Less current year depreciation	<u>(66,497)</u>		(32,101)
<p>Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.</p>			
Debt principal paid	610,000		
Amortization of bond premiums	<u>(28,291)</u>		<u>581,709</u>
<b>Change in net position</b>		<b>\$</b>	<b><u><u>776,118</u></u></b>

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

**CITY OF GEARHART**  
**Clatsop County, Oregon**

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

PROPRIETARY FUNDS

June 30, 2021

	Business-Type Activities - Enterprise Funds			Totals
	Water Operating	Water Reserve	Water Construction	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 23,999	\$ -	\$ -	\$ 23,999
Restricted assets				
Cash and cash equivalents	-	1,348,252	3,934	1,352,186
Capital assets not being depreciated	54,650	-	-	54,650
Capital assets being depreciated, net	<u>9,787,860</u>	<u>-</u>	<u>-</u>	<u>9,787,860</u>
Total assets	<u>9,866,509</u>	<u>1,348,252</u>	<u>3,934</u>	<u>11,218,695</u>
<b>NET POSITION</b>				
Net investment in capital assets	9,842,510	-	-	9,842,510
Restricted for:				
System development	-	1,348,252	3,934	1,352,186
Unrestricted	<u>23,999</u>	<u>-</u>	<u>-</u>	<u>23,999</u>
Total net position	<u>\$ 9,866,509</u>	<u>\$ 1,348,252</u>	<u>\$ 3,934</u>	<u>\$ 11,218,695</u>

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



**CITY OF GEARHART**  
**Clatsop County, Oregon**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -  
MODIFIED CASH BASIS

PROPRIETARY FUNDS

For the Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds			Totals
	Water Operating	Water Reserve	Water Construction	
Operating revenues				
Water charges	\$ 923,077	\$ -	\$ -	\$ 923,077
Total operating revenues	923,077	-	-	923,077
Operating expenses				
Payroll and related costs	311,913	-	-	311,913
Plant and well operations	554,148	-	-	554,148
Depreciation	317,800	-	-	317,800
Total operating expenses	1,183,861	-	-	1,183,861
Operating income (loss)	(260,784)	-	-	(260,784)
Nonoperating revenues (expenses)				
Investment earnings	3,740	9,650	29	13,419
Total nonoperating revenues (expenses)	3,740	9,650	29	13,419
Income (loss) before contributions and transfers	(257,044)	9,650	29	(247,365)
Transfers in	-	64,000	-	64,000
Transfers out	(84,000)	-	-	(84,000)
Change in net position	(341,044)	73,650	29	(267,365)
Total net position - beginning	10,207,553	1,274,602	3,905	11,486,060
Total net position - ending	\$ 9,866,509	\$ 1,348,252	\$ 3,934	\$ 11,218,695

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

**CITY OF GEARHART**  
**Clatsop County, Oregon**

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

PROPRIETARY FUNDS

For the Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds			
	Water Operating	Water Reserve	Water Construction	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 923,077	\$ -	\$ -	\$ 923,077
Cash payments for payroll and related costs	(311,913)	-	-	(311,913)
Cash payments for operating expenses	(554,148)	-	-	(554,148)
Net cash provided (used) by operating activities	57,016	-	-	57,016
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Transfers from (to) other funds for capital purchases	(120,000)	64,000	-	(56,000)
Net cash provided (used) by capital and related financing activities	(120,000)	64,000	-	(56,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment earnings	3,740	9,650	29	13,419
Net cash provided (used) by investing activities	3,740	9,650	29	13,419
Net increase (decrease) in cash and cash equivalents	(59,244)	73,650	29	14,435
Cash and cash equivalents - beginning	83,243	1,274,602	3,905	1,361,750
Cash and cash equivalents - ending	\$ 23,999	\$ 1,348,252	\$ 3,934	\$ 1,376,185
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (260,784)	\$ -	\$ -	\$ (260,784)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	317,800	-	-	317,800
Net cash provided (used) by operating activities	\$ 57,016	\$ -	\$ -	\$ 57,016

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

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF GEARHART**  
**Clatsop County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Gearhart have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting principles are described below.

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. *Governmental Activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

**B. Reporting Entity**

The City of Gearhart is located along the north Oregon coast in Clatsop County just north of the City of Seaside and is a full-service City providing police and fire protection, building, planning, water, and administrative services. The City operates under the 1987 Charter. The government of the City consists of an elected mayor and four council members. The mayor serves a two-year term and the council members serve four-year terms. The city council appoints the city administrator, an additional officer of the City.

The accompanying financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

**1. Blended Component Unit - Gearhart Road District**

The aforementioned road district served the area within the existing city limits of the City of Gearhart. Board members for the district consist of all the members of the Gearhart City Council.

**C. Basis of Presentation - Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from all governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**CITY OF GEARHART**  
**Clatsop County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Exceptions to this general rule are payments and other charges between the government's various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It accounts for all financial resources of the City except those required to be accounted for in another fund.

Special Revenue Funds

*General Road District Fund* – The General Road District Fund accounts for ad valorem taxes levied by Clatsop County and are generally restricted for use on the City's streets.

*State Street Fund* – The State Street Fund accounts for Oregon gasoline tax apportionments and expenditures for those street improvements specified by Oregon Revised Statutes.

Capital Projects Fund

*Fire Apparatus Reserve Fund* – The Fire Apparatus Reserve Fund accounts for transfers from the General Fund for the purpose of acquiring major acquisitions for the fire department.

Debt Service Fund

*Debt Service Fund* – The Debt Service Fund accounts for the repayments of the City's governmental long-term debt. The primary source of revenue is property taxes. The primary use of revenue is the repayment of principal and interest on long-term debt.

The City reports the following major proprietary funds:

Enterprise Funds

*Water Operating Fund* – The Water Operating Fund accounts for the operation and maintenance of the City's water system.

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*Water Reserve Fund* – The Water Reserve Fund accounts for transfers from the Water Operating Fund for the purpose of funding future water capital construction projects.

Additionally, the City reports the following nonmajor governmental funds:

Special Revenue Funds

*State Revenue Sharing Fund* – The State Revenue Sharing Fund accounts for Oregon revenue sharing apportionments and expenditures for those items specified by provision.

*Public Works Equipment Reserve Fund* – The Public Works Equipment Reserve Fund accounts for transfers from the General Fund for the purpose of acquiring major public works equipment.

Capital Projects Funds

*Police Car Reserve Fund* – The Police Car Reserve Fund accounts for transfers from the General Fund for the purpose of acquiring capital assets for the police department.

*Building Reserve Fund* – The Building Reserve Fund accounts for transfers from the General Fund for the purpose of building construction and improvements.

*Hazard Mitigation Reserve Fund* – The Hazard Mitigation Reserve Fund accounts for transfers from the General Fund for the purpose of funding hazard mitigation projects in the City.

The City reports the following nonmajor proprietary fund:

Enterprise Fund

*Water Construction Fund* – The Water Construction Fund accumulates resources restricted to expenditure on water system construction, reconstruction, major upgrades, equipment, and other long-term investments in the City’s water collection, storage, and distribution systems.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated, so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

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**E. Measurement Focus and Basis of Accounting**

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

The government-wide financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting, as described below.

Governmental fund financial statements are reported using the current financial resources measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statements present sources and uses of available expendable financial resources during a given period. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing source.

In the government-wide financial statements, proprietary funds, and the fund financial statements, governmental activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, fund balance/net position, revenues, and expenditures when they result from cash transactions, with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements. If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements would use the modified accrual basis of accounting and the government-wide financial statements would be presented on the accrual basis of accounting.

**F. Use of Estimates**

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

**G. Budgetary Information**

**1. Budgetary Basis of Accounting**

Annual budgets are adopted on the cash basis of accounting. The City budgets all funds in accordance with the requirements of state law.

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Annual appropriated budgets are adopted for the general, special revenue, capital projects, and enterprise funds.

The City begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The city council legally adopts the budget by resolution prior to the beginning of the City's fiscal year. The council resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, debt service, capital outlay, and contingency for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line-item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. The city council may adopt supplemental budgets less than 10% of a fund's original budget at a regular council meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the city council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the city council. During the year, there were no supplemental budgets. The City does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts and one approved appropriation change.

**H. Assets, Liabilities, Deferred Inflows/Deferred Outflows and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**2. Investments**

State statutes authorize the City to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.



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**3. Capital Assets**

Capital assets resulting from cash transactions, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist.

The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized. Major capital outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Machinery and equipment	5-50
Buildings	15-40
Infrastructure	15-50
Water System	10-70

**4. Net Position Flow Assumption**

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

**5. Fund Balance Flow Assumptions**

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

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**6. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The city council is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council (Council) has by resolution authorized the City Manager to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to remove or revise a commitment.

The City reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts that City intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the city council delegates authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The City has not formally adopted a minimum fund balance policy.

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**I. Revenues and Expenditures/Expenses**

**1. Program Revenues**

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

**2. Property Taxes**

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15.

**3. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

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

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Excess of Expenditures Over Appropriations**

During the year ended June 30, 2021, the City expended funds in excess of amounts appropriated as follows:

<u>Fund</u>	<u>Function</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General	Administrative - materials and services	\$ 100,033	\$ 125,384	\$ 25,351
General	Building department	219,989	259,572	39,583
General	Police - personnel services	381,542	406,264	24,722
General	Fire - personnel services	311,751	414,201	102,450
General	Non-departmental	85,000	105,626	20,626
Water	Personnel services	306,591	311,913	5,322

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**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Deposits and Investments**

The City of Gearhart maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances. Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. The City participates in an external investment pool (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by the Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC).

The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments. The portion of the external investment pool which belongs to local government investment participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report (CAFR). A copy of the State's CAFR may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity.

Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- *Level 1* – Unadjusted quoted prices for identical investments in active markets.
- *Level 2* – Observable inputs other than quoted market prices; and,
- *Level 3* – Unobservable inputs.

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There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2021. Fair values of assets measured on a recurring basis at June 30, 2021 are as follows:

	Level 2
Investments:	
Oregon Local Government Investment Pool	\$ 2,644,747

Credit Risk

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

Investments

As of June 30, 2021, the City had the following investments:

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	\$ 2,644,747

Interest Rate Risk

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

Concentration of Credit Risk

The City does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100 percent of the City's investments are in the Oregon Local Government Investment Pool.

Custodial Credit Risk - Investments

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

Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the City's deposits may not be returned. All City deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of

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their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. The City holds a noninterest-bearing account at Columbia Bank, for which deposits are insured up to \$250,000.

At June 30, 2021 the City had deposits of \$250,000 fully insured by FDIC insurance and \$120,899 collateralized by the PFCP.

Deposits

The City's cash and investments by fund are as follows:

Governmental activities - unrestricted	
General Fund	\$ 401,832
Fire Apparatus Reserve Fund	242,198
Nonmajor governmental funds	399,612
Total governmental activities - unrestricted	1,043,642
Business-type activities - unrestricted	
Water Operating Fund	23,999
Subtotal unrestricted cash and investments	1,067,641
Governmental activities - restricted	
General Fund	49,597
Gearhart Road District General Fund	202,961
State Street Fund	194,816
Debt Service Fund	46,036
Total governmental activities - restricted	493,410
Business-type activities - restricted	
Water Reserve Fund	1,348,252
Water Construction Fund	3,934
Total business-type activities - restricted	1,352,186
Subtotal restricted cash and investments	1,845,596
Total cash and investments	\$ 2,913,237

Restricted cash is for roads and streets, debt service payments, special projects, and future system development improvements.

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The City's deposits and investments at June 30, 2021 are as follows:

Cash on hand	\$ 250
Checking accounts	268,240
Total investments	<u>2,644,747</u>
Total deposits and investments	<u><u>\$ 2,913,237</u></u>

**B. Capital Assets**

Capital asset transactions resulting from the modified cash basis for the year ended June 30, 2021 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 28,025	\$ -	\$ -	\$ 28,025
Construction in progress	<u>-</u>	<u>26,451</u>	<u>-</u>	<u>26,451</u>
Total capital assets not being depreciated	<u>28,025</u>	<u>26,451</u>	<u>-</u>	<u>54,476</u>
Capital assets being depreciated				
Administrative buildings	41,900	-	-	41,900
Police equipment	167,252	-	-	167,252
Shop equipment	272,426	7,945	-	280,371
Fire equipment and buildings	978,452	-	-	978,452
Infrastructure	<u>83,724</u>	<u>-</u>	<u>-</u>	<u>83,724</u>
Total capital assets being depreciated	<u>1,543,754</u>	<u>7,945</u>	<u>-</u>	<u>1,551,699</u>
Less accumulated depreciation for				
Administrative buildings	(41,900)	-	-	(41,900)
Police equipment	(120,100)	(11,523)	-	(131,623)
Shop equipment	(192,242)	(17,347)	-	(209,589)
Fire equipment and buildings	(709,762)	(33,698)	-	(743,460)
Infrastructure	<u>(33,630)</u>	<u>(3,929)</u>	<u>-</u>	<u>(37,559)</u>
Total accumulated depreciation	<u>(1,097,634)</u>	<u>(66,497)</u>	<u>-</u>	<u>(1,164,131)</u>
Total capital assets being depreciated, net	<u>446,120</u>	<u>(58,552)</u>	<u>-</u>	<u>387,568</u>
Governmental activities capital assets, net	<u><u>\$ 474,145</u></u>	<u><u>\$ (32,101)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 442,044</u></u>

(Continued)

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	Beginning Balance	Increases	Decreases	Ending Balance
(Continued)				
Business-type activities				
Capital assets not being depreciated				
Land	\$ 54,650	\$ -	\$ -	\$ 54,650
Capital assets being depreciated				
Buildings	18,420	-	-	18,420
Machinery and equipment	63,330	-	-	63,330
Water system	12,907,815	36,000	-	12,943,815
Total capital assets being depreciated	12,989,565	36,000	-	13,025,565
Less accumulated depreciation for				
Buildings	(13,476)	(666)	-	(14,142)
Machinery and equipment	(63,329)	-	-	(63,329)
Water system	(2,843,100)	(317,134)	-	(3,160,234)
Total accumulated depreciation	(2,919,905)	(317,800)	-	(3,237,705)
Total capital assets being depreciated, net	10,069,660	(281,800)	-	9,787,860
Business-type activities capital assets, net	\$ 10,124,310	\$ (281,800)	\$ -	\$ 9,842,510

For the governmental activities, depreciation was not charged to specific functions or programs of the City. Capital assets of the City's governmental activities are for the use of the entire City and are therefore unallocated. Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities	
Unallocated depreciation expense	\$ 66,497
Business-type activities	
Water	\$ 317,800

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

	Governmental Activities	Business-Type Activities	Total
Capital assets not being depreciated	\$ 54,476	\$ 54,650	\$ 109,126
Capital assets being depreciated, net	387,568	9,787,860	10,175,428
Total capital assets	\$ 442,044	\$ 9,842,510	\$ 10,284,554



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

	Capital Assets	Accumulated Depreciation	Net Capital Assets
<b>Governmental activities</b>			
Land	\$ 28,025	\$ -	\$ 28,025
Administrative buildings	41,900	(41,900)	-
Police equipment	167,252	(131,623)	35,629
Shop equipment	280,371	(209,589)	70,782
Fire equipment and buildings	978,452	(743,460)	234,992
Infrastructure	<u>83,724</u>	<u>(37,559)</u>	<u>46,165</u>
Total governmental activities capital assets	<u>1,606,175</u>	<u>(1,164,131)</u>	<u>442,044</u>
<b>Business-type activities</b>			
Land	\$ 54,650	\$ -	\$ 54,650
Buildings	18,420	(14,142)	4,278
Machinery and equipment	63,330	(63,329)	1
Water system	<u>12,943,815</u>	<u>(3,160,234)</u>	<u>9,783,581</u>
Total business-type activities capital assets	<u>13,080,215</u>	<u>(3,237,705)</u>	<u>9,842,510</u>
Total capital assets	<u>\$ 14,686,390</u>	<u>\$ (4,401,836)</u>	<u>\$ 10,284,554</u>

**C. Long-Term Liabilities**

**1. Changes in Long-Term Liabilities**

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

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>							
<b>General obligation bonds</b>							
Refunding, Series 2011	4.02%	\$ 4,000,000	\$ 2,570,000	\$ -	\$ (185,000)	\$ 2,385,000	\$ 195,000
Refunding, Series 2015	2.35%	<u>4,195,000</u>	<u>2,250,000</u>	<u>-</u>	<u>(425,000)</u>	<u>1,825,000</u>	<u>440,000</u>
Total bonds		<u>8,195,000</u>	<u>4,820,000</u>	<u>-</u>	<u>(610,000)</u>	<u>4,210,000</u>	<u>635,000</u>
<b>Bond premiums</b>							
Refunding, Series 2011		(157,516)	(94,313)	-	7,285	(87,028)	-
Refunding, Series 2015		<u>(207,344)</u>	<u>(111,209)</u>	<u>-</u>	<u>21,006</u>	<u>(90,203)</u>	<u>-</u>
Total bond premiums		<u>(364,860)</u>	<u>(205,522)</u>	<u>-</u>	<u>28,291</u>	<u>(177,231)</u>	<u>-</u>
Total Governmental Activities		<u>\$ 7,830,140</u>	<u>\$ 4,614,478</u>	<u>\$ -</u>	<u>\$ (581,709)</u>	<u>\$ 4,032,769</u>	<u>\$ -</u>

The City paid \$181,737 in interest on long-term liabilities during the year ended June 30, 2021 from governmental activities.

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**2. General Obligation Bonds**

General obligation bonds are direct obligations that pledge the full faith and credit of the City and are payable from ad valorem debt service levy proceeds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The Debt Service Fund has traditionally been used to liquidate long-term debt.

**3. Governmental Activities - General Obligation Bonds, Series 2011**

On May 25, 2011, the City issued general obligation bonds in the amount of \$4,000,000 for the purposes of funding capital construction and capital improvements, which are pledged as collateral. The interest rate is fixed at 4.02%. Interest is due semiannually on March 1 and September 1. The bonds mature on March 1, 2031 and were issued at a premium of \$157,516.

**4. Governmental Activities - General Obligation Bonds, Refunding Series 2015**

On March 16, 2005, the City issued general obligation bonds of \$7,000,000 (par value) to refund a portion of the outstanding general obligation bonds. On May 28, 2015, the City issued general obligation bonds in the amount of \$4,195,000 for the purposes of refunding outstanding Series 2005 general obligation bonds of the City and to pay the cost of issuance of the series 2015 bonds. The interest rate is fixed at 2.35%. Interest is due semiannually on March 1 and September 1. The bonds mature on March 1, 2025 and were issued at a premium of \$207,344.

**5. Governmental Activities - Future Maturities of Long-Term Liabilities**

Year Ending June 30	General obligation bonds, Series 2011			General obligation bonds, Series 2015		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 195,000	\$ 102,982	\$ 297,982	\$ 440,000	\$ 58,625	\$ 498,625
2023	205,000	94,206	299,206	445,000	48,725	493,725
2024	210,000	84,982	294,982	465,000	37,600	502,600
2025	220,000	75,532	295,532	475,000	19,000	494,000
2026	230,000	65,632	295,632	-	-	-
2027-2031	<u>1,325,000</u>	<u>170,032</u>	<u>1,495,032</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,385,000</u>	<u>\$ 593,366</u>	<u>\$ 2,978,366</u>	<u>\$ 1,825,000</u>	<u>\$ 163,950</u>	<u>\$ 1,988,950</u>

**CITY OF GEARHART**  
**Clatsop County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**6. Debt Capacity**

The City's legal annual debt service limit (as defined by Oregon Revised Statutes 478.410) as of June 30, 2021 was approximately \$17,744,757. The City's legal debt service limit is 3.00% of the Real Market Value of property within the City.

**7. Default Risk**

The general obligation bonds contain events of default; the lender may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the lender, either at law or in equity, or in bankruptcy or otherwise, if the following events occur:

- Failure by the City to pay bond principal, interest, or premium when due.
- Failure by the City to observe and perform any required covenant, condition, or agreement.
- The City is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts as they become due, or files a petition of bankruptcy.

**D. Constraints on Fund Balances**

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

	General Fund	Special Revenue Funds		Fire Apparatus Reserve Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Gearhart Road District General Fund	State Street Fund				
Fund balances							
Restricted for:							
Roads and streets	\$ -	\$ 202,961	\$ 194,816	\$ -	\$ -	\$ -	\$ 397,777
Debt service	-	-	-	-	46,036	-	46,036
911	2,199	-	-	-	-	-	2,199
Donor projects	47,398	-	-	-	-	-	47,398
Committed to:							
Special projects	-	-	-	-	-	17,957	17,957
Capital projects	-	-	-	242,198	-	316,190	558,388
Hazard mitigation	-	-	-	-	-	65,465	65,465
Unassigned	386,569	-	-	-	-	-	386,569
Total fund balances	<u>\$ 436,166</u>	<u>\$ 202,961</u>	<u>\$ 194,816</u>	<u>\$ 242,198</u>	<u>\$ 46,036</u>	<u>\$ 399,612</u>	<u>\$ 1,521,789</u>

**CITY OF GEARHART**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**E. Interfund Transfers**

The City's interfund transfers during the year consisted of the following:

	Fire Apparatus Reserve	Nonmajor Governmental Funds	Water Reserve Fund	Total
Transfers out:				
Governmental activities				
General Fund	\$ 30,000	\$ 30,000	\$ -	\$ 60,000
Business-type activities				
Water Operating Fund	-	20,000	100,000	120,000
Total	<u>\$ 30,000</u>	<u>\$ 50,000</u>	<u>\$ 100,000</u>	<u>\$ 180,000</u>

The principal purposes of the interfund transfers in were to transfer resources into reserve funds for future expenditures.

**IV. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

**B. Retirement Plans**

**1. Oregon Public Employees Retirement System**

*General Information about the Pension Plan*

The Oregon Public Employees Retirement System (OPERS) consists of a cost-sharing, multiple-employer defined benefit plan for units of state governmental, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2020, there were 901 participating employers.

*Plan Membership*

As of June 30, 2020, there were 16,323 active plan members, 129,520 retired plan members or their beneficiaries currently receiving benefits, 9,930 inactive plan members entitled to but not yet receiving benefits, for a total of 155,773 Tier One members.

For Tier Two members, as of June 30, 2020, there were 31,548 active plan members, 17,162 retired plan members or their beneficiaries currently receiving benefits, 13,880 inactive plan members entitled to but not yet receiving benefits, for a total of 62,590.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

As of June 30, 2020, there were 130,806 active plan members, 6,940 retired plan members or their beneficiaries currently receiving benefits, 6,281 inactive plan members entitled to but not yet receiving benefits, and 16,439 inactive plan members not eligible for refund or retirements, for a total of 160,466 OPSRP Pension Program members.

*Plan Benefits*

Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A, and Internal Revenue Code Section 401(a).

**Tier One/Tier Two Retirement Benefit (Chapter 238)** - OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living-adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. This defined benefit pension plan is closed to new members hired on or after August 29, 2003.

*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 (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. Police and Fire members may purchase increased benefits that are payable between the date of retirement and age 65.

*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 a PERS employer at the time of death,

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

*Disability Benefits*

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

*Benefit Changes after Retirement*

Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations caused by changes in the fair value of the underlying global equity investments of that account.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision. The COLA is capped at 2.0 percent.

**OPSRP Defined Benefit Pension Program (OPSRP DB)** – This Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

*Pension Benefits*

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

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

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June 30, 2021

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

*Death Benefits*

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

*Disability Benefits*

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

*Benefit Changes After Retirement*

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision. The COLA is capped at 2.0 percent.

**OPSRP Individual Account Program (OPSRP IAP)** - Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS and is administered by the OPERS Board.

*Pension Benefits*

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

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

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

*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.

*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 the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2018 actuarial valuation, which became effective July 1, 2019. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced.

Member contributions are set by statute at six 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. As permitted, the City has opted to pick-up the contributions on behalf of its employees.

Employer contributions for the year ended June 30, 2021 were \$154,585.

Pension Plan Comprehensive Annual Financial Report (CAFR)

Additional disclosures related to Oregon PERS not applicable to specific employers are available by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700, or can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>.

Actuarial Valuations

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.



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For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study	2018, published July 24, 2019
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.50 percent
Long-term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent
Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><b>Health retirees and beneficiaries:</b> 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>Active members:</b> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b> Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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June 30, 2021

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts 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 on the 2018 Experience Study, which reviewed experience for the four-year period ended December 31, 2018. There were no differences between the assumptions and plan provisions used for June 30, 2020 measurement date calculations compared to those shown above.

*Actuarial Methods and Assumptions*

Assets are valued at their market value. Gains and losses between odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 years from the odd-year valuation in which they are first recognized. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Oregon PERS and additions to/deductions from Oregon PERS' fiduciary net position have been determined on the same basis as they are reported by Oregon PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Depletion Date Projection*

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

Based on these circumstances, it is our independent actuary’s opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors.

Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

For more information on the Plan’s portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS’ audited financial statements at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

OIC Target and Actual Investment Allocation as of June 30, 2020

<u>Asset Class/Strategy</u>	<u>OIC Policy Low Range</u>	<u>OIC Policy High Range</u>	<u>OIC Target Allocation</u>	<u>Actual Allocation<sup>3</sup></u>
Debt Securities	15.0%	25.0%	20.0%	20.0%
Public Equity	27.5%	37.5%	32.5%	31.8%

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June 30, 2021

Real Estate	9.5%	15.5%	12.5%	11.4%
Private Equity	14.0%	21.0%	17.5%	22.9%
Alternatives Portfolio	7.5%	17.5%	15.0%	10.5%
Opportunity Portfolio <sup>1</sup>	0.0%	3.0%	0.0%	2.1%
Risk Parity <sup>2</sup>	0.0%	2.5%	2.5%	1.3%
Total			100.0%	100.0%

<sup>1</sup>Opportunity Portfolio is an investment strategy, and it may be invested up to 3% of total plan net position.

<sup>2</sup>Risk Parity is a new investment strategy added to the asset allocation mix in 2019.

<sup>3</sup> Based on the actual investment value at 6/30/2020.

**C. New Pronouncements**

For the fiscal year ended June 30, 2021, the City implemented the following new accounting standards:

GASB Statement No. 84, *Fiduciary Activities* – This statement established criteria and guidance for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes, as well as the reporting requirements for these fiduciary funds.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.*

The City will implement applicable new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements for implementing any of the following pronouncements:

GASB Statement No. 83, *Certain Asset Retirement Obligations* – This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The statement is effective for fiscal years beginning after June 15, 2020 (as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*).

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June 30, 2021

GASB Statement No. 87, Leases - This statement addresses the accounting and financial reporting for leases by governments, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. The statement is effective for fiscal years beginning after June 15, 2022 (as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*).

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period - The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The statement is effective for fiscal years beginning after December 15, 2021 (as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*).

**D. Subsequent Events**

**1. General Obligation Bonds, Series 2011 - Refunding**

On August 23, 2021, the City refunded its General Obligation Bonds, Series 2011 with General Obligation Refunding Bonds, Series 2021, for a cost savings of \$328,916.

Management has evaluated subsequent events through December 2, 2021, which was the date that the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

**CITY OF GEARHART**  
**Clatsop County, Oregon**

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

GENERAL FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual		
				Budget Basis	Adjustments	Modified Cash Basis
<b>REVENUES</b>						
Property taxes	\$ 605,000	\$ 605,000	\$ 11,235	\$ 616,235	\$ -	\$ 616,235
Charges for services	222,000	222,000	(5,000)	217,000	-	217,000
Licenses, fees, and permits	241,000	241,000	149,231	390,231	-	390,231
Franchise fees	152,000	152,000	(6,941)	145,059	-	145,059
State liquor taxes	27,000	27,000	541	27,541	-	27,541
State cigarette and marijuana taxes	11,500	11,500	(2,846)	8,654	-	8,654
Grants and contributions	41,000	41,000	833	41,833	-	41,833
Transient room taxes	280,000	280,000	141,513	421,513	-	421,513
Fines and forfeitures	40,000	40,000	(12,810)	27,190	-	27,190
Investment earnings	15,000	15,000	(13,337)	1,663	-	1,663
Miscellaneous	45,000	45,000	236,590	281,590	-	281,590
Total revenues	<u>1,679,500</u>	<u>1,679,500</u>	<u>499,009</u>	<u>2,178,509</u>	<u>-</u>	<u>2,178,509</u>
<b>EXPENDITURES</b>						
Current						
Administrative department						
Personnel services	312,047	293,622	(31,284)	278,788	(16,450)	262,338
Materials and services	100,033	100,033	25,351	125,384	-	125,384
Capital outlay	4,000	4,000	(3,000)	1,000	-	1,000
Building department	164,950	219,989	39,583	259,572	-	259,572
Police department						
Personnel services	399,041	381,542	24,722	406,264	-	406,264
Materials and services	80,150	77,035	(19,120)	57,915	-	57,915
Capital outlay	15,000	15,000	(12,480)	2,520	-	2,520
Municipal court						
Personnel services	13,500	13,500	(2,282)	11,218	-	11,218
Materials and services	13,750	13,750	(5,407)	8,343	-	8,343
Fire department						
Personnel services	272,822	311,751	102,450	414,201	-	414,201
Materials and services	211,100	211,100	(47,217)	163,883	-	163,883
Capital outlay	44,000	44,000	(19,837)	24,163	-	24,163
Planning department						
Personnel services	39,900	14,971	(4,198)	10,773	-	10,773
Materials and services	119,000	79,000	2,291	81,291	-	81,291

(continued)

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

GENERAL FUND

For the Year Ended June 30, 2021

(continued)	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual		
				Budget Basis	Adjustments	Modified Cash Basis
Parks department						
Personnel services	20,707	20,707	(5,758)	14,949	-	14,949
Materials and services	24,500	24,500	(8,826)	15,674	-	15,674
Capital outlay	5,000	5,000	(5,000)	-	-	-
Non-departmental	75,000	85,000	20,626	105,626	-	105,626
Contingency	30,000	30,000	(30,000)	-	-	-
Total expenditures	<u>1,944,500</u>	<u>1,944,500</u>	<u>37,064</u>	<u>1,981,564</u>	<u>(16,450)</u>	<u>1,965,114</u>
Excess (deficiency) of revenues over (under) expenditures	(265,000)	(265,000)	461,945	196,945	16,450	213,395
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of assets	5,000	5,000	(5,000)	-	-	-
Transfers out	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>	<u>(60,000)</u>	<u>-</u>	<u>(60,000)</u>
Total other financing sources (uses)	<u>(55,000)</u>	<u>(55,000)</u>	<u>(5,000)</u>	<u>(60,000)</u>	<u>-</u>	<u>(60,000)</u>
Net change in fund balance	(320,000)	(320,000)	456,945	136,945	16,450	153,395
Fund balance - beginning	<u>320,000</u>	<u>320,000</u>	<u>(37,229)</u>	<u>282,771</u>	<u>-</u>	<u>282,771</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 419,716</u>	<u>\$ 419,716</u>	<u>\$ 16,450</u>	<u>\$ 436,166</u>



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

GEARHART ROAD DISTRICT GENERAL FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjusted Cash Basis	
<b>REVENUES</b>					
Property taxes	\$ 34,000	\$ 2,648	\$ 36,648	\$ -	\$ 36,648
Investment earnings	<u>2,000</u>	<u>(638)</u>	<u>1,362</u>	<u>-</u>	<u>1,362</u>
Total revenues	<u>36,000</u>	<u>2,010</u>	<u>38,010</u>	<u>-</u>	<u>38,010</u>
<b>EXPENDITURES</b>					
Capital outlay	<u>166,000</u>	<u>(163,463)</u>	<u>2,537</u>	<u>-</u>	<u>2,537</u>
Excess (deficiency) of revenues over (under) expenditures	(130,000)	165,473	35,473	-	35,473
Fund balance - beginning	<u>130,000</u>	<u>37,488</u>	<u>167,488</u>	<u>-</u>	<u>167,488</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 202,961</u>	<u>\$ 202,961</u>	<u>\$ -</u>	<u>\$ 202,961</u>

**CITY OF GEARHART**  
**Clatsop County, Oregon**

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

STATE STREET FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	Modified Cash Basis
<b>REVENUES</b>					
State highway taxes	\$ 95,000	\$ 23,666	\$ 118,666	\$ -	\$ 118,666
Investment earnings	3,240	(2,030)	1,210	-	1,210
Total revenues	<u>98,240</u>	<u>21,636</u>	<u>119,876</u>	<u>-</u>	<u>119,876</u>
<b>EXPENDITURES</b>					
Current					
Personnel services	54,114	(19,909)	34,205	-	34,205
Materials and services	225,126	(140,148)	84,978	-	84,978
Capital outlay	-	-	-	-	-
Contingency	-	-	-	-	-
Total expenditures	<u>279,240</u>	<u>(160,057)</u>	<u>119,183</u>	<u>-</u>	<u>119,183</u>
Excess (deficiency) of revenues over (under) expenditures	(181,000)	181,693	693	-	693
Fund balance - beginning	<u>181,000</u>	<u>13,123</u>	<u>194,123</u>	<u>-</u>	<u>194,123</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 194,816</u>	<u>\$ 194,816</u>	<u>\$ -</u>	<u>\$ 194,816</u>

**CITY OF GEARHART**  
**Clatsop County, Oregon**

COMBINING BALANCE SHEET - MODIFIED CASH BASIS

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2021

	<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>			Total Nonmajor Governmental Funds
	State Revenue Sharing Fund	Public Works Equipment Reserve Fund	Police Car Reserve Fund	Building Reserve Fund	Hazard Mitigation Reserve Fund	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 17,957	\$ 110,653	\$ 67,360	\$ 138,177	\$ 65,465	\$ 399,612
<b>FUND BALANCES</b>						
Committed for:						
Special projects	\$ 17,957	\$ -	\$ -	\$ -	\$ -	\$ 17,957
Capital projects	-	110,653	67,360	138,177	-	316,190
Hazard mitigation	-	-	-	-	65,465	65,465
Total fund balances	<u>\$ 17,957</u>	<u>\$ 110,653</u>	<u>\$ 67,360</u>	<u>\$ 138,177</u>	<u>\$ 65,465</u>	<u>\$ 399,612</u>

**CITY OF GEARHART**  
**Clatsop County, Oregon**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - MODIFIED CASH BASIS

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
	State Revenue Sharing Fund	Public Works Equipment Reserve Fund	Police Car Reserve Fund	Building Reserve Fund	Hazard Mitigation Reserve Fund	
<b>REVENUES</b>						
State revenue sharing	\$ 24,184	\$ -	\$ -	\$ -	\$ -	\$ 24,184
Charges for services	-	-	-	-	1,574	1,574
Grants and contributions	-	-	-	-	40,536	40,536
Investment earnings	167	882	424	1,299	339	3,111
Total revenues	<u>24,351</u>	<u>882</u>	<u>424</u>	<u>1,299</u>	<u>42,449</u>	<u>69,405</u>
<b>EXPENDITURES</b>						
Current						
General government	48,577	-	-	-	33,830	82,407
Capital outlay	16,278	-	-	967	-	17,245
Total expenditures	<u>64,855</u>	<u>-</u>	<u>-</u>	<u>967</u>	<u>33,830</u>	<u>99,652</u>
Excess (deficiency) of revenues over (under) expenditures	(40,504)	882	424	332	8,619	(30,247)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	20,000	10,000	10,000	10,000	50,000
Net change in fund balances	(40,504)	20,882	10,424	10,332	18,619	19,753
Fund balances - beginning	<u>58,461</u>	<u>89,771</u>	<u>56,936</u>	<u>127,845</u>	<u>46,846</u>	<u>379,859</u>
Fund balances - ending	<u>\$ 17,957</u>	<u>\$ 110,653</u>	<u>\$ 67,360</u>	<u>\$ 138,177</u>	<u>\$ 65,465</u>	<u>\$ 399,612</u>

**CITY OF GEARHART**  
**Clatsop County, Oregon**

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

STATE REVENUE SHARING FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual	
			Budget Basis	Modified Cash Basis
<b>REVENUES</b>				
State revenue sharing	\$ 25,000	\$ (816)	\$ 24,184	\$ 24,184
Investment earnings	100	67	167	167
Total revenues	<u>25,100</u>	<u>(749)</u>	<u>24,351</u>	<u>24,351</u>
<b>EXPENDITURES</b>				
Current				
Materials and services	51,000	(2,423)	48,577	48,577
Capital outlay	<u>25,556</u>	<u>(9,278)</u>	<u>16,278</u>	<u>16,278</u>
Total expenditures	<u>76,556</u>	<u>(11,701)</u>	<u>64,855</u>	<u>64,855</u>
Excess (deficiency) of revenues over (under) expenditures	(51,456)	10,952	(40,504)	(40,504)
Fund balance - beginning	<u>51,456</u>	<u>7,005</u>	<u>58,461</u>	<u>58,461</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 17,957</u>	<u>\$ 17,957</u>	<u>\$ 17,957</u>

**CITY OF GEARHART**  
**Clatsop County, Oregon**

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

PUBLIC WORKS EQUIPMENT RESERVE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	Modified Cash Basis
<b>REVENUES</b>					
Investment earnings	\$ 200	\$ 682	\$ 882	\$ -	\$ 882
<b>EXPENDITURES</b>					
Capital outlay	119,200	(119,200)	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(119,000)	119,882	882	-	882
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	20,000	-	20,000	-	20,000
Net change in fund balance	(99,000)	119,882	20,882	-	20,882
Fund balance - beginning	99,000	(9,229)	89,771	-	89,771
Fund balance - ending	\$ -	\$ 110,653	\$ 110,653	\$ -	\$ 110,653

**CITY OF GEARHART**  
**Clatsop County, Oregon**

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

FIRE APPARATUS RESERVE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjusted Cash Basis	
<b>REVENUES</b>					
Investment earnings	\$ 2,000	\$ (714)	\$ 1,286	\$ -	\$ 1,286
<b>EXPENDITURES</b>					
Capital outlay	234,000	(229,553)	4,447	-	4,447
Excess (deficiency) of revenues over (under) expenditures	(232,000)	228,839	(3,161)	-	(3,161)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	30,000	-	30,000	-	30,000
Net change in fund balance	(202,000)	228,839	26,839	-	26,839
Fund balance - beginning	202,000	13,359	215,359	-	215,359
Fund balance - ending	\$ -	\$ 242,198	\$ 242,198	\$ -	\$ 242,198

**CITY OF GEARHART**  
**Clatsop County, Oregon**

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

POLICE CAR RESERVE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Modified Cash Basis	
<b>REVENUES</b>					
Investment earnings	\$ 1,000	\$ (576)	\$ 424	\$ -	\$ 424
<b>EXPENDITURES</b>					
Capital outlay	<u>67,000</u>	<u>(67,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(66,000)	66,424	424	-	424
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net change in fund balance	(56,000)	66,424	10,424	-	10,424
Fund balance - beginning	<u>56,000</u>	<u>936</u>	<u>56,936</u>	<u>-</u>	<u>56,936</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 67,360</u>	<u>\$ 67,360</u>	<u>\$ -</u>	<u>\$ 67,360</u>



**CITY OF GEARHART**  
**Clatsop County, Oregon**

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

BUILDING RESERVE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Modified Cash Basis	
<b>REVENUES</b>					
Investment earnings	\$ 200	\$ 1,099	\$ 1,299	\$ -	\$ 1,299
<b>EXPENDITURES</b>					
Capital outlay	122,200	(121,233)	967	-	967
Excess (deficiency) of revenues over (under) expenditures	(122,000)	122,332	332	-	332
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	10,000	-	10,000	-	10,000
Net change in fund balance	(112,000)	122,332	10,332	-	10,332
Fund balance - beginning	112,000	15,845	127,845	-	127,845
Fund balance - ending	\$ -	\$ 138,177	\$ 138,177	\$ -	\$ 138,177

**CITY OF GEARHART**  
**Clatsop County, Oregon**

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

HAZARD MITIGATION FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Modified Cash Basis	
<b>REVENUES</b>					
Investment earnings	\$ 200	\$ 139	\$ 339	\$ -	\$ 339
Grants and contributions	-	40,536	40,536	-	40,536
Charges for services	-	1,574	1,574	-	1,574
Total revenues	<u>200</u>	<u>42,249</u>	<u>42,449</u>	<u>-</u>	<u>42,449</u>
<b>EXPENDITURES</b>					
Current					
Materials and services	<u>55,200</u>	<u>(21,370)</u>	<u>33,830</u>	<u>-</u>	<u>33,830</u>
Excess (deficiency) of revenues over (under) expenditures	(55,000)	63,619	8,619	-	8,619
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net change in fund balance	(45,000)	63,619	18,619	-	18,619
Fund balance - beginning	<u>45,000</u>	<u>1,846</u>	<u>46,846</u>	<u>-</u>	<u>46,846</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 65,465</u>	<u>\$ 65,465</u>	<u>\$ -</u>	<u>\$ 65,465</u>

**CITY OF GEARHART**  
**Clatsop County, Oregon**

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

DEBT SERVICE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Modified Cash Basis	
<b>REVENUES</b>					
Property taxes	\$ 803,058	\$ (21,837)	\$ 781,221	\$ -	\$ 781,221
Investment earnings	<u>3,500</u>	<u>(2,627)</u>	<u>873</u>	<u>-</u>	<u>873</u>
Total revenues	<u>806,558</u>	<u>(24,464)</u>	<u>782,094</u>	<u>-</u>	<u>782,094</u>
<b>EXPENDITURES</b>					
Debt service	<u>872,558</u>	<u>(80,821)</u>	<u>791,737</u>	<u>-</u>	<u>791,737</u>
Excess (deficiency) of revenues over (under) expenditures	(66,000)	56,357	(9,643)	-	(9,643)
Fund balance - beginning	<u>66,000</u>	<u>(10,321)</u>	<u>55,679</u>	<u>-</u>	<u>55,679</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 46,036</u>	<u>\$ 46,036</u>	<u>\$ -</u>	<u>\$ 46,036</u>

**CITY OF GEARHART**  
**Clatsop County, Oregon**

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

WATER OPERATING FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	Modified Cash Basis
<b>REVENUES</b>					
Charges for services	\$ 900,000	\$ 23,077	\$ 923,077	\$ -	\$ 923,077
Investment earnings	6,000	(2,260)	3,740	-	3,740
Total revenues	906,000	20,817	926,817	-	926,817
<b>EXPENDITURES</b>					
Current					
Personnel services	306,591	5,322	311,913	-	311,913
Materials and services	600,000	(75,853)	524,147	-	524,147
Capital outlay	69,409	(39,408)	30,001	-	30,001
Depreciation	-	-	-	317,800	317,800
Contingency	-	-	-	-	-
Total expenditures	976,000	(109,939)	866,061	317,800	1,183,861
Excess (deficiency) of revenues over (under) expenditures	(70,000)	130,756	60,756	(317,800)	(257,044)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	36,000	36,000
Transfers out	(130,000)	(10,000)	(120,000)	-	(120,000)
Total other financing sources (uses)	(130,000)	(10,000)	(120,000)	-	(84,000)
Net change in fund balance	(200,000)	140,756	(59,244)	(281,800)	(341,044)
Fund balance - beginning	200,000	(116,757)	83,243	10,124,310	10,207,553
Fund balance - ending	\$ -	\$ 23,999	\$ 23,999	\$ 9,842,510	\$ 9,866,509

**CITY OF GEARHART**  
**Clatsop County, Oregon**

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

WATER RESERVE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	Modified Cash Basis
<b>REVENUES</b>					
Investment earnings	\$ 20,000	\$ (10,350)	\$ 9,650	\$ -	\$ 9,650
<b>EXPENDITURES</b>					
Capital outlay	<u>1,463,000</u>	<u>(1,463,000)</u>	<u>36,000</u>	<u>(36,000)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(1,443,000)	1,452,650	(26,350)	36,000	9,650
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	100,000	-	100,000	-	100,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,000)</u>	<u>(36,000)</u>
Total other financing sources (uses)	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>(36,000)</u>	<u>64,000</u>
Net change in fund balance	(1,343,000)	1,452,650	73,650	-	73,650
Fund balance - beginning	<u>1,343,000</u>	<u>(68,398)</u>	<u>1,274,602</u>	<u>-</u>	<u>1,274,602</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 1,384,252</u>	<u>\$ 1,348,252</u>	<u>\$ -</u>	<u>\$ 1,348,252</u>

**CITY OF GEARHART**  
**Clatsop County, Oregon**

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

WATER CONSTRUCTION FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Modified Cash Basis	
<b>REVENUES</b>					
Investment earnings	\$ 1	\$ 28	\$ 29	\$ -	\$ 29
<b>EXPENDITURES</b>					
Capital outlay	<u>3,832</u>	<u>(3,832)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(3,831)	3,860	29	-	29
Fund balance - beginning	<u>3,831</u>	<u>74</u>	<u>3,905</u>	<u>-</u>	<u>3,905</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 3,934</u>	<u>\$ 3,934</u>	<u>\$ -</u>	<u>\$ 3,934</u>

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY  
STATE REGULATIONS**



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

The Honorable Paulina Cockrum, Mayor  
and Members of the City Council  
City of Gearhart  
Gearhart, Oregon 97138

We have audited the basic financial statements of the City of Gearhart as of and for the year ended June 30, 2021 and have issued our report thereon dated December 2, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

**Compliance**

As part of obtaining reasonable assurance about whether the City of Gearhart's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

**Deposit of public funds with financial institutions (ORS Chapter 295)**

**Indebtedness limitations, restrictions, and repayment**

**Budgets legally required (ORS Chapter 294)**

**Programs funded from outside sources**

**Insurance and fidelity bonds in force or required by law**

**Highway revenues used for public highways, roads, and streets**

**Authorized investment of surplus funds (ORS Chapter 294)**

**Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)**



In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

**A. Excess of Expenditures Over Appropriations**

During the year ended June 30, 2021, the City expended funds in excess of amounts appropriated as follows:

Fund	Function	Appropriations	Expenditures	Excess
General	Administrative - materials and services	\$ 100,033	\$ 125,384	\$ 25,351
General	Building department	219,989	259,572	39,583
General	Police - personnel services	381,542	406,264	24,722
General	Fire - personnel services	311,751	414,201	102,450
General	Non-departmental	85,000	105,626	20,626
Water	Personnel services	306,591	311,913	5,322

**B. Noncompliance with Public Contracts and Purchasing**

The City was not in compliance with the public contracts and purchasing regulations regarding retention of bids and quotes.

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

Accuity, LLC  
 Albany, Oregon  
 December 2, 2021