

**CITY OF LAKESIDE, OREGON**

**ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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ANNUAL FINANCIAL REPORT  
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**CITY OFFICIALS**



**CITY OF LAKESIDE, OREGON**

**CITY OFFICIALS**

**June 30, 2023**

Mayor and City Council

Sherry Kinsey, Mayor  
P. O. Box 72  
Lakeside, OR 97449

Alan Pointer  
104 Jensen Way  
Lakeside, OR 97449

Nikki Wood  
P. O. Box 38  
Lakeside, OR 97449

Kimberly Ritter  
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Jaci Smith  
P. O. Box 109  
Lakeside, OR 97449

Karen Hurn  
P. O. Box 101  
Lakeside, OR 97449

Thomas Miller  
P. O. Box 564  
Lakeside, OR 97449

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Melissa Bethel, City Recorder/Manager

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City of Lakeside, Oregon  
P.O. Box L  
Lakeside, OR 97449

# **FINANCIAL SECTION**



INDEPENDENT AUDITOR'S REPORT

November 13, 2023

To the Governing Body of the City of Lakeside, Oregon:

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Lakeside, Oregon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Summary of Opinions

Table with 2 columns: Opinion Unit, Type of Opinion. Rows include Governmental Activities (Qualified), Business-Type Activities (Qualified), General Fund (Unmodified), State Street Tax Fund (Unmodified), Library Fund (Unmodified), Community Development Fund (Unmodified), and Tourism Fund (Unmodified).

Qualified Opinions on Governmental Activities and Business-Type Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the City of Lakeside, Oregon, as of June 30, 2023, and the respective changes in financial position thereof, and where applicable, cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on each Major Fund

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

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

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

## **Matter Giving Rise to the Qualified Opinion on the Governmental Activities and Business-Type Activities**

Management has chosen to not adopt Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and display of other postemployment benefit expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. Adoption of this standard is required by accounting principles generally accepted in the United States of America. Because the City did not determine the amount of their liability under GASB Statement No. 75, the effect on the Statement of Net Position and the Statement of Activities cannot be determined.

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

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of net pension liability and schedule of contributions of net pension liability, and the budgetary comparison information for the General Fund and the major Special Revenue Funds (collectively, the required supplementary information as listed in the table of contents), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

The budgetary comparison information for the General Fund and the major Special Revenue Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lakeside, Oregon's basic financial statements. The combining and individual fund financial statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statements, except for the effects of not implementing GASB Statement No. 75, as discussed in the preceding paragraphs, are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards and Oregon Revised Statutes**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2023, on our consideration of the City of Lakeside's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lakeside's internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated November 14, 2023, on our consideration of the City of Lakeside's compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 to 162-010-0320. The purpose of that report is to describe our testing of compliance and the results of that testing and not to provide an opinion on compliance. Accordingly, we do not express such an opinion.



HMW CPAs & Associates, LLC  
Certified Public Accountants

**City of Lakeside, Oregon**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**  
*(Amounts rounded to the nearest thousand)*

This part of the City of Lakeside, Oregon's annual financial report presents management's discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2023. The intent of the Management Discussion and Analysis (MD&A) is to look at the City's financial performance by activity rather than by fund. With this in mind, please also refer to the City's financial statements, which immediately follow this section.

***Financial Highlights***

- The City's overall net position at June 30, 2023 increased by \$782,000 during the year. The Wastewater Treatment Fund accounted for \$575,000 of this due to increased sewer use fees of \$262,000 and \$285,000 in government grants that were used to begin a capital construction project.
- The General Fund cash balance at June 30, 2023 was nearly identical to the prior year, while the Wastewater Treatment Funds had an increase in cash of \$281,000.
- The City is holding nearly \$390,000 in unspent grant funding from the COVID State and Local Fiscal Recovery Funds. These funds are anticipated to be spent on operations by 2026, as mandated by the state of Oregon.
- The City added two new governmental funds this year, the Community Development Fund and the Tourism Fund. The Community Development Fund is funded through fees generated from licenses and permits and received start up cash transfers from the General Fund of \$70,000. The Tourism Fund is funded with a portion of transient lodging taxes and received a General Fund transfer of \$84,000.

***Overview of the Financial Statements***

The City's financial report consists of several sections. Taken together they provide a comprehensive financial look at the City. The components of the report include the following:

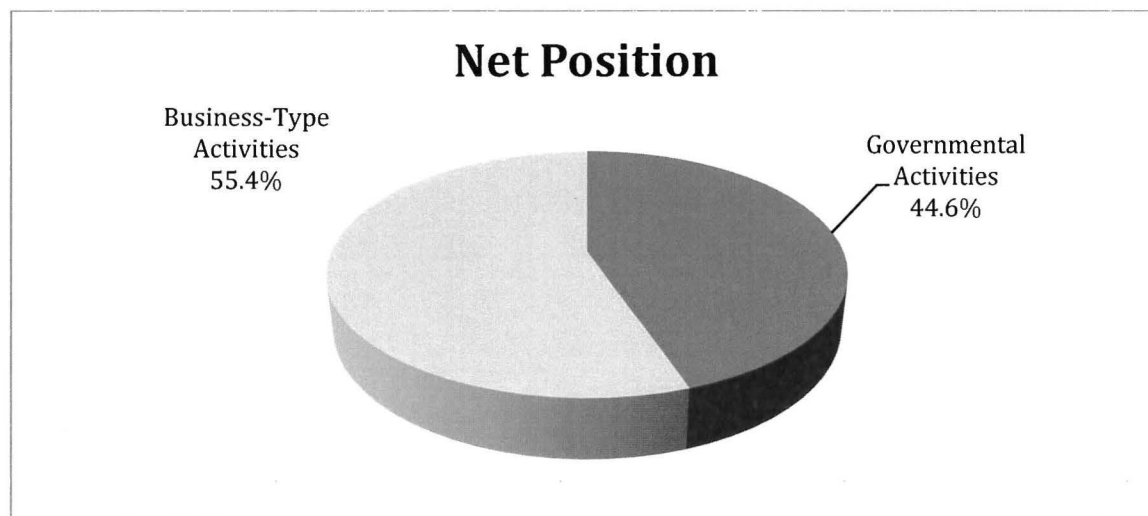
- The Management's Discussion and Analysis section of the report provides financial highlights, overview and other factors affecting the City.
- The basic financial statements include the Statement of Net Position, Statement of Activities, fund financial statements and the notes to the financial statements. The Statement of Net Position and Statement of Activities focus on a government-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like, in that all activities are consolidated into a total for the City. The following is further discussion of these financial statements and notes:
  - The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of assets the community owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts.
  - The Statement of Activities focuses on gross and net costs of City programs and the extent to which those programs rely on general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.



- Fund financial statements focus separately on major government funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own column. When non-major funds are presented, those funds are aggregated into a single column. Statements for the City's proprietary fund follow the governmental funds and include a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.
- Required supplementary information includes this section (MD&A) and budgetary comparison statements for the General Fund and major special revenue funds. These, along with data contained in the other supplementary information section provide more clarification and support the information in the financial statements.
- The City maintains five governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for those funds that are considered significant (major) to the City taken as a whole. These financial statements report each of the governmental funds as major. These consist of the General Fund, State Tax Street Fund, Community Development Fund, Tourism Fund, and Library Fund.
- The City adopts an annual appropriated budget for all funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the General Fund and each major special revenue fund as required supplementary information. Budgetary comparisons for all other governmental funds have been provided as other supplementary information.

***Financial Analysis of the City as a Whole***

*Statement of Net Position* – The Statement of Net Position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by nearly \$4.2 million at the close of the most recent fiscal year, an increase of \$782,000 over the prior year. Net position was split \$1.9 million in governmental activities and \$2.3 million in the business-type activity.





A comparison of the government-wide financial statements with the current and prior year is presented as follows:

Net Position at Fiscal Year-end

	Governmental Activities		Business-type Activities		Total Government
	2023	2022	2023	2022	2023
Cash and investments	\$ 918,742	\$ 920,936	\$ 1,261,894	\$ 981,127	\$ 2,180,636
Other assets	49,547	39,726	167,563	188,354	217,110
Deferred outflows	68,722	22,586	71,526	33,878	140,248
Capital assets	1,752,540	1,117,165	3,452,591	3,246,684	5,205,131
<b>Total assets and deferred outflows</b>	<b>2,789,551</b>	<b>2,100,413</b>	<b>4,953,574</b>	<b>4,450,043</b>	<b>7,743,125</b>
Accrued liabilities	543,973	328,071	211,131	159,000	755,104
Deferred inflows	78,353	86,589	81,552	129,884	159,905
Long-term debt outstanding	274,000	-	2,315,000	2,390,000	2,589,000
<b>Total liabilities and deferred inflows</b>	<b>896,326</b>	<b>414,660</b>	<b>2,607,683</b>	<b>2,678,884</b>	<b>3,504,009</b>
<b>Net position:</b>					
Net investment in capital assets	1,478,540	1,117,165	756,983	856,684	2,235,523
Restricted	168,645	33,230	175,446	159,463	344,091
Unrestricted	246,040	535,358	1,413,462	755,012	1,659,502
<b>Total net position</b>	<b>\$ 1,893,225</b>	<b>\$ 1,685,753</b>	<b>\$ 2,345,891</b>	<b>\$ 1,771,159</b>	<b>\$ 4,239,116</b>

**The City's Overall Financial Position**

- The City showed an increase in cash of about \$278,000, which is attributable having unspent grants on hand.
- Deferred outflows, which is related to future PERS obligations, increased about \$84,000, based on the latest actuarial valuation.
- Current liabilities are very similar to the prior year, while pension liability rose \$116,000 and unused grants increased by \$140,000.
- Long-term liabilities increased by \$199,000 as the City borrowed \$274,000 to purchase property and paid \$75,000 on its sewer revenue bonds.
- Ending net position at June 30, 2023 was \$782,000 more than the prior year due mostly to grants and increased sewer use fees.

### **Governmental Activities**

- Governmental activities income increased from last year to this year by about \$129,500. Much of this was due to grant receipts but many several other sources, including interest, licenses and permits, franchise fees, and taxes all saw increases. As a result, ending net position for the Governmental Activities was up about \$207,000 over the prior year.
- Expenses in the Governmental Activities were about down about \$34,000 from last year. A portion of this decrease is due to pass-through grant to the Lakeside Riders of \$118,000 that was spent last year.

### **Business-type Activities**

- Revenues were higher than expenses Business-type Activities by about \$574,000. Part of this is due to a government grant for the wastewater treatment plant project, for which the expenditures increase the City's capital assets. An increase in sewer fee revenue of \$180,000 also contributed to the higher revenues. Expenses were down about \$140,000 and as a result, ending net position increased \$575,000.

#### Governmental and Proprietary Activities For Fiscal Year Ending June 30, 2023 and 2022

	Governmental Activities		Business-type Activities		Total Government
	2023	2022	2023	2022	2023
Revenues:					
Program revenues:					
Charges for services	\$ 342,328	\$ 205,022	\$ 1,527,778	\$ 1,011,815	\$ 1,870,106
Grants and contributions	224,711	121,625	-	-	224,711
General revenues:					
Taxes and unrestricted grants	250,212	361,153	-	-	250,212
Total revenues	<u>817,251</u>	<u>687,800</u>	<u>1,527,778</u>	<u>1,011,815</u>	<u>2,345,029</u>
Expenses:					
Governmental activities:					
General government	211,495	380,216	-	-	211,495
Highway and streets	157,209	118,394	-	-	157,209
Community development	45,913	-	-	-	45,913
Tourism	82,029	-	-	-	82,029
Culture and recreation	90,020	127,198	-	-	90,020
Unallocated depreciation	23,113	18,393	-	-	23,113
Business-type activities:					
Wastewater treatment	-	-	953,046	1,097,857	953,046
Total expenses	<u>609,779</u>	<u>644,201</u>	<u>953,046</u>	<u>1,097,857</u>	<u>1,562,825</u>
Change in net position	<u>207,472</u>	<u>43,599</u>	<u>574,732</u>	<u>(86,042)</u>	<u>782,204</u>
Beginning net position	<u>1,685,753</u>	<u>1,642,154</u>	<u>1,771,159</u>	<u>1,857,201</u>	<u>3,456,912</u>
Ending net position	<u>\$ 1,893,225</u>	<u>\$ 1,685,753</u>	<u>\$ 2,345,891</u>	<u>\$ 1,771,159</u>	<u>\$ 4,239,116</u>

The largest portion of the City's net position (53%) reflects its investment in capital assets (e.g., land, buildings, improvements and equipment, net of accumulated depreciation), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the Wastewater Treatment Fund debt must be provided from revenues of that Wastewater Treatment Fund since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$1,660,000) may be used to meet the City's obligation to citizens and creditors.

### **Capital Assets**

Major additions to capital assets during the 2022-23 year included the purchase of land and a building, fencing at the airport, beginning the design phase of the wastewater treatment plant renovation, and completing the 8<sup>th</sup> Street railroad project.

These expenditures are reflected in the budgetary schedules as capital outlay and on the proprietary fund and government-wide statements as an increase in capital assets. The following summarizes the City's capital assets, net of accumulated depreciation:

	Capital Assets			
	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Land	\$ 1,149,091	\$ 869,091	\$ 141,057	\$ 141,057
Construction in progress	-	-	380,608	-
Buildings	96,363	106,696	-	-
Plant	-	-	2,782,694	2,972,433
Infrastructure	357,620	128,240	-	-
Machinery and equipment	149,466	13,138	148,232	133,194
	<u>\$ 1,752,540</u>	<u>\$ 1,117,165</u>	<u>\$ 3,452,591</u>	<u>\$ 3,246,684</u>

### **Long-term Debt**

- During the 17-18 year, the City refinanced its 2008 Revenue Bonds, which had paid for Wastewater Treatment plant #2. This refunding reduced the total debt service payments over the next 25 years by \$659,301 and resulted in an economic gain of \$469,256. The new debt is financed over the same period as the refunded debt, maturing in October 2043, at interest rates that range from 2% to 4%. During the 2022-23 fiscal year, the City paid \$75,000 in principal and \$80,000 in interest on this refunding, leaving a balance owing of \$2,315,000.
- During the 22-23 year, the City borrowed \$274,000 from a local financial institution to purchase land and a building. Payments are due annually over a 10-year period, at a rate of 5.78%. The first payment is due December 2023 and will be made from the General Fund.

### **Budgetary Highlights**

Because the budget is an estimation of revenues and expenditures, there are usually variations between the final amended budget and the actual budget-basis amounts. For the year ending June 30, 2023, significant variations consisted of the following:

- The Tourism Fund did not use its contingency fund of \$50,000.
- The Library Fund was close to budget, with \$30,000 in contingency that did not need to be used.
- In the General Fund, revenues were less than expected. This was mostly due to the \$199,000 Coronavirus State and Local Fiscal Recovery Fund (SLFRF) grant being received but deferred for spending in the 2023-24 fiscal year. Accordingly, expenses budget from this grant were also deferred, resulting being spent than anticipated during the budget process.
- In the State Street Tax Fund, grants of \$225,000 were not received, nor was that money spend, making both revenues and expenditures less than budgeted.
- The Community Development Fund did not receive a \$100,000 grant, so both revenues and expenses were less than anticipated.
- The Wastewater Treatment Fund had grant revenues and related capital projects budgeted of \$1 million. At June 30, 2023 only \$380,000 had been spent and the project was carried over into the 2023-24 budget year, where it is ahead of schedule.

### **Facts, Decisions, or Conditions, That are Expected to Impact the City**

- The City continues to operate with no permanent property tax rate and depends on limited General Fund revenues generated by transient room tax, business licenses, permits, grants and fees for services. The City Council has agreed to start the process of putting a permanent tax rate on the ballot for the next general election in 2024.
- Franchise fees. Staff are investigating the status of existing and new franchise fees. Frontier was replaced with Ziplly Fiber and a new franchise agreement was adopted by Ordinance 22-302.
- In August 2021 and 2022, the City received approximately \$400,000 in federal Coronavirus State and Local Fiscal Recovery Funds (SLFRF) through the American Rescue Plan. The City Council has used a portion to purchase a container for the food bank and will use remaining funds for operations.
- The property that previously housed the Shutter Creek Correctional Facility is now being used by the Department of State Lands. Plans are for a research and development campus to support the Elliott State Forest as an international experimental research forest. At this time, the City is receiving sewer payments at the same rate as before the transition.

The financial report is designed to provide a general overview of the City's finances for those with an interest in the City's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City Manager, City of Lakeside, P.O, Box L Lakeside, Oregon, 97449.

# **BASIC FINANCIAL STATEMENTS**

**CITY OF LAKESIDE, OREGON**  
**STATEMENT OF NET POSITION**  
June 30, 2023

<b>ASSETS</b>	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 885,495	\$ 1,261,894	\$ 2,147,389
Receivables	30,026	145,314	175,340
Prepaid expenses	19,521	22,249	41,770
Restricted cash	33,247	-	33,247
Capital assets:			
Land	930,691	141,057	1,071,748
Construction in progress	-	380,608	380,608
Depreciable assets (net of accumulated depreciation)	821,849	2,930,926	3,752,775
Total assets	2,720,829	4,882,048	7,602,877
Deferred outflows of resources related to pensions	68,722	71,526	140,248
<b>LIABILITIES</b>			
Accounts payable	27,626	54,844	82,470
Other accrued expenses	8,440	13,305	21,745
Payroll liabilities payable	1,081	1,480	2,561
Accrued interest payable	-	19,453	19,453
Unearned revenue (grant advance)	389,562	-	389,562
Pension liability	117,264	122,049	239,313
Long-term debt:			
Due within one year - loans	21,004	-	21,004
Due within one year - revenue bonds	-	80,000	80,000
Due in more than one year - loans	252,996	-	252,996
Due in more than one year - revenue bonds	-	2,235,000	2,235,000
Total liabilities	817,973	2,526,131	3,344,104
Deferred inflows of resources related to pensions	78,353	81,552	159,905
<b>NET POSITION</b>			
Net investment in capital assets	1,478,540	756,983	2,235,523
Restricted for:			
Sewer assistance program	-	809	809
Wastewater system development	-	174,637	174,637
Streets	135,415	-	135,415
Library:			
Nonexpendable (endowment)	33,230	-	33,230
Unrestricted	246,040	1,413,462	1,659,502
	\$ 1,893,225	\$ 2,345,891	\$ 4,239,116

The accompanying notes are an integral part of the basic financial statements.

**CITY OF LAKESIDE, OREGON**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2023**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 211,495	\$ 57,688	\$ -	\$ 135,757	\$ (18,050)	\$ -	\$ (18,050)
Highways and streets	157,209	152,293	77,074	-	72,158	-	72,158
Community Development	45,913	41,662	-	-	(4,251)	-	(4,251)
Tourism	82,029	89,972	7,500	-	15,443	-	15,443
Culture and recreation	90,020	713	4,380	-	(84,927)	-	(84,927)
Unallocated depreciation	23,113	-	-	-	(23,113)	-	(23,113)
Total governmental activities	<u>609,779</u>	<u>342,328</u>	<u>88,954</u>	<u>135,757</u>	<u>(42,740)</u>	<u>-</u>	<u>(42,740)</u>
Business-type activities:							
Wasterwater treatment	953,046	1,527,778	-	-	-	574,732	574,732
Total government	<u>\$ 1,562,825</u>	<u>\$ 1,870,106</u>	<u>\$ 88,954</u>	<u>\$ 135,757</u>	<u>(42,740)</u>	<u>574,732</u>	<u>531,992</u>
General:							
Taxes:							
Property taxes, levied for the library					97,378	-	97,378
Franchise fees					113,552	-	113,552
Alcohol and cigarette taxes					39,282	-	39,282
Total general revenues					<u>250,212</u>	<u>-</u>	<u>250,212</u>
Change in net assets					207,472	574,732	782,204
Net position - beginning					<u>1,685,753</u>	<u>1,771,159</u>	<u>3,456,912</u>
Net position - ending					<u>\$ 1,893,225</u>	<u>\$ 2,345,891</u>	<u>\$ 4,239,116</u>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF LAKESIDE, OREGON**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2023

	Major Funds					Total Governmental Funds
	General Fund	State Tax Street Fund	Library Fund	Community Development Fund	Tourism Fund	
<b>ASSETS</b>						
Cash and equivalents	\$ 499,970	\$ 126,883	\$ 100,955	\$ 67,754	\$ 89,933	\$ 885,495
Receivables:						
Accounts	2,478	-	-	-	-	2,478
Intergovernmental	-	27,548	-	-	-	27,548
Prepaid expenses	2,825	6,675	21	-	10,000	19,521
Restricted cash	-	-	33,247	-	-	33,247
<b>Total assets</b>	<b>\$ 505,273</b>	<b>\$ 161,106</b>	<b>\$ 134,223</b>	<b>\$ 67,754</b>	<b>\$ 99,933</b>	<b>\$ 968,289</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 4,813	\$ 18,592	\$ 1,726	\$ 2,005	\$ 490	\$ 27,626
Payroll liabilities payable	408	424	249	-	-	1,081
Grant advance	389,562	-	-	-	-	389,562
<b>Total liabilities</b>	<b>394,783</b>	<b>19,016</b>	<b>1,975</b>	<b>2,005</b>	<b>490</b>	<b>418,269</b>
<b>FUND BALANCES</b>						
Fund balance:						
Nonspendable	2,825	6,675	33,251	-	10,000	52,751
Restricted	-	135,415	98,997	-	5,443	239,855
Assigned	-	-	-	65,749	84,000	149,749
Unassigned	107,665	-	-	-	-	107,665
<b>Total fund balances</b>	<b>110,490</b>	<b>142,090</b>	<b>132,248</b>	<b>65,749</b>	<b>99,443</b>	<b>550,020</b>
<b>Total liabilities and fund balances</b>	<b>\$ 505,273</b>	<b>\$ 161,106</b>	<b>\$ 134,223</b>	<b>\$ 67,754</b>	<b>\$ 99,933</b>	<b>\$ 968,289</b>

The accompanying notes are an integral part of the basic financial statements.



**CITY OF LAKESIDE, OREGON**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2023**

**Total fund balances - governmental funds** \$ 550,020

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

Certain items are not current financial resources in governmental funds, but are reported in the Statement of Net Position:

Capital assets, net of depreciation	\$ 1,752,540	
Deferred inflows of resources related to pensions	<u>68,722</u>	
		1,821,262

Some items, such as liabilities and outflows of resources related to pensions, are reported in the Statement of Net Position, however, if they are not due and payable in the current period, they are not recorded in the governmental funds:

Deferred outflows of resources related to pensions	(78,353)	
Net pension liability	(117,264)	
Compensated absences payable	(8,440)	
Loans payable	<u>(274,000)</u>	
		<u>(478,057)</u>

**Total net position - governmental activities** \$ 1,893,225

The accompanying notes are an integral part of the basic financial statements.

**CITY OF LAKESIDE, OREGON**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2023**

	Major Funds					Total Governmental Funds
	General Fund	State Tax Street Fund	Library Fund	Community Development Fund	Tourism Fund	
<b>REVENUES</b>						
Intergovernmental	\$ 39,282	\$ 149,243	\$ 97,378	\$ -	\$ -	\$ 285,903
Charges for services	125,271	33,223	-	41,662	89,972	290,128
Interest on investments	12,746	2,396	713	-	-	15,855
Grants and donations	135,757	77,074	1,000	-	7,500	221,331
Other	-	654	3,380	-	-	4,034
<b>Total revenues</b>	<b>313,056</b>	<b>262,590</b>	<b>102,471</b>	<b>41,662</b>	<b>97,472</b>	<b>817,251</b>
<b>EXPENDITURES</b>						
Current operating:						
General government	201,180	-	-	-	-	201,180
Community development	-	-	-	45,913	-	45,913
Tourism	-	-	-	-	82,029	82,029
Highways and streets	-	147,908	-	-	-	147,908
Culture and recreation	-	-	93,699	-	-	93,699
Capital outlay	149,977	234,512	-	-	-	384,489
<b>Total expenditures</b>	<b>351,157</b>	<b>382,420</b>	<b>93,699</b>	<b>45,913</b>	<b>82,029</b>	<b>955,218</b>
Excess (deficiency) of revenues over (under) expenditures	(38,101)	(119,830)	8,772	(4,251)	15,443	(137,967)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	70,000	84,000	154,000
Transfers (out)	(154,000)	-	-	-	-	(154,000)
<b>Total other financing sources (uses)</b>	<b>(154,000)</b>	<b>-</b>	<b>-</b>	<b>70,000</b>	<b>84,000</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(192,101)</b>	<b>(119,830)</b>	<b>8,772</b>	<b>65,749</b>	<b>99,443</b>	<b>(137,967)</b>
Fund balances - beginning of year	302,591	261,920	123,476	-	-	687,987
<b>Fund balances - end of year</b>	<b>\$ 110,490</b>	<b>\$ 142,090</b>	<b>\$ 132,248</b>	<b>\$ 65,749</b>	<b>\$ 99,443</b>	<b>\$ 550,020</b>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF LAKESIDE, OREGON**  
**Reconciliation of the Governmental Funds Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2023**

**Total net change in fund balances - governmental funds** \$ (137,967)

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

Governmental funds do not report changes in net pension obligations, or the related deferred inflows and outflows. However, these items are reported in the Statement of Activities. (13,496)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the change in capital expenditures in the period.

Capital outlay	\$ 658,489	
Depreciation expense	<u>(23,113)</u>	
		635,376

The issuance of long-term debt provides current financial resources to the governmental funds while the repayment of long-term debt consumes current financial resources. However, neither has any effect on the Statement of Activities.

Issuance of debt (274,000)

In the governmental funds, long-term obligations are recorded when paid and amortization expenses are not reported. On the Statement of Activities, they are recorded when accrued.

Changes in compensated absences payable (2,441)

**Change in net position of governmental activities** \$ 207,472

**CITY OF LAKESIDE, OREGON  
STATEMENT OF NET POSITION  
WASTEWATER TREATMENT FUND  
June 30, 2023**

**ASSETS**

Current assets	
Cash and investments	\$ 1,261,894
Accounts receivables	145,314
Prepaid expenses	<u>22,249</u>
Total current assets	<u>1,429,457</u>
Other assets	
Land	141,057
Construction in progress	380,608
Depreciable assets (net of accumulated depreciation)	<u>2,930,926</u>
Total other assets	<u>3,452,591</u>
Total assets	<u>4,882,048</u>
Deferred outflows of resources related to pensions	<u>71,526</u>

**CURRENT LIABILITIES**

Accounts payable	54,844
Payroll benefits payable	1,480
Accrued compensation payable	13,305
Accrued interest payable	19,453
Current portion of long-term debt	<u>80,000</u>
Total current liabilities	169,082
Pension obligations	122,049
Long-term debt (net of current portion)	<u>2,235,000</u>
Total liabilities	<u>2,526,131</u>
Deferred inflows of resources related to pensions	<u>81,552</u>

**NET POSITION**

Net investment in capital assets	756,983
Restricted for:	
System development	174,637
Sewer assistance program	809
Unrestricted	<u>1,413,462</u>
Total net assets	<u><u>\$ 2,345,891</u></u>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF LAKESIDE, OREGON**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**WASTEWATER TREATMENT FUND**  
**For the Fiscal Year Ended June 30, 2023**

**OPERATING REVENUES**

Charges for services	\$ 1,191,831
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**OPERATING EXPENSES**

Personnel services	303,457
Materials and services	355,592
Depreciation	214,498

Total operating expenses	873,547
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Operating income (loss)	318,284
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**NON-OPERATING REVENUES (EXPENSES)**

Interest income	35,174
Interest expense	(79,499)
Intergovernmental	284,857
System development charges	15,916

Total non-operating revenues (expenses)	256,448
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Change in net position	574,732
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Net position - beginning of year	1,771,159
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Net position - end of year	\$ 2,345,891
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The accompanying notes are an integral part of the basic financial statements.

**CITY OF LAKESIDE, OREGON  
STATEMENT OF CASH FLOWS  
WASTEWATER TREATMENT FUND  
For the Fiscal Year Ended June 30, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 1,160,785
Cash payments to suppliers for goods and services	(131,059)
Cash payments for employee services	(564,779)
	464,947
Net cash provided by operating activities	464,947

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchases of capital assets	(420,405)
Nonoperating grant	340,197
System development charges	15,916
Principal on long-term debt	(75,000)
Interest paid on long-term debt	(80,062)
	(219,354)
Net cash used for capital and related financing activities	(219,354)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest on investments	35,174
	35,174
Net increase (decrease) in cash and cash equivalents	280,767
Cash and cash equivalents - July 1	981,127
	981,127
Cash and cash equivalents - June 30	\$ 1,261,894

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income (loss)	\$ 318,284
	318,284
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	214,498
(Increase)/decrease in assessments and accounts receivable	(31,046)
(Increase)/decrease in prepaid expenses	(3,503)
(Increase)/decrease in deferred outflows	(37,648)
Increase/(decrease) in deferred inflows	(48,332)
Increase/(decrease) in accounts payable and accrued leave	4,741
Increase/(decrease) in pension liability	47,953
	146,663
Total adjustments	146,663
Net cash provided by operations	\$ 464,947

The accompanying notes are an integral part of the basic financial statements.

**CITY OF LAKESIDE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Lakeside, Oregon (the City) is organized under its own charter and the general laws pertaining to cities in the State of Oregon. The City is governed by a six-member Council and a Mayor, all of which are elected by the public. The City provides services that include culture, planning and zoning, streets, public improvements and general administrative services, in addition to wastewater collection and treatment.

The basic financial statements include all financial activities, organizations and functions for which the City Council is responsible for financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose its will on the component unit, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. Based on the application of the criteria established by the Governmental Accounting Standards Board (GASB), the City of Lakeside, Oregon has no component units.

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

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

**Government-wide Financial Statements.** The Statement of Net Position and the Statement of Activities display information about the City as a whole. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. Inter-fund activity, such as loans and transfers, are eliminated to avoid "doubling up" revenues and expenses.

Governmental activities – The City's general government activities are reported in this category, including the General Fund and Special Revenue Funds. Funding sources vary and include charges for services, franchise fees and intergovernmental revenues.

Business-type activities – The City provides sewer services to its customers and this category reports the activities of the proprietary fund.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

In the government-wide financial statements, revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

**Fund Financial Statements.** The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. A minimum number of funds are maintained consistent with legal and managerial requirements. The various funds of the City are grouped into the categories, governmental and proprietary. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

The financial statements for the governmental funds are a Balance Sheet, which generally includes only current assets and current liabilities, and a Statement of Revenues, Expenditures and Changes in Fund Balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

The proprietary fund financial statements include the Statement of Net Position which reports all assets and all liabilities associated with the operation of these funds. The Statement of Revenues, Expenditures and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

**Governmental funds** are used to account for the City's general government activities. Governmental fund financial statements are reported using the flow of *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due, and certain compensated absences and claims of judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

An accrual for deferred revenue arises in the Governmental Funds Balance Sheet when potential revenue does not meet the earned and available criteria for recognition in the current period. In the government-wide Statement of Activities, with a full accrual basis of accounting, revenue is recognized as soon as it is earned, regardless of its availability. Thus, a deferred inflow created on the Governmental Fund Balance Sheet for unavailable deferred revenue is eliminated on the Statement of Net Position. Unearned revenues arise outside the scope of measurement focus and basis of accounting, such as when the City receives resources before it has a legal claim to them. An example of this would be when grant monies are received prior to the incurrence of qualifying expenses.

Franchise taxes, special assessments, licenses, fees and permits, interest and charges for services are susceptible to accrual if collected within 15 days of fiscal year-end. Other receipts become measurable and available when cash is received by the City and are recognized as revenue at that time.



Intergovernmental revenues are recognized as revenues when all eligibility requirements are met. There are, however, essentially two types of intergovernmental revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, all eligibility requirements are determined to be met when the underlying expenditures are recorded. In the other, monies are virtually unrestricted as to the purpose of the expenditure and are usually revocable only for failure to comply with prescribed requirements; therefore, all eligibility requirements are determined to be met at the time of receipt or earlier if the susceptible to accrual criteria are met.

The City presents separate financial statements for governmental funds and a proprietary fund. Major individual governmental funds and major individual proprietary funds are reported in separate columns in the fund financial statements, with nonmajor funds being combined into a single column.

**Major governmental funds include:**

**General Fund** – This fund is the City's primary operating fund. This fund is used to account for and report all financial resources not required to be accounted for and reported in other funds.

**State Tax Street Fund** – This fund is a Special Revenue fund, used to account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditure for specified purposes. The primary sources of revenue are state highway fund revenues, franchise fees and charges for services. Most expenditures are legally restricted to the maintenance and improvement of streets.

**Library Fund** – This Special Revenue fund is used to account for and report on funds from a county-wide serial tax levy and other sources which are used to operate the library. Expenditures are legally restricted for library purposes only.

**Community Development Fund** - This fund is used to account for and to report on fees charged for electric, building and other permits assessed by the City of Lakeside. Funding is also provided through transfers from the General Fund. The primary expenditures are related to processing applications and electrical inspections.

**Tourism Fund** - This fund is used to account for and to report on funds received from 70 percent of the transient lodging taxes collected by the City of Lakeside. Funding is also provided through transfers from the General Fund. Primary expenditures are for special events, promotions, and beautification.

**Proprietary funds** are used to account for the City's wastewater treatment plant. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position.

Proprietary funds are used to account for those operations that are financed and operated in a manner similar to private business or where the governing board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

**Proprietary funds include the following fund:**

**Wastewater Treatment Fund** – This fund is used to account for and report those operations of the wastewater treatment collection and treatment system, including servicing of bonded debt.

**C. Assets, Liabilities and Equity**

*1. Cash and Cash Equivalents*

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and investments in the Oregon State Treasury Local Government Investment Pool (LGIP).

The City maintains merged bank accounts and investments for its funds in a central pool of cash and investments. The investment policy of the City is to invest in the LGIP and interest-bearing demand deposits with local banks and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035 which specifies the types of investments authorized for municipal corporations. The City allocates earnings on investments to selected funds based on the average monthly balances throughout the year. For purposes of the Statement of Cash Flows, the City considers all highly liquid investments (including restricted assets) purchased with a maturity of three months or less to be cash equivalents. Investments are stated at amortized cost, which approximates fair value.

## 2. *Receivables and Payables*

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

Other receivables including taxes, accounts, entitlements and shared revenues are reported in accordance with the policies enumerated in Paragraph B above. Fines and permit revenue are not susceptible to accrual because generally they are not measurable until received in cash. An allowance for uncollectibles has not been established for the Wastewater Treatment Fund, as the City monitors past due accounts carefully and the amount of possible uncollectible accounts is believed to be immaterial to the financial statements of the Wastewater Treatment Fund.

## 3. *Restricted Net Position*

Certain resources are set aside and classified as restricted net position on the Statement of Net Position because their use is limited. For the fiscal year ending June 30, 2023, this includes wastewater system development fees, sewer assistance program donations and an endowment for the Library Fund, of which the principal must remain intact. Earnings on the endowment may be used to purchase library books and periodicals.

## 4. *Capital Assets*

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available, and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$1,000 and an initial useful life of more than one reporting period. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest paid on construction financing is capitalized in the proprietary fund and in the governmental activities in the Statements of Net Assets. As a Phase III government under GASB Statement No. 34, the City was not required to retroactively report its infrastructure in the governmental activities, therefore only capital improvements to roads, sidewalks, etc. that were made after June 30, 2004 have been capitalized.

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. For governmental activities these costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. Capital assets utilized by proprietary funds are reported in the business-type activities column of the government-wide Statement of Net Position and in their respective funds.

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation expense for the governmental activities is not allocated among the various governmental functions.

Depreciation is computed using the straight-line method over the following useful lives:

Buildings	30 years
Plant systems	30 years
Building and land improvements	10-30 years
Machinery and equipment	5-15 years

#### 5. *Deferred Inflows/Outflows of Resources*

In addition to assets and liabilities, the Statement of Net Position reports separate sections for deferred outflows of resources and deferred inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, these are deferred amounts related to pensions, and they are reported only on the Statement of Net Position.

Deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Under the accrual basis of accounting, deferred amounts related to pensions, are reported only on the Statement of Net Position, and represents benefits that apply to future periods and so will not be recognized until that time.

#### 6. *Compensated Absences*

The City's policy allows employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay must be used in the year following the year in which it is earned. Employees are not allowed to carry over more than one year's accrual without approval. By mutual agreement between the City and its employees, employees have the option to accumulate overtime as compensatory pay, which accrues at overtime rates. A liability for the unused vacation amount is reported in governmental funds only if matured, for example, as the result of employee resignations and retirements. Accumulated unused compensatory pay and vacation pay are reported as a liability in the government-wide and proprietary funds.

The City allows employees to accumulate sick pay from year to year. However, the sick pay must be used in order for employees to gain any benefits as no payment is made to employees for accumulated sick pay when employment is terminated. Accordingly, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits, and as such, sick pay is recorded as an expense when paid.

The governmental funds typically used in prior years to liquidate the liability for compensated absences are any funds with payroll, which include: General Fund, State Tax Street Fund, and Library Fund.

#### 7. *Long-term Obligations*

In the government-wide financial statements, and proprietary fund in the fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities or business-type activities. At this time, the City's long-term obligations include debt and pension benefits. Debt is paid by the Wastewater Treatment Fund and pension benefits are paid by those funds that have payroll, which are typically the General Fund, State Tax Street Fund, Library Fund and Wastewater Treatment Fund.

8. *Operating Revenues and Expenses, Non-operating Revenues and Expenses*

Proprietary funds distinguish “operating” revenues and expenses from “non-operating” revenues and expenses. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for sewer services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

Non-operating revenues and expenses of the City are those revenues and expenses not directly related to the service provided by the fund. Non-operating revenues and expenses may include interest, grants and gain or loss on disposition of capital assets.

9. *Pensions*

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

10. *Use of Estimates*

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

11. *Fund Balance*

The governmental fund financial statements fund balances are classified as follows:

**Nonspendable**—Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted**—Amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

**Committed**—Amounts that can only be used for specific purposes determined by a formal action by City Council ordinance or resolution. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.

**Assigned**—Amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. Intent should be expressed by the City Council, the budget committee or a city official authorized by the City Council.

**Unassigned**—All amounts not included in other spendable classifications.

The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Assigned funds are reduced to the extent that expenditure authority has been budgeted by Council or the assignment has been changed by the City Manager. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the City considers committed amounts reduced first, then assigned, then unassigned.

## 12. Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the City's financial statements.

Government-wide and proprietary fund net position is divided into three components:

Net investment in capital assets - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position - consists of assets that are restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state) and by other contributors.

Unrestricted - all other net position is reported in this category.

## 13. New Accounting Pronouncements Upcoming

The City's policy is to implement new GASB pronouncements in the fiscal year no later than the required effective date. Management has not yet determined the effect on the financial statements from implementing any of the following pronouncements:

GASB Statement No. 100, "*Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62." The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No 101, "*Compensated Absences*." The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

## II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds. The annual budget for the proprietary fund is adopted on a basis not consistent with accounting principles generally accepted in the United States of America in order to comply with Oregon Local Budget Law. All annual appropriations lapse at fiscal year-end.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption and execution of the annual budget.

The City follows these procedures in establishing the budgetary data reflected in the financial statements: (1) Prior to July 1, the Budget Committee submits to the City Council an approved operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. (2) A public hearing is then held to obtain comments from taxpayers and other interested parties. (3) Prior to July 1, the budget is legally adopted, expenditures are appropriated and, if applicable, taxes are levied by a resolution.



The City Council has the authority to make certain limited changes in the budget figures approved by the Budget Committee when it adopts the budget. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The legal level of appropriation is established for the General Fund at the department level, for the remaining funds by the major object categories; personnel services, materials and services, capital outlay, transfers and contingency.

Original appropriations may be increased through resolutions by transferring amounts between appropriations in the same fund or by transferring from an appropriation in the general fund to an appropriation category in another fund. Management may reassign resources within functions without seeking approval of the City Council. All revisions of appropriations, whether within a fund or between funds, require Council approval in the form of a resolution. A supplemental budget is needed to increase appropriations under certain circumstances. Supplemental budgets are prepared and adopted in a similar manner as the regular budget in order to have the authority to make expenditures from unanticipated revenues. Budget amounts are as originally adopted, or as amended by the City Council.

### III. DETAILED NOTES

#### A. Deposits and Investments.

**Deposits.** Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit.

*Custodial Credit Risk.* The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2023. If bank deposits at year-end are not entirely insured or collateralized with securities held by the City or by its agent in the City's name, the City must disclose the custodial credit risk that exists. Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The City does not have a formal deposit policy for custodial risk.

The Oregon State Treasurer is responsible for monitoring public funds held by bank depositories in excess of FDIC insured amounts, and for assuring that public funds on deposit are collateralized to the extent required by Oregon Revised Statutes (ORS) 295. ORS Chapter 295 requires depository banks to place and maintain on deposit, with a third-party custodian bank, securities having a value of 10 percent, 25 percent or 110 percent of public funds on deposit, depending primarily on the capitalization level of the depository bank. Deposits in the Public Funds Collateralization Pool are not 100 percent guaranteed.

The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FIDC coverage with institutions participating in the Oregon Public Funds Collateralization Program, a multiple financial institution collateral pool administered by the Oregon State Treasurer's office, are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. All of the District's deposits were with institutions participating in the Oregon Public Funds Collateralization Program or were covered by FDIC insurance. Therefore, none of the District's deposits were exposed to custodial credit risk.

**Investments.** The City of Lakeside, Oregon has invested funds in the State Treasurer's Oregon Short Term Fund Local Government Investment Pool during fiscal year 2023. The Oregon Short Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an unrated external investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes.

The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40. Withdrawals in excess of \$25 million may require 48 hours' notice.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the City's cash position. Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 294. These funds are held in the City's name and are not subject to collateralization requirements or ORS 295.015.

*Credit Risk.* Credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The State of Oregon LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies.

The State Treasurer is the investment officer of the Pool and is responsible for all funds in the Pool. These funds must be invested and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short Term Funds Board, which establishes diversification percentages and specifies the types and maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually. The Division's report on the Pool as of and for the year ended June 30, 2023 was unqualified.

State statutes authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers and the State Treasurer's investment pool, among others. The City has no formal investment policy that further limits the liquidity and diversification of the City's investments.

A reconciliation of cash and cash equivalents as shown on the Statement of Net Position and Balance Sheet follows:

Carrying amount of deposits	\$ 225,974
Petty cash	550
Local Government Investment Pool	<u>1,954,112</u>
 Total	 <u><u>\$ 2,180,636</u></u>

Balance Sheet

Government funds:

General Fund	\$ 499,970
State Tax Street Fund	126,883
Library Fund	134,202
Community Development Fund	67,754
Tourism Fund	<u>89,933</u>
	<u>918,742</u>

Proprietary funds:

Wastewater Treatment Fund	<u>1,261,894</u>
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Total	<u><u>\$ 2,180,636</u></u>
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*Concentration of Credit Risk.* The City is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The City has no such investments.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Oregon Short Term Fund Board manages this risk by limiting the maturity of the investments held by the fund. The City does not have a formal investment policy regarding interest rate risk.

**B. Receivables**

The Wastewater Treatment Fund does not report an amount for uncollectible amounts, as management believes the amount of potentially unrecoverable balances is not material to the financial statement. Sewer charges are assessed to users at the end of the month after the month of use, and accordingly the amount due at June 30, 2023 has been estimated.

**C. Capital Assets**

Capital asset activity for the City for the fiscal year ended June 30, 2023 was as follows:

Governmental Activities:

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
<i><u>Nondepreciable capital assets</u></i>				
Land	\$ 869,091	\$ 61,600	\$ -	\$ 930,691
<i><u>Depreciable capital assets</u></i>				
Buildings	497,977	218,400	-	716,377
Infrastructure	153,954	234,512	-	388,466
Equipment	79,071	143,977	-	223,048
Total depreciable capital assets	731,002	596,889	-	1,327,891
<i><u>Less accumulated depreciation for</u></i>				
Buildings	(391,281)	(10,333)	-	(401,614)
Infrastructure	(25,714)	(5,132)	-	(30,846)
Equipment	(65,933)	(7,649)	-	(73,582)
Total accumulated depreciation	(482,928)	(23,114)	-	(506,042)
Net depreciable capital assets	248,074	573,775	-	821,849
Net governmental capital assets	\$ 1,117,165	\$ 635,375	\$ -	\$ 1,752,540

Depreciation is not allocated as a direct expense to any of the governmental programs.



Business-type Activities:

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
<i><u>Nondepreciable capital assets</u></i>				
Land	\$ 141,057	\$ -	\$ -	\$ 141,057
Construction in progress	-	380,608	-	380,608
Total nondepreciable capital assets	141,057	380,608	-	521,665
<i><u>Depreciable capital assets</u></i>				
Wastewater treatment plant	11,070,036	-	-	11,070,036
Machinery and equipment	438,147	39,797	-	477,944
Total depreciable capital assets	11,508,183	39,797	-	11,547,980
<i><u>Less accumulated depreciation for</u></i>				
Wastewater treatment plant	(8,097,603)	(189,739)	-	(8,287,342)
Machinery and equipment	(304,953)	(24,759)	-	(329,712)
Total accumulated depreciation	(8,402,556)	(214,498)	-	(8,617,054)
Net depreciable capital assets	3,105,627	(174,701)	-	2,930,926
Business-type capital assets	<u>\$ 3,246,684</u>	<u>\$ 205,907</u>	<u>\$ -</u>	<u>\$ 3,452,591</u>

**D. Long-term Debt**

In May 2023, the City borrowed \$274,000 from a local financial institution to purchase property at 105 S. 8<sup>th</sup> street, Lakeside, Oregon. The purchase price of the property was \$280,000. The loan is payable in semi-annual installments with interest only payments in July of each year and interest and principal payments due in December of each year until the maturity date of December 2032. The loan bears an interest rate of 5.78 percent. The loan may be prepaid in increments of \$5,000 with thirty days written notice to the lender.

Fiscal Year	Umpqua Bank Property Loan		
	Principal	Interest	Total
2023-24	\$ 21,004	\$ 18,477	\$ 39,481
2024-25	22,218	14,624	36,842
2025-26	23,502	13,339	36,841
2026-27	24,860	11,979	36,839
2027-28	26,297	10,544	36,841
2028-33	156,119	28,084	184,203
Total	<u>\$ 274,000</u>	<u>\$ 97,047</u>	<u>\$ 371,047</u>

In October 2017, the City issued \$2,675,000 in bonds to refund all outstanding revenue bonds payable to the USDA, Rural Development Department. The original loans were obtained to make improvements to the waste water treatment plant. This refunding was undertaken to reduce the total debt service payments over the next 25 years by \$659,301 and resulted in an economic gain of \$469,256. The new debt is financed over the same period as the refunded debt, maturing in October 2043 at interest rates that range from 2 percent to 4 percent. The bonds are payable from the Wastewater Treatment Fund. The future requirements for amortization of outstanding bonds are as follows:

Fiscal Year	Revenue Installment Sewer Bond #1		
	Principal	Interest	Total
2023-24	\$ 80,000	\$ 77,812	\$ 157,812
2024-25	80,000	75,412	155,412
2025-26	85,000	72,212	157,212
2026-27	85,000	68,812	153,812
2027-28	90,000	65,412	155,412
2028-29	95,000	62,712	157,712
2029-30	95,000	59,862	154,862
2030-31	100,000	57,012	157,012
2031-32	100,000	54,012	154,012
2032-33	105,000	51,012	156,012
2033-34	110,000	47,862	157,862
2034-35	110,000	44,288	154,288
2035-36	115,000	40,712	155,712
2036-37	120,000	36,976	156,976
2037-38	120,000	33,076	153,076
2038-39	125,000	28,876	153,876
2039-40	130,000	24,500	154,500
2040-41	135,000	19,950	154,950
2041-42	140,000	15,226	155,226
2042-43	145,000	10,326	155,326
2043-44	150,000	5,250	155,250
Total	<u>\$2,315,000</u>	<u>\$ 951,312</u>	<u>\$3,266,312</u>

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

	Balance 6/30/2022	Additions	Reductions	Balance 6/30/2023	Amount due within one year
Business-type Activities:					
2017 refunding bond	\$ 2,390,000	\$ -	\$ (75,000)	\$ 2,315,000	\$ 80,000
Governmental Activities:					
2023 property loan	-	274,000	-	274,000	21,004
Total	<u>\$ 2,390,000</u>	<u>\$ 274,000</u>	<u>\$ (75,000)</u>	<u>\$ 2,589,000</u>	<u>\$ 101,004</u>

**Changes in other liabilities.** The following is a summary of changes in other liabilities during the fiscal year ended June 30, 2023:

	Balance 6/30/2022	Additions	Reductions	Balance 6/30/2023	Amount due within one year
Governmental Activities:					
Vacation payable	\$ 5,999	\$ 4,104	\$ (1,663)	\$ 8,440	\$ 8,440
Business-type Activities:					
Vacation payable	\$ 10,763	\$ 5,144	\$ (2,602)	\$ 13,305	\$ 13,305

#### E. Fund Balance

Under GASB Statement No. 54, in the governmental fund financial statements, fund balances are classified as follows:

	General	State Tax Street	Library	Community Development	Tourism	Total Governmental Funds
Fund Balances:						
Nonspendable:						
Prepays	\$ 2,825	\$ 6,675	\$ 21	\$ -	\$ 10,000	\$ 19,521
Endowment	-	-	33,230	-	-	33,230
Restricted:						
Streets	-	135,415	-	-	-	135,415
Library operations	-	-	98,997	-	-	98,997
Community development	-	-	-	-	5,443	5,443
Assigned:						
Streets	-	-	-	65,749	-	65,749
Tourism	-	-	-	-	84,000	84,000
Unassigned	107,665	-	-	-	-	107,665
Total fund balances	\$ 110,490	\$ 142,090	\$ 132,248	\$ 65,749	\$ 99,443	\$ 550,020

#### F. Restricted Net Position

On the Statement of Net Position, certain net amounts are restricted as to use either by enabling legislation or by third parties:

Business-type Activities - The City collects system development fees, which are required to be used for system improvements. The amount set aside is currently \$174,637. The City is also holding \$809, which was donated for the sewer assistance program.

Governmental Activities - The City has an endowment for the Library Fund of \$33,230, where the principal must remain intact. Unused earnings on investments, which currently amount to \$0, may be used to purchase library books and periodicals.

### 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. Workers' compensation insurance is also provided through a commercial carrier.

The City is a member of City/County Insurance Services (CCIS) for workers' compensation and property insurance. In 1981, the League of Oregon Cities joined together with the Association of Oregon Cities to form CCIS, a public entity risk pool currently operating as a common risk management and insurance program for approximately 98 percent of the cities in the state of Oregon. During the most recent three fiscal years, the City did not pay any amounts for settlements in excess of the insurance deductible.

## **B. Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial. As of June 30, 2023, management is not aware of any pending litigation.

## **C. Public Employees Retirement System**

### ***Plan Description***

The City contributes to the State of Oregon Public Employees Retirement System (PERS), which was established by Oregon Legislature pursuant to Oregon Revised Statutes (ORS). PERS is a cost-sharing multiple-employer defined benefit pension plan. ORS 238 and 238A assign the authority to establish and amend benefit provisions to the state legislature. The Oregon Legislature has delegated authority to the Public Employees Retirement Board of trustees to administer and manage PERS.

### ***Outline of Plan Provisions:***

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

Pension Benefits - The PERS retirement allowance may be selected from 13 retirement benefit options that are actuarially equivalent to the benefit base. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage 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 prior to August 21, 1981) or a money match computation if it results in greater benefits.

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. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 55 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. Tier One/Tier Two Retirement Benefit plans are closed to new members hired on or after August 29, 2003. Beginning January 4, 2004, PERS active Tier One and Tier Two members became members of the Individual Account Program (IAP) of OPSRP. PERS members retain their existing accounts, but member contributions are now deposited into the member's IAP account.

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,
- 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 official leave of absence from a PERS-covered job at the time of death.

A member's beneficiary may choose a monthly payment for life instead of the lump-sum or a combination of lump-sum and monthly payments, if eligible. The monthly payment is a minimum of \$200 per month for deaths occurring after July 30, 2003.

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 for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a duty or a non-duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes After Retirement - Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2 percent.

Oregon Public Service Retirement Plan Pension Program (OPSRP) ORS Chapter 238A:

Pension Benefits - The Pension Program provides benefits to members hired on or after August 29, 2003. OPSRP provides a life pension funded by employer contributions. Benefits are based upon the number of years of service and the final average salary. The Pension Program provides a life pension funded by employer contributions. For General Service employees who attain retirement age, benefits are calculated as 1.5 percent 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 credits.

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 is terminated, the date on which termination becomes effective.

Death Benefits - Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life, 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70 ½ years.

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

Benefit Changes After Retirement - Monthly benefits are adjusted annually through cost-of-living changes, identical to the Tier One/Tier Two program.

OPSRP Individual Account Program (OPSRP IAP)-a defined-contribution pension plan:

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

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

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

Contributions – PERS-eligible employees are statutorily required to contribute 6 percent of their annual covered salary to the OPSRP Individual Account Program (IAP).

Recordkeeping – PERS contracts with VOYA Financial to maintain IAP participant records.

***Pension Plan ACFR:***

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board OPERS issues a publicly available Annual Comprehensive Financial Report and Actuarial Valuation that can be obtained at: <https://www.oregon.gov/PERS/Pages/financials/Actuarial-Financial-Information.aspx>

***Funding Policy:***

PERS plan members are required to contribute 6.0 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The City paid 6.4 percent for Tier 1 and Tier II employees and 1.33 percent for OPSRP members for the fiscal year, after credits.

Employer contribution rates during the period were based on the December 31, 2020 actuarial valuation. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts and their rates have been reduced.

Employer cash payments for the year ended June 30, 2023 were \$27,827. As permitted, the City has opted to pick-up the contributions on behalf of employees which, for the year ended June 30, 2023 were \$19,151. The City's portion of payments was \$8,676. These contributions added to the District's fiduciary net position. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2023.

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

At June 30, 2023, the City reported a liability of \$239,314 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2022, the City's proportion was 0.00156292 percent, which was an increase of .00053093 from its proportion measured as of June 30, 2021. For the year ended June 30, 2023, the City's actuarially determined pension expense was \$(11,645).



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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ 11,617	\$ (1,492)	
Changes in assumptions	37,550	(343)	
Net difference between projected and actual earnings on investments	-	(42,785)	
Changes in proportionate share	72,722	(58,918)	
Differences between employer contributions and Employer's proportionate share of system contributions	-	(56,367)	
Subtotal amortized deferrals	121,889	(159,905)	(38,016)
Contributions subsequent to the MD	18,359	-	18,359
Total deferred outflows (inflows) of resources	<u>\$ 140,248</u>	<u>\$ (159,905)</u>	<u>\$ (19,657)</u>

The \$18,359 reported as deferred outflow of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Employer subsequent Fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (27,062)
2nd Fiscal Year	(18,067)
3rd Fiscal Year	(20,923)
4th Fiscal Year	24,379
5th Fiscal Year	3,656
Thereafter	-
Total	<u>\$ (38,016)</u>

#### *Actuarial Assumptions*

The employer contribution rates effective July 1, 2021, through June 30, 2023, 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) and (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.

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 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 16 years.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study, which reviewed experience for the four-year period ending on December 31, 2020.

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2020
Measurement date	June 30, 2022
Experience Study	2020, Published July 20, 2021
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/1.15%) in accordance with <i>Moro</i> decision; blended based on service.
Mortality	<p><b>Healthy 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 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b>  Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category with job category adjustments and set-backs as described in the valuation.</p>

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2022, 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 (shown in the table below) 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.



*Assumed Asset Allocation:*

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>Target Range</u>
Cash	0.0 %	0.0 %	0.0 %
Debt Securities	15.0	25.0	20.0
Public Equity	25.0	35.0	30.0
Real Estate	7.5	17.5	12.5
Private Equity	15.0	27.5	20.0
Real Assets	2.5	10.0	7.5
Diversifying Strategies	2.5	10.0	7.5
Opportunity Portfolio	0.0	5.0	0.0
Risk Parity	0.0	3.5	2.5
Total			100.0 %

*Long-Term Expected Rate of Return:*

<u>Asset Class</u>	<u>Target</u>	<u>Return (Geometric)</u>
Global Equity	30.62%	5.85%
Private Equity	25.50	7.71
Core Fixed Income	23.75	2.73
Real Estate	12.25	5.66
Master Limited Partnerships	0.75	5.71
Infrastructure	1.50	6.26
Commodities	0.63	3.10
Hedge Fund of Funds - Multistrategy	1.25	5.11
Hedge Fund Equity - Hedge	0.63	5.31
Hedge Fund - Macro	5.62	5.06
US Cash	-2.50	1.76
Assumed Inflation - Mean		2.40%

*Discount Rate*

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

<b>Measurement Date [MD] of the Net Pension Liability/(Asset) [NPL/(A)]</b>	6/30/2022
Actuarial Valuation Date (liability rolled forward to MD)	12/31/2020
Discount rate	6.90%
Employer's proportionate share at prior MD	0.00103199%
Employer's proportionate share at MD	0.00156292%
Employer's proportionate share of system NPL/(A) at prior MD	\$ 123,493
Employer's proportionate share of system NPL/(A) at MD	\$ 239,314
Sensitivity: NPL/(A) using discount rate 1.00% lower	\$ 424,403
Sensitivity: NPL/(A) using discount rate 1.00% higher	\$ 84,403
<b>Employer Pension Expense for Measurement Period</b>	
Employer's proportionate share of system Pension Expense/(Income)	\$ 36,109
Net amortization of deferred amounts from:	
Changes in proportionate share	(29,619)
Differences between employer contributions and employer's proportionate share of system contributions	<u>(18,135)</u>
Employer's Total Pension Expense/(Income)	<u>\$ (11,645)</u>

The assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated January 20, 2023.

**Changes Subsequent to the Measurement Date**

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

Management is not aware of any other changes subsequent to the June 30, 2022 measurement date that meet this requirement and thus would require a brief description under the GASB standard.

**D. Other Postemployment Benefits (OPEB)**

GASB Statement No. 75, *Accounting and Financial Reporting for Employers for Postemployment Benefits Other Than Pensions* was effective for periods ending June 30, 2018. This standard requires the City to report on its financial statements an actuarially determined liability for the present value of the projected benefits for other postemployment benefits (OPEB) for retired and active employees on the financial statements along with related deferred inflows and deferred outflows.

The City does not have a formal other postemployment benefits (OPEB) plan for any employee group, however the City is required by Oregon Revised Statutes 243.303 to provide retirees with the opportunity to purchase group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of the retiree healthcare premiums represents an implicit employer contribution.

GASB Statement No. 75 is applicable to the City due only to this implicit rate subsidy. The City chose to not implement this standard. The City did not determine the amount of their liability under GASB Statement No. 75, therefore the effect on the Statement of Net Position and the Statement of Activities cannot be determined. This “plan” is not a stand-alone plan and therefore does not issue its own financial statements.

**E. Subsequent Event**

As a result of budget cuts, in January 2022, the State of Oregon closed the Shutter Creek Correctional Institution which accounted for approximately 15 percent of the City’s wastewater receipts. The State continued to pay wastewater fees through June 2023. In September 2023, control of the facility was transferred to the Oregon Department of State Lands for forest research headquarters and the City expects the revenue stream to continue at a similar level.

**F. Commitments**

In August 2021, the City was awarded a \$14,628,685 grant through Business Oregon to replace the existing wastewater treatment plant. Major funding for this project is provided through the American Rescue Plan Act. During the 2022-23 year, the City signed an agreement to enter into the initial design phase. At June 30, 2023, the progress on this phase was as follows:

Fund	Description	Original Contract Amount	Outstanding Contract Amount	Percentage of Completion
Wastewater Treatment Plant	Plant improvements	\$ 2,275,400	\$ 1,894,792	17%

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**CITY OF LAKESIDE, OREGON**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY\***  
**June 30, 2023**

Year Ended June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset) <sup>1</sup>	(c) City's covered payroll <sup>2</sup>	City's proportionate share of the net pension liability/asset as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension liability
2014	0.00096887%	\$ 49,443	\$ 395,106	12.51%	92.00%
2015 <sup>3</sup>	0.00096887%	\$ (21,962)	\$ 350,704	-6.26%	103.60%
2016 <sup>4</sup>	0.00283931%	\$ 163,018	\$ 353,522	46.11%	92.00%
2017 <sup>5</sup>	0.00324908%	\$ 487,762	\$ 386,875	126.08%	80.50%
2018	0.00296665%	\$ 399,906	\$ 323,414	123.65%	83.12%
2019 <sup>6</sup>	0.00208837%	\$ 316,361	\$ 294,561	107.40%	82.06%
2020 <sup>7</sup>	0.00153955%	\$ 266,305	\$ 252,113	105.63%	80.20%
2021	0.00122278%	\$ 266,853	\$ 278,684	95.75%	75.80%
2022 <sup>8</sup>	0.00103199%	\$ 123,493	\$ 310,224	39.81%	87.60%
2023	0.00156292%	\$ 239,314	\$ 271,006	88.31%	84.50%

**CITY OF LAKESIDE, OREGON**  
**SCHEDULE OF CONTRIBUTIONS OF NET PENSION LIABILITY\***  
**June 30, 2023**

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2014	\$ 42,513	\$ 42,513	\$ -	\$ 350,704	12.1%
2015	\$ 43,434	\$ 43,434	\$ -	\$ 353,522	12.3%
2016	\$ 40,567	\$ 40,567	\$ -	\$ 386,875	10.5%
2017	\$ 34,480	\$ 34,480	\$ -	\$ 323,414	10.7%
2018	\$ 40,201	\$ 40,201	\$ -	\$ 294,561	13.6%
2019	\$ 34,026	\$ 34,026	\$ -	\$ 252,113	13.5%
2020	\$ 34,610	\$ 34,610	\$ -	\$ 278,684	12.4%
2021	\$ 36,822	\$ 36,822	\$ -	\$ 310,224	11.9%
2022	\$ 22,302	\$ 22,302	\$ -	\$ 271,006	8.2%
2023	\$ 27,827	\$ 27,827	\$ -	\$ 350,311	7.9%

**Notes:**

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

<sup>1</sup> The amounts presented for each fiscal year were actuarially determined at December 31, and rolled forward to the measurement date.

<sup>2</sup> The amounts for covered payroll use the prior year's data to match the measurement date used by the pension plan for each fiscal year.

<sup>3</sup> The June 30, 2015 NPL reflects benefit changes from Senate Bills 822 and 861.

<sup>4</sup> The June 30, 2016 NPL reflects benefit changes from the Oregon Supreme Court's ruling on *Moro v. State of Oregon*, which overturned portions of Senate Bills 822 and 861.

<sup>5</sup> The June 30, 2017 NPL reflects assumption changes reducing the inflation rate from 2.75% to 2.5%, the long-term expected rate of return from 7.75% to 7.5%, the discount rate from 7.75% to 7.50% and the projected salary increases from 3.75% to 3.5%.

<sup>6</sup> The June 30, 2019 NPL reflects assumption changes reducing the long-term expected rate of return from 7.50% to 7.20% and the discount rate from 7.50% to 7.20%.

<sup>7</sup> The June 30, 2020 NPL reflects an annual salary cap of \$195,000 for determining member benefits.

<sup>8</sup> The June 30, 2022 NPL reflects a change in the discount rate from 7.2% to 6.9%.

## MAJOR FUNDS

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**General Fund** – This fund is used to account for and report resources and activities directly associated with carrying out the operations related to the City's basic objectives. This fund is used to account for and report all financial resources not required to be accounted for and reported in another fund. The primary sources of revenue are charges for services and intergovernmental revenue.

### **Special Revenue Funds**

The special revenue funds account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditure for specific purposes.

**State Tax Street** - This fund is used to account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditure for specified purposes. The primary sources of revenue are state highway fund revenues, franchise fees and charges for services. The primary expenditures are for street repairs and maintenance.

**Community Development Fund** - This fund is used to account for and to report on fees charged for electric, building and other permits assessed by the City of Lakeside. Funding is also provided through transfers from the General Fund. The primary expenditures are related to processing applications and electrical inspections.

**Tourism Fund** - This fund is used to account for and to report on funds received from 70 percent of the transient lodging taxes collected by the City of Lakeside. Funding is also provided through transfers from the General Fund. Primary expenditures are for special events, promotions, and beautification.

**Library Fund** - This fund is used to account for and report funds from a county-wide serial tax levy and other sources which are used to operate the library. Expenditures are legally restricted for library purposes only.

**CITY OF LAKESIDE, OREGON  
GENERAL FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2023**

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 34,700	\$ 34,700	\$ 39,282	\$ 4,582
Franchise fees	72,500	72,500	80,329	7,829
Charges for services	48,000	48,000	44,942	(3,058)
Grants and donations	498,000	498,000	135,757	(362,243)
Other income	1,500	1,500	-	(1,500)
Interest on investments	1,000	1,000	12,746	11,746
	<u>655,700</u>	<u>655,700</u>	<u>313,056</u>	<u>(342,644)</u>
Expenditures:				
General government:				
Administrative expense	629,360	629,360	342,867	286,493
Capital outlay	10,000	10,000	8,290	1,710
Contingency	50,000	50,000	-	50,000
	<u>689,360</u>	<u>689,360</u>	<u>351,157</u>	<u>338,203</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,660)</u>	<u>(33,660)</u>	<u>(38,101)</u>	<u>(4,441)</u>
Other financing sources (uses)				
Transfer out	(154,000)	(154,000)	(154,000)	-
Transfer in	10,000	10,000	-	(10,000)
	<u>(144,000)</u>	<u>(144,000)</u>	<u>(154,000)</u>	<u>(10,000)</u>
Total other financing sources and uses	<u>(144,000)</u>	<u>(144,000)</u>	<u>(154,000)</u>	<u>(10,000)</u>
Net change in fund balance	(177,660)	(177,660)	(192,101)	(14,441)
Fund balance at beginning of year	469,488	469,488	302,591	(166,897)
Fund balance at end of year	<u>\$ 291,828</u>	<u>\$ 291,828</u>	<u>\$ 110,490</u>	<u>\$ (181,338)</u>

**CITY OF LAKESIDE, OREGON  
STATE TAX STREET FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2023**

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 135,000	\$ 135,000	\$ 149,243	\$ 14,243
Miscellaneous revenue	500	500	654	154
Franchise fees	27,000	27,000	33,223	6,223
Grants and donations	300,000	300,000	77,074	(222,926)
Interest on investments	500	500	2,396	1,896
Total revenues	<u>463,000</u>	<u>463,000</u>	<u>262,590</u>	<u>(200,410)</u>
Expenditures:				
Highways and streets:				
Personnel services	104,925	104,925	69,945	34,980
Materials and services	431,500	431,500	312,475	119,025
Capital outlay	100,000	100,000	-	100,000
Contingency	50,000	50,000	-	50,000
Total expenditures	<u>686,425</u>	<u>686,425</u>	<u>382,420</u>	<u>304,005</u>
Net change in fund balance	(223,425)	(223,425)	(119,830)	103,595
Fund balance at beginning of year	<u>342,019</u>	<u>342,019</u>	<u>261,920</u>	<u>(80,099)</u>
Fund balance at end of year	<u>\$ 118,594</u>	<u>\$ 118,594</u>	<u>\$ 142,090</u>	<u>\$ 23,496</u>



**CITY OF LAKESIDE, OREGON  
LIBRARY FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2023**

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ 90,000	\$ 90,000	\$ 97,378	\$ 7,378
Grants and donations	6,100	6,100	1,000	(5,100)
Miscellaneous revenue	700	700	3,380	2,680
Interest on investments	275	275	713	438
<b>Total revenues</b>	<b>97,075</b>	<b>97,075</b>	<b>102,471</b>	<b>5,396</b>
Expenditures:				
Culture and recreation:				
Personnel services	74,600	74,600	71,307	3,293
Materials and service	34,775	34,775	22,392	12,383
Contingency	30,000	30,000	-	30,000
<b>Total expenditures</b>	<b>139,375</b>	<b>139,375</b>	<b>93,699</b>	<b>45,676</b>
Net change in fund balance	(42,300)	(42,300)	8,772	51,072
Fund balance at beginning of year	111,990	111,990	123,476	11,486
Fund balance at end of year	<u>\$ 69,690</u>	<u>\$ 69,690</u>	<u>\$ 132,248</u>	<u>\$ 62,558</u>

**CITY OF LAKESIDE, OREGON  
COMMUNITY DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2023**

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental grants	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Fees and permits	15,500	15,500	41,662	26,162
Total revenues	<u>115,500</u>	<u>115,500</u>	<u>41,662</u>	<u>(73,838)</u>
Expenditures				
Community development				
Materials and services	<u>185,000</u>	<u>185,000</u>	<u>45,913</u>	<u>139,087</u>
Excess (deficiency) of revenues over (under) expenditures	(69,500)	(69,500)	(4,251)	65,249
Other financing sources (uses)				
Transfer in	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Net change in fund balance	500	500	65,749	65,249
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 65,749</u>	<u>\$ 65,249</u>

See auditor's report.

**CITY OF LAKESIDE, OREGON  
TOURISM FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2023**

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Transient tax	\$ 84,000	\$ 84,000	\$ 89,972	\$ 5,972
Private grants and donations	500	500	7,500	7,000
Other	500	500	-	(500)
Total revenues	<u>85,000</u>	<u>85,000</u>	<u>97,472</u>	<u>12,472</u>
Expenditures				
Tourism				
Materials and services	86,500	86,500	82,029	4,471
Contingency	50,000	50,000	-	50,000
Total expenditures	<u>136,500</u>	<u>136,500</u>	<u>82,029</u>	<u>54,471</u>
Excess (deficiency) of revenues over (under) expenditures	(51,500)	(51,500)	15,443	66,943
Other financing sources (uses)				
Transfer in	84,000	84,000	84,000	-
Net change in fund balance	32,500	32,500	99,443	66,943
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ 32,500</u>	<u>\$ 32,500</u>	<u>\$ 99,443</u>	<u>\$ 66,943</u>

See auditor's report.

**SUPPLEMENTARY INFORMATION**

## WASTEWATER TREATMENT FUND

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For budgetary purposes, the City maintains sub-funds for the Wastewater Treatment Fund. These are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the City's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City's council has decided that periodic determination of net income is appropriate for accountability purposes.

This fund accounts for and reports the activities of the wastewater treatment operations and construction projects.

For external reporting purposes, these funds are combined and reported as a single fund.

### **Wastewater Treatment Sub-Funds:**

- Wastewater Treatment Operation Fund
- Wastewater Treatment Capital Reserve Fund
- Wastewater Treatment System Development Fund

**CITY OF LAKESIDE, OREGON**  
**COMBINING SCHEDULE OF NET POSITION**  
**WASTEWATER TREATMENT PLANT FUNDS**  
June 30, 2023

	Wastewater Treatment Operation Fund	Wastewater Treatment Capital Reserve Fund	Wastewater Treatment SD Fund	Total Wastewater Treatment Funds
<b>Assets</b>				
<b>Current assets</b>				
Cash and investments	\$ 653,403	\$ 433,854	\$ 174,637	\$ 1,261,894
Receivables:				
Accounts	145,314	-	-	145,314
Prepaid expenses	22,249	-	-	22,249
<b>Total current assets</b>	<b>820,966</b>	<b>433,854</b>	<b>174,637</b>	<b>1,429,457</b>
<b>Other assets</b>				
Land	141,057	-	-	141,057
Construction in progress	380,608	-	-	380,608
Depreciable assets (net of accumulated depreciation)	2,930,926	-	-	2,930,926
<b>Total other assets</b>	<b>3,452,591</b>	<b>-</b>	<b>-</b>	<b>3,452,591</b>
<b>Total assets</b>	<b>4,273,557</b>	<b>433,854</b>	<b>174,637</b>	<b>4,882,048</b>
Deferred outflows of resources related to pensions	71,526	-	-	71,526
<b>Current liabilities</b>				
Accounts payable	54,844	-	-	54,844
Payroll benefits payable	1,480	-	-	1,480
Accrued compensation	13,305	-	-	13,305
Accrued interest payable	19,453	-	-	19,453
Current portion of long-term debt	80,000	-	-	80,000
<b>Total current liabilities</b>	<b>169,082</b>	<b>-</b>	<b>-</b>	<b>169,082</b>
Pension liability	122,049	-	-	122,049
Long-term debt (net of current portion)	2,235,000	-	-	2,235,000
<b>Total liabilities</b>	<b>2,526,131</b>	<b>-</b>	<b>-</b>	<b>2,526,131</b>
Deferred inflows of resources related to pensions	81,552	-	-	81,552
<b>Net position:</b>				
Net investment in capital assets	756,983	-	-	756,983
Restricted for:				
System development	-	-	174,637	174,637
Sewer assistance program	809	-	-	809
Unrestricted	979,608	433,854	-	1,413,462
<b>Total net position</b>	<b>\$ 1,737,400</b>	<b>\$ 433,854</b>	<b>\$ 174,637</b>	<b>\$ 2,345,891</b>

**CITY OF LAKESIDE, OREGON**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**WASTEWATER TREATMENT FUNDS**  
For the Fiscal Year Ended June 30, 2023

	Wastewater Treatment Operation Fund	Wastewater Treatment Capital Reserve Fund	Wastewater Treatment SDC Fund	Total Wastewater Treatment Funds
Operating revenues				
Charges for services	\$ 1,191,831	\$ -	\$ -	\$ 1,191,831
Operating expenses				
Personnel services	303,457	-	-	303,457
Materials and services	355,592	-	-	355,592
Depreciation	214,498	-	-	214,498
Total operating expenses	873,547	-	-	873,547
Operating income (loss)	318,284	-	-	318,284
Non-operating revenues (expenses)				
Interest income	24,942	10,165	67	35,174
Interest expense	(79,499)	-	-	(79,499)
Intergovernmental	284,857	-	-	284,857
System development charges	-	-	15,916	15,916
Total non-operating revenues (expenses)	230,300	10,165	15,983	256,448
Change in net position	548,584	10,165	15,983	574,732
Net position - beginning of year	1,188,816	423,689	158,654	1,771,159
Net position - end of year	<u>\$ 1,737,400</u>	<u>\$ 433,854</u>	<u>\$ 174,637</u>	<u>\$ 2,345,891</u>

See auditor's report.

**CITY OF LAKESIDE, OREGON**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**WASTEWATER TREATMENT FUND**  
June 30, 2023

	Wastewater Treatment Operation Fund	Wastewater Treatment Capital Reserve Fund	Wastewater Treatment SDC Fund	Total Wastewater Treatment Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 1,160,785	\$ -	\$ -	\$ 1,160,785
Cash payments to suppliers for goods and services	(131,059)	-	-	(131,059)
Cash payments for employee services	(564,779)	-	-	(564,779)
Net cash provided by operating activities	<u>464,947</u>	<u>-</u>	<u>-</u>	<u>464,947</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(420,405)	-	-	(420,405)
System development charges	-	-	15,916	15,916
Nonoperating grant	340,197	-	-	340,197
Principal payments on long-term debt	(75,000)	-	-	(75,000)
Interest paid on long-term debt	(80,062)	-	-	(80,062)
Net cash used for capital and related financing activities	<u>(235,270)</u>	<u>-</u>	<u>15,916</u>	<u>(219,354)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	24,942	10,165	67	35,174
Net increase (decrease) in cash and cash equivalents	254,619	10,165	15,983	280,767
Cash and cash equivalents - July 1	398,784	423,689	158,654	981,127
Cash and cash equivalents - June 30	<u>\$ 653,403</u>	<u>\$ 433,854</u>	<u>\$ 174,637</u>	<u>\$ 1,261,894</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 318,284	\$ -	\$ -	\$ 318,284
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	214,498	-	-	214,498
(Increase)/decrease in assessments and receivables	(31,046)	-	-	(31,046)
(Increase)/decrease in prepaid expenses	(3,503)	-	-	(3,503)
(Increase)/decrease in deferred outflows	(37,648)	-	-	(37,648)
Increase/(decrease) in deferred inflows	(48,332)	-	-	(48,332)
Increase/(decrease) in accounts payable and accrued expenses	4,741	-	-	4,741
Increase/(decrease) in pension liability	47,953	-	-	47,953
Total adjustments	<u>146,663</u>	<u>-</u>	<u>-</u>	<u>146,663</u>
Net cash provided by operations	<u>\$ 464,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 464,947</u>

See auditor's report.



**CITY OF LAKESIDE, OREGON  
WASTEWATER TREATMENT OPERATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2023**

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Sewer use fees	\$ 760,000	\$ 760,000	\$ 1,183,857	\$ 423,857
Sewer hookup permits	1,600	1,600	7,974	6,374
Interest on investments	3,000	3,000	24,942	21,942
Total revenues	<u>764,600</u>	<u>764,600</u>	<u>1,216,773</u>	<u>452,173</u>
Expenditures				
Personnel services	402,900	402,900	338,942	63,958
Materials and services	1,550,300	1,550,300	736,200	814,100
Capital outlay	115,000	115,000	39,797	75,203
Debt service	157,312	157,312	155,062	2,250
Contingency	5,000	5,000	-	5,000
Total expenditures	<u>2,230,512</u>	<u>2,230,512</u>	<u>1,270,001</u>	<u>960,511</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,465,912)</u>	<u>(1,465,912)</u>	<u>(53,228)</u>	<u>1,412,684</u>
Other financing sources (uses)				
Intergovernmental grants	1,000,000	1,000,000	284,857	(715,143)
Transfer in	110,000	110,000	-	(110,000)
Transfer out	(10,000)	(10,000)	-	10,000
Total other financing sources (uses)	<u>1,100,000</u>	<u>1,100,000</u>	<u>284,857</u>	<u>(815,143)</u>
Net change in fund balances	(365,912)	(365,912)	231,629	597,541
Fund balance - beginning of year	<u>378,319</u>	<u>378,319</u>	<u>533,013</u>	<u>154,694</u>
Fund balance - end of year	<u>\$ 12,407</u>	<u>\$ 12,407</u>	764,642	<u>\$ 752,235</u>
Reconciliation to GAAP basis:				
Capital assets (net of accumulated depreciation)			3,452,591	
Accrued compensation and benefits payable			(13,305)	
Deferred outflows of resources			71,526	
Net pension liability			(122,049)	
Deferred inflows of resources			(81,552)	
Long-term debt			(2,315,000)	
Accrued interest payable			(19,453)	
GAAP basis net position - end of year			<u>\$ 1,737,400</u>	

See auditor's report.

**CITY OF LAKESIDE, OREGON**  
**WASTEWATER TREATMENT CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2023**

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest on investments	\$ 700	\$ 700	\$ 10,165	\$ 9,465
Other financing sources (uses)				
Transfer out	(110,000)	-	-	-
Net change in fund balances	(109,300)	700	10,165	9,465
Fund balance - beginning of year	382,936	382,936	423,689	40,753
Fund balance - end of year	<u>\$ 273,636</u>	<u>\$ 383,636</u>	<u>\$ 433,854</u>	<u>\$ 50,218</u>

See auditor's report.

**CITY OF LAKESIDE, OREGON**  
**WASTEWATER TREATMENT SYSTEM DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2023

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
System development fees	\$ 5,000	\$ 5,000	\$ 15,916	\$ 10,916
Other financing sources (uses)				
Earnings on investments	-	-	67	67
Net change in fund balances	5,000	5,000	15,983	10,983
Fund balance - beginning of year	158,160	158,160	158,654	494
Fund balance - end of year	<u>\$ 163,160</u>	<u>\$ 163,160</u>	<u>\$ 174,637</u>	<u>\$ 11,477</u>

See auditor's report.

**ACCOMPANYING INFORMATION**



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

November 14, 2023

To the City Council of the City of Lakeside, Oregon:

We have audited the basic financial statements of the City of Lakeside, Oregon (the City) as of and for the year ended June 30, 2023 and have issued our report thereon dated November 14, 2023. 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 and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

**Compliance**

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 to 162-010-0320, 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:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded wholly or partially by outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).
- Use of revenue from taxes on motor vehicle fuel funds.

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

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

Please see our report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

**Purpose of this Report**

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

  
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HMW CPAs & Associates, LLC  
Certified Public Accountants



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

November 14, 2023

To the City Council of the City of Lakeside, Oregon:

We have audited, 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, the financial statements of the governmental activities, the business-type activities and each major fund of the City of Lakeside, Oregon as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 14, 2023.

The report was modified because the City has chosen to not adopt Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Employers for Postemployment Benefits Other Than Pensions*, which is required by accounting principles generally accepted in the United States of America.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Lakeside's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

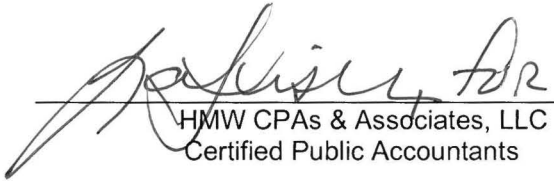
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Lakeside's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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HMW CPAs & Associates, LLC  
Certified Public Accountants