



**CITY OF WHEELER  
Tillamook County, Oregon**

**ANNUAL FINANCIAL REPORT**

June 30, 2023



**Accuity**  
*Where accuracy meets integrity*  
**CERTIFIED PUBLIC ACCOUNTANTS**

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Albany, Oregon 97321 • (541) 223-5555

**CITY OF WHEELER  
Tillamook County, Oregon**

**CITY OFFICIALS**

June 30, 2023

**MAYOR**

Doug Honeycutt (resigned 6/20/2023)  
Clif Kemp (term began 6/21/2023)

**CITY COUNCIL**

Jim King, President (term ended 1/16/2023)  
Doug Honeycutt, President (term began 6/21/2023)  
Dave Bell (1/18/2023 - 1/27/2023)  
Michael Glowa (resigned 8/15/2022)  
Clif Kemp (resigned 6/20/2023)  
Karen Matthews (term began 1/18/2023)  
Walt Porter (term began 1/18/2023)  
Deanne Ragnell (term began 1/18/2023)  
Gordon Taylor  
Jay Verburg (term ended 1/16/2023)

\*All council members receive mail at the address below.

**ADMINISTRATION**

Mary Johnson, City Manager  
Marni Johnston, Finance Director  
P.O. Box 177  
Wheeler, Oregon 97147

**CITY ATTORNEY**

David Doughman  
Beery Elsner & Hammond LLP  
707 NE Couch Street  
Portland, Oregon 97232

**CITY OF WHEELER  
Tillamook County, Oregon**

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

The Honorable Clif Kemp, Mayor and Members of the City Council  
City of Wheeler  
Wheeler, Oregon 97147

### Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Wheeler, Tillamook County, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Wheeler, Tillamook County, Oregon as of June 30, 2023, and the respective changes in modified cash basis financial position, and where applicable, cash flows, thereof for the year then ended on the basis of accounting described in Note I.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Wheeler, Tillamook County, 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 audit opinions.

### Emphasis of Matter - Basis of Accounting

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

### Emphasis of Matter - Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2023, the City adopted new accounting guidance: GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Arrangements*, Statement No. 96, *Subscription-Based Information Technology Arrangements*, Statement No. 99, *Omnibus 202*, and Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note I, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

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

In performing an audit in accordance with generally accepted auditing standards 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 on the effectiveness of the City of Wheeler, Tillamook County, 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 Wheeler, Tillamook County, 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.

## Supplementary Information

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

## Other Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated September 26, 2023 on our tests of the City's compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2023, on our consideration of the City's internal control over financial reporting and 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 Bay City's internal control over financial reporting and compliance.

Accuity, LLC

By:   
\_\_\_\_\_  
Glen O. Kearns, CPA

Albany, Oregon  
September 26, 2023



## **BASIC FINANCIAL STATEMENTS**

**CITY OF WHEELER**  
**Tillamook County, Oregon**

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2023

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 271,727	\$ 48,373	\$ 320,100
Restricted assets			
Cash and cash equivalents	69,042	138,946	207,988
Capital assets not being depreciated	186,519	101,506	288,025
Capital assets not being depreciated, net	736,840	1,787,467	2,524,307
Total assets	1,264,128	2,076,292	3,340,420
<b>LIABILITIES</b>			
Current liabilities			
Long-term debt, current portion	6,028	31,726	37,754
Noncurrent liabilities			
Long-term debt, less current portion	20,132	653,979	674,111
Total liabilities	26,160	685,705	711,865
<b>NET POSITION</b>			
Net investment in capital assets	897,199	1,203,268	2,100,467
Restricted	69,042	138,946	207,988
Unrestricted	271,727	48,373	320,100
Total net position	\$ 1,237,968	\$ 1,390,587	\$ 2,628,555

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

**CITY OF WHEELER**  
**Tillamook County, Oregon**

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Totals</u>
Governmental activities							
Administration	\$ 382,311	\$ 103,223	\$ 58,478	\$ -	\$ (220,610)	\$ -	\$ (220,610)
Highways and streets	52,915	772	-	-	(52,143)	-	(52,143)
Parks and recreation	29,743	-	-	2,900	(26,843)	-	(26,843)
Interest on long-term debt	1,740	-	-	-	(1,740)	-	(1,740)
Unallocated depreciation	40,175	-	-	-	(40,175)	-	(40,175)
	<u>506,884</u>	<u>103,995</u>	<u>58,478</u>	<u>2,900</u>	<u>(341,511)</u>	<u>-</u>	<u>(341,511)</u>
Total governmental activities							
Business-type activities							
Water	<u>\$ 326,932</u>	<u>\$ 199,848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(127,084)</u>	<u>(127,084)</u>
General revenues							
Property taxes					130,870	61,226	192,096
Transient lodging tax					45,302	-	45,302
Motor fuel taxes					33,036	-	33,036
Intergovernmental					6,157	-	6,157
Marijuana tax					2,994	-	2,994
Alcohol and cigarette taxes					8,663	-	8,663
Franchise fees					16,713	16,713	33,426
Investment earnings					9,267	8,089	17,356
Miscellaneous					1,973	2,968	4,941
					<u>254,975</u>	<u>88,996</u>	<u>343,971</u>
Total general revenues							
Transfers					<u>7,700</u>	<u>(7,700)</u>	<u>-</u>
Change in net position					(78,836)	(45,788)	(124,624)
Net position - beginning					<u>1,316,804</u>	<u>1,436,375</u>	<u>2,753,179</u>
Net position - ending					<u>\$ 1,237,968</u>	<u>\$ 1,390,587</u>	<u>\$ 2,628,555</u>

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

**CITY OF WHEELER**  
**Tillamook County, Oregon**

BALANCE SHEET - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

June 30, 2023

	General Fund	Street Fund	Building Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 157,450	\$ 30,210	\$ 97,509	\$ 55,600	\$ 340,769
<b>FUND BALANCES</b>					
Restricted	\$ 37,727	\$ -	\$ -	\$ 31,315	\$ 69,042
Committed	-	30,210	97,509	24,285	152,004
Unassigned	119,723	-	-	-	119,723
Total fund balances	<u>\$ 157,450</u>	<u>\$ 30,210</u>	<u>\$ 97,509</u>	<u>\$ 55,600</u>	<u>\$ 340,769</u>

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

**CITY OF WHEELER**  
**Tillamook County, Oregon**

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

June 30, 2023

<b>Total fund balances</b>		\$ 340,769
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds:		
Cost	1,684,468	
Accumulated depreciation	<u>(761,109)</u>	923,359
Long-term liabilities are not due or payable in the current period and are therefore not reported in the governmental funds. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:		
Note payable		<u>(26,160)</u>
<b>Net position of governmental activities</b>		<u><u>\$ 1,237,968</u></u>

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

**CITY OF WHEELER**  
**Tillamook County, Oregon**

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

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2023

	General Fund	Street Fund	Building Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 130,870	\$ -	\$ -	\$ -	\$ 130,870
Charges for services	116,102	-	-	912	117,014
Licenses, fees, and permits	911	374	-	-	1,285
Franchise fees	-	16,713	-	-	16,713
Highway taxes	-	33,036	-	-	33,036
State revenue sharing	6,157	-	-	-	6,157
State liquor taxes	8,354	-	-	-	8,354
State cigarette taxes	309	-	-	-	309
Transient room taxes	45,302	-	-	-	45,302
Excise taxes	2,994	-	-	-	2,994
Grants and contributions	58,478	-	-	3,000	61,478
Fines and forfeitures	13,161	-	-	-	13,161
Investment earnings	4,366	1,119	2,356	1,426	9,267
Miscellaneous	1,873	-	-	-	1,873
Total revenues	<u>388,877</u>	<u>51,242</u>	<u>2,356</u>	<u>5,338</u>	<u>447,813</u>
<b>EXPENDITURES</b>					
Current					
Administration	378,211	-	-	-	378,211
Highways and streets	-	72,109	-	-	72,109
Parks and recreation	-	-	-	38,014	38,014
Debt service	-	-	-	7,456	7,456
Capital outlay	-	-	600	3,500	4,100
Total expenditures	<u>378,211</u>	<u>72,109</u>	<u>600</u>	<u>48,970</u>	<u>499,890</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,666</u>	<u>(20,867)</u>	<u>1,756</u>	<u>(43,632)</u>	<u>(52,077)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	3,740	34,339	38,079
Transfers out	<u>(23,339)</u>	<u>(7,040)</u>	<u>-</u>	<u>-</u>	<u>(30,379)</u>
Total other financing sources (uses)	<u>(23,339)</u>	<u>(7,040)</u>	<u>3,740</u>	<u>34,339</u>	<u>7,700</u>
Net change in fund balances	(12,673)	(27,907)	5,496	(9,293)	(44,377)
Fund balances - beginning	<u>170,123</u>	<u>58,117</u>	<u>92,013</u>	<u>64,893</u>	<u>385,146</u>
Fund balances - ending	<u>\$ 157,450</u>	<u>\$ 30,210</u>	<u>\$ 97,509</u>	<u>\$ 55,600</u>	<u>\$ 340,769</u>

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

**CITY OF WHEELER**  
**Tillamook County, Oregon**

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

For the Year Ended June 30, 2023

<b>Net change in fund balances</b>	\$ (44,377)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and are reported as depreciation expense.	
Current year depreciation	(40,175)
Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of activities.	
Debt principal paid	<u>5,716</u>
<b>Change in net position</b>	<u><u>\$ (78,836)</u></u>

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

**CITY OF WHEELER**  
**Tillamook County, Oregon**

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

PROPRIETARY FUNDS

June 30, 2023

	Business-Type Activities - Enterprise Funds					Totals
	Water Operating Fund	Water Capital Improvement Fund	Water Debt Service Fund	Stormwater Drainage Fund	Stormwater Capital Improvement Fund	
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$ 113,836	\$ -	\$ -	\$ 10,671	\$ -	\$ 124,507
Restricted assets						
Cash and cash equivalents	-	104,201	34,745	-	-	138,946
Capital assets not being depreciated	101,506	-	-	-	-	101,506
Capital assets being depreciated, net	<u>1,766,919</u>	<u>-</u>	<u>-</u>	<u>20,548</u>	<u>-</u>	<u>1,787,467</u>
Total assets	<u>1,982,261</u>	<u>104,201</u>	<u>34,745</u>	<u>31,219</u>	<u>-</u>	<u>2,152,426</u>
<b>LIABILITIES</b>						
Current liabilities						
Book overdraft	-	-	-	-	76,134	76,134
Long-term debt, current portion	<u>31,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,726</u>
Total current liabilities	<u>31,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,134</u>	<u>107,860</u>
Noncurrent liabilities						
Long-term debt, less current portion	<u>653,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>653,979</u>
Total liabilities	<u>685,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,134</u>	<u>761,839</u>
<b>NET POSITION</b>						
Net investment in capital assets	1,182,720	-	-	20,548	-	1,203,268
Restricted:						
Debt service	-	-	34,745	-	-	34,745
System development	-	104,201	-	-	-	104,201
Unrestricted	<u>113,836</u>	<u>-</u>	<u>-</u>	<u>10,671</u>	<u>(76,134)</u>	<u>48,373</u>
Total net position	<u>\$ 1,296,556</u>	<u>\$ 104,201</u>	<u>\$ 34,745</u>	<u>\$ 31,219</u>	<u>\$ (76,134)</u>	<u>\$ 1,390,587</u>

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



**CITY OF WHEELER**  
**Tillamook County, Oregon**

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

PROPRIETARY FUNDS

For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds					Totals
	Water Operating Fund	Water Capital Improvement Fund	Water Debt Service Fund	Stormwater Drainage Fund	Stormwater Capital Improvement Fund	
Operating revenues						
Water charges	\$ 184,583	\$ -	\$ -	\$ 15,265	\$ -	\$ 199,848
Franchise fees	-	-	-	16,713	-	16,713
Miscellaneous	2,968	-	-	-	-	2,968
Total operating revenues	<u>187,551</u>	<u>-</u>	<u>-</u>	<u>31,978</u>	<u>-</u>	<u>219,529</u>
Operating expenses						
Personnel services	66,580	-	-	25,669	-	92,249
Materials and services	116,957	7,945	-	14,521	365	139,788
Depreciation	62,570	-	-	995	-	63,565
Total operating expenses	<u>246,107</u>	<u>7,945</u>	<u>-</u>	<u>41,185</u>	<u>365</u>	<u>295,602</u>
Operating income (loss)	<u>(58,556)</u>	<u>(7,945)</u>	<u>-</u>	<u>(9,207)</u>	<u>(365)</u>	<u>(76,073)</u>
Nonoperating revenues (expenses)						
Investment earnings	4,292	1,843	1,573	381	-	8,089
Property taxes	-	-	61,226	-	-	61,226
Interest expense	-	-	(31,330)	-	-	(31,330)
Total nonoperating revenues (expenses)	<u>4,292</u>	<u>1,843</u>	<u>31,469</u>	<u>381</u>	<u>-</u>	<u>37,985</u>
Income (loss) before transfers	(54,264)	(6,102)	31,469	(8,826)	(365)	(38,088)
Transfers in	30,395	60,000	500	1,000	-	91,895
Transfers out	(1,087)	-	(30,395)	(3,200)	(64,913)	(99,595)
Change in net position	(24,956)	53,898	1,574	(11,026)	(65,278)	(45,788)
Net position - beginning	<u>1,321,512</u>	<u>50,303</u>	<u>33,171</u>	<u>42,245</u>	<u>(10,856)</u>	<u>1,436,375</u>
Net position - ending	<u>\$1,296,556</u>	<u>\$ 104,201</u>	<u>\$ 34,745</u>	<u>\$ 31,219</u>	<u>\$ (76,134)</u>	<u>\$1,390,587</u>

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

**CITY OF WHEELER**  
**Tillamook County, Oregon**

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

PROPRIETARY FUNDS

For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds					Totals
	Water Operating Fund	Water Capital Improvement Fund	Water Debt Service Fund	Stormwater Drainage Fund	Stormwater Capital Improvement Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 187,551	\$ -	\$ -	\$ 31,978	\$ -	\$ 219,529
Cash payments for payroll and related costs	(66,580)	-	-	(25,669)	-	(92,249)
Cash payments for operating expenses	(116,957)	(7,945)	-	(14,521)	(365)	(139,788)
Net cash provided (used) by operating activities	4,014	(7,945)	-	(8,212)	(365)	(12,508)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Increase in book overdraft	-	-	-	-	65,278	65,278
Property tax receipts levied for debt service	-	-	61,225	-	-	61,225
Purchases of capital assets	(3,079)	-	-	-	(66,913)	(69,992)
Transfers (to) from other funds	(68,000)	60,000	500	(2,200)	2,000	(7,700)
Principal and interest paid on long-term debt	-	-	(61,725)	-	-	(61,725)
Net cash provided (used) by capital and related financing activities	(71,079)	60,000	-	(2,200)	365	(12,914)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment earnings	4,292	1,843	1,573	381	-	8,089
Net cash provided (used) by investing activities	4,292	1,843	1,573	381	-	8,089
Net increase (decrease) in cash and cash equivalents	(62,773)	53,898	1,573	(10,031)	-	(17,333)

(Continued)

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

**CITY OF WHEELER**  
**Tillamook County, Oregon**

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

PROPRIETARY FUNDS

For the Year Ended June 30, 2023

(Continued)

	Business-Type Activities - Enterprise Funds					Totals
	Water Operating Fund	Water Capital Improvement Fund	Water Debt Service Fund	Stormwater Drainage Fund	Stormwater Capital Improvement Fund	
Cash and cash equivalents - beginning	\$ 176,609	\$ 50,303	\$ 33,172	\$ 20,702	\$ -	\$ 280,786
Cash and cash equivalents - ending	<u>\$ 113,836</u>	<u>\$ 104,201</u>	<u>\$ 34,745</u>	<u>\$ 10,671</u>	<u>\$ -</u>	<u>\$ 263,453</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ (58,556)	\$ (7,945)	\$ -	\$ (9,207)	\$ (365)	\$ (76,073)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	<u>62,570</u>	<u>-</u>	<u>-</u>	<u>995</u>	<u>-</u>	<u>63,565</u>
Net cash provided (used) by operating activities	<u>\$ 4,014</u>	<u>\$ (7,945)</u>	<u>\$ -</u>	<u>\$ (8,212)</u>	<u>\$ (365)</u>	<u>\$ (12,508)</u>

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

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF WHEELER**  
**Tillamook County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

**B. Reporting Entity**

The City of Wheeler, Oregon lies at the edge of the Pacific, on Nehalem Bay, along Oregon's north coast. The City was founded as a mill town in 1910 by lumberman Coleman H. Wheeler, and operates under the Wheeler Charter of 2002, as amended in 2008. The government of the City is vested in an elected mayor and five elected council members. The council and mayor serve four-year terms.

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

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

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

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

**CITY OF WHEELER**  
**Tillamook County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

The government reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the City. It accounts for all financial resources of the City except those required to be accounted for in another fund. Primary resources are property taxes, charges for services, and other taxes.

Special Revenue Fund

*Street Fund* – The Street Fund is used to account for receipt and expenditure of financial resources which are generally restricted to use on City streets. Primary resources are highway taxes, grants and contributions, franchise fees, and transfers from other funds.

Capital Projects Fund

*Building Reserve Fund* – The Building Reserve Fund accounts for funds accumulated for improvements to City buildings. Primary resources are investment earnings and transfers from other funds.

The City reports the following major proprietary funds:

Enterprise Funds

*Water Operating Fund* – The Water Operating Fund accounts for the operations and maintenance of the City’s water system. Primary resources are water charges.

*Water Capital Improvement Fund* – The Water Capital Improvement Fund accumulates resources for expenditures on water system construction, reconstruction, major upgrades, equipment, and other long-term investments in the City’s water collection, storage, and distribution system. Primary resources are system development charges.

*Water Debt Service Fund* – The Water Debt Service Fund accounts for payments on the City’s general obligation bonded debt incurred in connection with the water improvement project completed during the year ended June 30, 2005. Primary resources are property taxes.

*Stormwater Drainage Fund* – The Stormwater Drainage Fund accounts for stormwater drainage program operations and maintenance, along with system construction projects. Primary resources are water charges and transfers from other funds.

Additionally, the City reports the following nonmajor governmental funds:

Special Revenue Fund

*Park Fund* – The Park Fund accounts for the receipt and expenditure of financial resources related to the City’s park system. Primary resources are transfers from other funds.

**CITY OF WHEELER**  
**Tillamook County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Debt Service Fund

*Street LID Fund* – The Street LID Fund is used to account for funds used to improve sidewalk aesthetics in the downtown district. Primary resources are charges for services.

Capital Projects Fund

*Public Works Equipment Reserve Fund* – The Public Works Equipment Reserve Fund is used to account for funds accumulated for new equipment. Primary resources are investment earnings and transfers from other funds.

Additionally, the City reports the following nonmajor proprietary fund:

*Stormwater Capital Improvement Fund* – The Stormwater Capital Improvement Fund accumulates resources for expenditures on stormwater construction, reconstruction, major upgrades, equipment, and other long-term investments in the City's stormwater drainage system. Primary resources are transfers from other funds.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

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

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated, so that only the net amount is included as transfers in the governmental column.

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

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting.

**CITY OF WHEELER**  
**Tillamook County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

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

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements would use the modified accrual basis of accounting and the government-wide financial statements would be presented on the accrual basis of accounting.

**F. Budgetary Information**

**1. Budgetary Basis of Accounting**

The City budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, debt service, capital projects, and enterprise funds. All funds are budgeted on the cash basis of accounting. The City begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee.



**CITY OF WHEELER**  
**Tillamook County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the city council by resolution prior to the beginning of the City's fiscal year. The council resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, debt service, capital outlay, interfund transfers, and operating contingencies are the levels of control established by the resolution.

The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line-item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the city council at a regular council meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the city council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the city council. During the year, there were no supplemental budgets. The City does not use encumbrances and appropriations lapse at year-end.

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

**G. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

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

**2. Investments**

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

**CITY OF WHEELER**  
**Tillamook County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

**3. Capital Assets**

Capital assets resulting from cash transactions, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Vehicles and equipment	3-20
Water system	5-50
Waterfront park and city park	7-30
Water source and system improvements	10-50
Infrastructure	15-40
Stormwater drainage system	15-40
Buildings	40

**4. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations arising from cash basis transactions are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount.

Management has determined that the bonds outstanding method approximates the effective interest method. In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**CITY OF WHEELER**  
**Tillamook County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

**5. Net Position Flow Assumption**

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

**6. Fund Balance Flow Assumption**

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

**7. Fund Balance Policies**

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

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City council (council) has by resolution authorized the department managers to assign fund balance. The council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily.

**CITY OF WHEELER**  
**Tillamook County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

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

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

**H. Revenues and Expenditures/Expenses**

**1. Program Revenues**

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

**CITY OF WHEELER**  
**Tillamook County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

**2. Property Taxes**

Property taxes attach as an enforceable lien on real property and are levied as of July 1<sup>st</sup>. The tax levy is divided into two billings: the first billing (mailed on July 1) is an estimate of the current year's levy based on prior year's taxes; the second billing (mailed on January 1) reflects adjustments to the current year's actual levy. The billings are considered past due 15 days after the respective billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

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

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

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

**I. Use of Estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

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

**A. Cash Deposits with Financial Institutions**

The City of Wheeler maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments, including amounts held in pooled cash and investments, are stated at fair value.

**CITY OF WHEELER**  
**Tillamook County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. The City participates in an external investment pool (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company.

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

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2023.

Fair values of assets measured on a recurring basis at June 30, 2023 are as follows:

	<u>Level 2</u>
Investments	
Oregon Local Government Investment Pool	<u>\$ 523,634</u>

**CITY OF WHEELER**  
**Tillamook County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Credit Risk

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

Investments

As of June 30, 2023, the City had the following investments:

	<u>Credit Quality</u> <u>Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Oregon Local Government Investment Pool	Unrated	-	\$ <u>523,634</u>

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk - Investments

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

Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the City's deposits may not be returned. All City deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer.

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

June 30, 2023

In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. The City holds accounts at 1<sup>st</sup> Security Bank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2023, the City had deposits of \$12,544 fully insured by the FDIC.

Deposits

The City's deposits and investments at June 30, 2023 are as follows:

Checking accounts	\$ 4,454
Total investments	<u>523,634</u>
Total deposits and investments	<u><u>\$ 528,088</u></u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 119,723
Street Fund	30,210
Building Reserve Fund	97,509
Nonmajor governmental funds	<u>24,285</u>
Total governmental activities - unrestricted	<u>271,727</u>
Business-type activities - unrestricted	
Water Fund	113,836
Stormwater Drainage Fund	10,671
Stormwater Capital Improvement Fund (book overdraft)	<u>(76,134)</u>
Total business-type activities - unrestricted	<u>48,373</u>
Governmental activities - restricted	
General Fund	37,727
Nonmajor governmental funds	<u>31,315</u>
Total governmental activities - restricted	<u>69,042</u>
Business-type activities - restricted	
Water Capital Improvement Fund	104,201
Water Debt Service Fund	<u>34,745</u>
Total business-type activities - restricted	<u>138,946</u>
Total cash and investments	<u><u>\$ 528,088</u></u>



**CITY OF WHEELER**  
**Tillamook County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Restricted cash is for future street expenditures, reserves for future capital expenditures, and future payments of principal and interest and long-term debt.

**B. Capital Assets**

Governmental activities capital asset activity resulting from modified cash basis transactions for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 186,519	\$ -	\$ -	\$ 186,519
Capital assets being depreciated				
Buildings	85,260	-	-	85,260
Vehicles and equipment	175,146	-	-	175,146
Waterfront park and city park	133,003	-	-	133,003
Infrastructure	<u>1,104,540</u>	<u>-</u>	<u>-</u>	<u>1,104,540</u>
Total capital assets being depreciated	<u>1,497,949</u>	<u>-</u>	<u>-</u>	<u>1,497,949</u>
Less accumulated depreciation for				
Buildings	(66,608)	(858)	-	(67,466)
Vehicles and equipment	(128,185)	(6,367)	-	(134,552)
Waterfront park and city park	(111,792)	(1,952)	-	(113,744)
Infrastructure	<u>(414,349)</u>	<u>(30,998)</u>	<u>-</u>	<u>(445,347)</u>
Total accumulated depreciation	<u>(720,934)</u>	<u>(40,175)</u>	<u>-</u>	<u>(761,109)</u>
Total capital assets being depreciated, net	<u>777,015</u>	<u>(40,175)</u>	<u>-</u>	<u>736,840</u>
Governmental activities capital assets, net	<u>\$ 963,534</u>	<u>\$ (40,175)</u>	<u>\$ -</u>	<u>\$ 923,359</u>

Governmental activities capital assets are reported on the statement of net position as follows:

	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets</u>
Governmental activities			
Land	\$ 186,519	\$ -	\$ 186,519
Buildings	85,260	(67,466)	17,794
Vehicles and equipment	175,146	(134,552)	40,594
Waterfront park and city park	133,003	(113,744)	19,259
Infrastructure	<u>1,104,540</u>	<u>(445,347)</u>	<u>659,193</u>
Total governmental activities capital assets	<u>\$ 1,684,468</u>	<u>\$ (761,109)</u>	<u>\$ 923,359</u>

**CITY OF WHEELER**  
**Tillamook County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Business-type activities capital asset activity resulting from modified cash basis transactions for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Well site land	\$ 31,515	\$ -	\$ -	\$ 31,515
Construction in progress	197,276	69,991	197,276	69,991
Total capital assets not being depreciated	228,791	69,991	197,276	101,506
Capital assets being depreciated				
Water system	205,323	-	-	205,323
Water source and system improvements	2,570,618	197,276	-	2,767,894
Stormwater drainage system	34,622	-	-	34,622
Vehicles and equipment	25,375	-	-	25,375
Total capital assets being depreciated	2,835,938	197,276	-	3,033,214
Less accumulated depreciation for				
Water system	(178,547)	(954)	-	(179,501)
Water source and system improvements	(965,400)	(61,415)	-	(1,026,815)
Stormwater drainage system	(13,079)	(995)	-	(14,074)
Vehicles and equipment	(25,157)	(200)	-	(25,357)
Total accumulated depreciation	(1,182,183)	(63,564)	-	(1,245,747)
Total capital assets being depreciated, net	1,653,755	133,712	-	1,787,467
Business-type activities capital assets, net	\$1,851,031	\$ 203,703	\$ 197,276	\$1,888,973

Business-type activities capital assets are reported on the statement of net position as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Business-type activities			
Well site land	\$ 31,515	\$ -	\$ 31,515
Construction in progress	69,991	-	69,991
Water system	205,323	(179,501)	25,822
Water source and system improvements	2,767,894	(1,026,815)	1,741,079
Stormwater drainage system	34,622	(14,074)	20,548
Vehicles and equipment	25,375	(25,357)	18
Total business-type activities capital assets	\$ 3,134,720	\$ (1,245,747)	\$ 1,888,973

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

June 30, 2023

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities	
Unallocated depreciation	<u>\$ 40,175</u>
Business-type activities	
Water	<u>\$ 63,564</u>

**C. Interfund Transfers**

Interfund transfers during the year consisted of:

	Transfers in:						Totals
	Building Reserve Fund	Nonmajor Governmental Funds	Water Debt Service	Water Capital Improvement	Stormwater Capital Improvement	Stormwater Drainage Fund	
Transfers out:							
Governmental activities							
General Fund	\$ -	\$ 23,339	\$ -	\$ -	\$ -	\$ -	\$ 23,339
Street Fund	1,040	6,000	-	-	-	-	7,040
Business-type activities							
Water Operating	2,500	4,000	500	60,000	-	1,000	68,000
Stormwater Drainage	200	1,000	-	-	2,000	-	3,200
	<u>\$ 3,740</u>	<u>\$ 34,339</u>	<u>\$ 500</u>	<u>\$ 60,000</u>	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 101,579</u>

The principal purpose of the interfund transfers was to transfer resources into reserve funds for future expenses.

**D. Long-Term Liabilities**

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

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

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
OECD note payable	5.46%	<u>\$ 98,438</u>	<u>\$ 31,876</u>	<u>\$ -</u>	<u>\$ 5,716</u>	<u>\$ 26,160</u>	<u>\$ 6,028</u>
Business-type activities							
GO Water Bond No. 1	4.38%	\$ 505,400	\$ 312,574	\$ -	\$ 13,304	\$ 299,270	\$ 13,886
GO Water Bond No. 2	4.38%	442,000	274,078	-	11,603	262,475	12,111
GO Water Bond No. 3	4.38%	208,900	129,448	-	5,488	123,960	5,729
		<u>\$1,156,300</u>	<u>\$ 716,100</u>	<u>\$ -</u>	<u>\$ 30,395</u>	<u>\$ 685,705</u>	<u>\$ 31,726</u>

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**2. Governmental Activity OECDD Note Payable**

The OECDD Note Payable was signed June 4, 2002, the proceeds of which were used to fund the Downtown Sidewalk Improvement Project, which is pledged as collateral. Interest is fixed at 5.46%. Principal and interest payments are due annually on December 1. The Street LID Fund is used to liquidate the debt related to the note payable.

**3. Business-Type Activity General Obligation Bonds**

General obligation bonds are direct obligations that pledge the full faith and credit of the City and are payable from ad valorem debt service levy proceeds. The City issues general obligation bonds for infrastructure. The City's outstanding general obligation bonds represent funding primarily for water utilities. The bonds contain restrictive covenants, requiring repayments from ad valorem taxes and revenues from the project.

On April 28, 2004, the City issued general obligation water bonds in the amount of \$1,156,300 and satisfied interim financing debt. Interest is fixed at 4.375%. Principal and interest payments are due each April. The Water Debt Service Fund is used to liquidate debt related to the bonds. If the City is unable to make payment, the bonds contain an event of default; the government may declare the entire unpaid principal balance and all unpaid accrued interest immediately due.

**4. Legal Debt Limit**

The City's legal annual debt service limit (as defined by Oregon Revised Statute 478.410) as of June 30, 2023, was approximately \$3,522,708. The City's legal debt service limit is 3.00% of the real market value of property within the City.

**5. Governmental Activity Future Maturities of Long-Term Debt**

Year Ending June 30	Note Payable		
	Principal	Interest	Total
2024	\$ 6,028	\$ 1,428	\$ 7,456
2025	6,357	1,100	7,457
2026	6,704	752	7,456
2027	7,071	387	7,458
	<u>\$ 26,160</u>	<u>\$ 3,667</u>	<u>\$ 29,827</u>

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

June 30, 2023

**6. Business-Type Activity Future Maturities of Long-Term Liabilities**

Year Ending June 30	GO Bonds No. 1-3		
	Principal	Interest	Total
2024	\$ 31,726	\$ 29,999	\$ 61,725
2025	33,113	28,612	61,725
2026	34,563	27,162	61,725
2027	36,074	25,651	61,725
2028	37,652	24,073	61,725
2029-2033	214,462	94,164	308,626
2034-2038	265,662	42,963	308,625
2039	32,453	1,421	33,874
	<u>\$ 685,705</u>	<u>\$ 274,045</u>	<u>\$ 959,750</u>

**7. Interest Expense**

Interest expense was charged to functions/programs of the City as follows:

Governmental activities	
Interest on long-term debt	<u>\$ 1,740</u>
Business-type activities	
Water	<u>\$ 31,330</u>

**E. Constraints on Fund Balances**

Constraints on fund balances are as follows:

	General Fund	Street Fund	Building Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances					
Restricted for:					
Tourism	\$ 23,727	\$ -	\$ -	\$ -	\$ 23,727
Debt service	-	-	-	29,392	29,392
Park needs	-	-	-	1,923	1,923
Morgan CPS Consulting	14,000	-	-	-	14,000
Committed to:					
Building needs	-	-	97,509	-	97,509
Streets and roads	-	30,210	-	-	30,210
Equipment needs	-	-	-	24,285	24,285
Unassigned	<u>119,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,723</u>
Total fund balances	<u>\$ 157,450</u>	<u>\$ 30,210</u>	<u>\$ 97,509</u>	<u>\$ 55,600</u>	<u>\$ 340,769</u>

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

June 30, 2023

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Excess of Expenditures Over Appropriations**

During the year ended June 30, 2023, the City expended funds in excess of appropriations as follows:

Fund	Function	Appropriations	Expenditures	Excess
Park	Materials and Services	\$ 3,650	\$ 5,677	\$ 2,027
Stormwater Drainage	Materials and Services	2,500	2,520	20
Stormwater Capital Improvement	Capital Outlay	5,000	67,278	62,278

**B. Deficit Fund Equity**

At June 30, 2023, the Stormwater Capital Improvement Fund had a deficit fund balance of \$76,134. This deficit will be eliminated as resources are obtained in the subsequent years.

**IV. OTHER INFORMATION**

**A. Risk Management**

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

**B. Retirement Plans**

**1. Oregon Public Employees Retirement System**

*General Information about the Pension Plan*

The Oregon Public Employees Retirement System (OPERS) consists of a cost-sharing, multiple-employer defined benefit plan (Plan) for units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2022, there were 939 participating employers.

*Plan Membership*

As of June 30, 2022, there were 11,413 active plan members, 129,376 retired plan members or their beneficiaries currently receiving benefits, 8,372 inactive plan members entitled to but not yet receiving benefits, for a total of 149,161 Tier One members. For Tier Two members, as of June 30, 2022, there were 27,056 active plan members, 20,720 retired plan members or their beneficiaries currently receiving benefits, 13,335 inactive plan members entitled to but not yet receiving benefits, for a total of 61,111.

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As of June 30, 2022, there were 142,471 active plan members, 10,230 retired plan members or their beneficiaries currently receiving benefits, 8,625 inactive plan members entitled to but not yet receiving benefits, and 21,482 inactive plan members not eligible for refund or retirements, for a total of 182,808 OPSRP Pension Program members.

*Plan Benefits*

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

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

*Pension Benefits*

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. Police and Fire members may purchase increased benefits that are payable between the date of retirement and age 65.

*Death Benefits*

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- Member was employed by a PERS employer at the time of death,
- Member died within 120 days after termination of PERS-covered employment,

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June 30, 2023

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

*Disability Benefits*

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

*Benefit Changes after Retirement*

Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations caused by changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision. The COLA is capped at 2.0 percent.

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

*Pension Benefits*

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

Police and Fire – 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement. General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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



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*Death Benefits*

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

*Disability Benefits*

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

*Benefit Changes After Retirement*

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

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

*Pension Benefits*

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP Individual Account Program (IAP), may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

*Death Benefits*

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

*Contributions*

OPERS funding policy provides for monthly employer contributions at actuarially determined rates.

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These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2020 actuarial valuation, which became effective July 20, 2021. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced. Member contributions are set by statute at six percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf. As permitted, the City has opted to pick-up the contributions on behalf of its employees.

Employer contributions for the year ended June 30, 2023 were \$58,762.

Annual Comprehensive Financial Report (ACFR)

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

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

Actuarial Valuations

The employer contribution rates effective June 30, 2022 were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study	2020, published July 20, 2021

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.40 percent
Long-term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent
Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><b>Health retirees and beneficiaries:</b> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b> Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years.

The methods and assumptions shown above are on the 2020 Experience Study, which reviewed experience for the four-year period ended December 31, 2020. There were no differences between the assumptions and plan provisions used for June 30, 2022 measurement date calculations compared to those shown above.

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June 30, 2023

*Actuarial Methods and Assumptions*

Assets are valued at their market value. Gains and losses between odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 years from the odd-year valuation in which they are first recognized.

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

Discount Rate

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

*Depletion Date Projection*

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

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

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.

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- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

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

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 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 is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption.

These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan’s portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS’ audited financial statements at:

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

OIC Target and Actual Investment Allocation as of June 30, 2022

<u>Asset Class/Strategy</u>	<u>OIC Policy Low Range</u>	<u>OIC Policy High Range</u>	<u>OIC Target Allocation</u>	<u>Actual Allocation<sup>2</sup></u>
Debt Securities	15.0%	25.0%	20.0%	19.8%
Public Equity	25.0%	35.0%	30.0%	21.2%
Real Estate	7.5%	17.5%	12.5%	13.6%
Private Equity	15.0%	27.5%	20.0%	28.0%
Risk Parity	0.0%	3.5%	2.5%	2.0%
Real Assets	2.5%	10.0%	7.5%	7.9%
Diversifying Strategies	2.5%	10.0%	7.5%	4.9%
Opportunity Portfolio <sup>1</sup>	0.0%	5.0%	0.0%	2.6%

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

June 30, 2023

Total			100.0%	100.0%
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<sup>1</sup>Opportunity Portfolio is an investment strategy, and it may be invested up to 5% of total Fund assets.

<sup>2</sup> Based on the actual investment value at 6/30/2022.

<sup>3</sup> October 2021, the Alternative Portfolio was split into Real Assets and Diversifying Strategies.

**C. New Pronouncements**

For the fiscal year ended June 30, 2023, the City implemented the following new accounting standards:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Arrangements* - This Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* - This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users.

GASB Statement No. 99, *Omnibus 2022*. This statement was issued April 2022 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to lease implementation, public-private and public-public partnerships and availability payment arrangements, and subscription-based information technology arrangements.

GASB Statement No. 101, *Compensated Absences*. This statement was issued 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 City will implement applicable new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements for implementing any of the following pronouncements:

GASB Statement No. 99, *Omnibus 2022*. This statement was issued April 2022 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to financial guarantees and classification of derivatives.

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GASB Statement No. 100, Accounting Changes and Error Corrections. This statement was issued 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.

**D. Contingencies**

**1. Tort Claims**

On January 21, 2023, the City received an official tort claim from the United States District Court, District of Oregon, regarding a property owner's conditional land use, claiming entitlement to just compensation in an amount to be determined at trial, but that could exceed \$10,928,910, plus prejudgment interest.

On March 8, 2023, the City received an official tort claim from Tillamook County State Court, and it was subsequently removed to the United States District Court, District of Oregon, on May 5, 2023, regarding City negligence, claiming entitlement to just compensation in an amount to be determined at trial, but that could exceed \$740,000, plus prejudgment interest.

Management is unable to determine an estimated cost to the City at the time of issuance of the financial statements.

**E. Subsequent Events**

Management has evaluated subsequent events through September 26, 2023, which was the date that the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**



**CITY OF WHEELER**  
**Tillamook County, Oregon**

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

GENERAL FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Cash Basis
<b>REVENUES</b>			
Property taxes	\$ 129,200	\$ 1,670	\$ 130,870
Charges for services	115,902	200	116,102
Grants and contributions	1,000	57,478	58,478
Licenses, fees, and permits	7,750	(6,839)	911
State liquor taxes	7,600	754	8,354
State cigarette and marijuana taxes	904	(595)	309
Short-term rental tax	49,500	(4,198)	45,302
Excise tax	-	2,994	2,994
State revenue sharing	4,800	1,357	6,157
Fines and forfeitures	12,000	1,161	13,161
Investment earnings	1,500	2,866	4,366
Miscellaneous	500	1,373	1,873
Total revenues	<u>330,656</u>	<u>58,221</u>	<u>388,877</u>
<b>EXPENDITURES</b>			
Current			
Personnel services	211,866	(3,661)	208,205
Materials and services	217,148	(47,142)	170,006
Contingency	9,500	(9,500)	-
Total expenditures	<u>438,514</u>	<u>(60,303)</u>	<u>378,211</u>
Excess (deficiency) of revenues over (under) expenditures	(107,858)	118,524	10,666
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(23,339)	-	(23,339)
Net change in fund balance	(131,197)	118,524	(12,673)
Fund balance - beginning	<u>152,825</u>	<u>17,298</u>	<u>170,123</u>
Fund balance - ending	<u>\$ 21,628</u>	<u>\$ 135,822</u>	<u>\$ 157,450</u>

**CITY OF WHEELER**  
**Tillamook County, Oregon**

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

STREET FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Modified Adjustments Cash Basis	
<b>REVENUES</b>					
Grants and contributions	\$ 100,000	\$ (100,000)	\$ -	\$ -	\$ -
Highway taxes	30,961	2,075	33,036	-	33,036
Franchise fees	16,000	713	16,713	-	16,713
Licenses and permits	1,500	(1,126)	374	-	374
Investment earnings	500	619	1,119	-	1,119
Miscellaneous	50	(50)	-	-	-
<b>Total revenues</b>	<b>149,011</b>	<b>(97,769)</b>	<b>51,242</b>	<b>-</b>	<b>51,242</b>
<b>EXPENDITURES</b>					
Current					
Personnel services	47,946	(7,848)	40,098	-	40,098
Materials and services	14,000	(1,183)	12,817	(19,194)	32,011
Capital outlay	100,000	(100,000)	-	-	-
<b>Total expenditures</b>	<b>161,946</b>	<b>(109,031)</b>	<b>52,915</b>	<b>(19,194)</b>	<b>72,109</b>
Excess (deficiency) of revenues over (under) expenditures	(12,935)	11,262	(1,673)	19,194	(20,867)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	(26,234)	-	(26,234)	(19,194)	(7,040)
<b>Net change in fund balance</b>	<b>(39,169)</b>	<b>11,262</b>	<b>(27,907)</b>	<b>-</b>	<b>(27,907)</b>
Fund balance - beginning	39,250	18,867	58,117	-	58,117
Fund balance - ending	\$ 81	\$ 30,129	\$ 30,210	\$ -	\$ 30,210

**CITY OF WHEELER**  
**Tillamook County, Oregon**

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

BUILDING RESERVE FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Cash Basis
<b>REVENUES</b>			
Investment earnings	\$ 700	\$ 1,656	\$ 2,356
Miscellaneous	100	(100)	-
Total revenues	800	1,556	2,356
<b>EXPENDITURES</b>			
Current			
Materials and services	25,000	(24,400)	600
Capital outlay	55,000	(55,000)	-
Total expenditures	80,000	(79,400)	600
Excess (deficiency) of revenues over (under) expenses	(79,200)	80,956	1,756
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	3,740	-	3,740
Net change in fund balance	(75,460)	80,956	5,496
Fund balance - beginning	89,000	3,013	92,013
Fund balance - ending	\$ 13,540	\$ 83,969	\$ 97,509

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**CITY OF WHEELER**  
**Tillamook County, Oregon**

COMBINING BALANCE SHEET - MODIFIED CASH BASIS

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2023

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
	Park Fund	Street LID Fund	Public Works Equipment Reserve	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,923	\$ 29,392	\$ 24,285	\$ 55,600
<b>FUND BALANCES</b>				
Restricted	\$ 1,923	\$ 29,392	\$ -	\$ 31,315
Committed	-	-	24,285	24,285
Total fund balances	\$ 1,923	\$ 29,392	\$ 24,285	\$ 55,600

**CITY OF WHEELER**  
**Tillamook County, Oregon**

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2023

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
	Park Fund	Street LID Fund	Public Works Equipment Reserve	
<b>REVENUES</b>				
Charges for services	\$ 140	\$ 772	\$ -	\$ 912
Investment earnings	111	768	547	1,426
Grants and contributions	3,000	-	-	3,000
Total revenues	<u>3,251</u>	<u>1,540</u>	<u>547</u>	<u>5,338</u>
<b>EXPENDITURES</b>				
Current				
Parks and recreation	38,014	-	-	38,014
Debt service	-	7,456	-	7,456
Capital outlay	-	-	3,500	3,500
Total expenditures	<u>38,014</u>	<u>7,456</u>	<u>3,500</u>	<u>48,970</u>
Excess (deficiency) of revenues over (under) expenditures	(34,763)	(5,916)	(2,953)	(43,632)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>28,839</u>	-	<u>5,500</u>	<u>34,339</u>
Net change in fund balance	(5,924)	(5,916)	2,547	(9,293)
Fund balances - beginning	<u>7,847</u>	<u>35,308</u>	<u>21,738</u>	<u>64,893</u>
Fund balances - ending	<u>\$ 1,923</u>	<u>\$ 29,392</u>	<u>\$ 24,285</u>	<u>\$ 55,600</u>

**CITY OF WHEELER**  
**Tillamook County, Oregon**

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

PARK FUND

For the Year Ended June 30, 2023

	Original and	Variance with	Actual		
	Final Budget	Final Budget Over (Under)	Budget Basis	Adjustments	Modified Cash Basis
<b>REVENUES</b>					
Charges for services	\$ 300	\$ (160)	\$ 140	\$ -	\$ 140
Grants and contributions	3,000	-	3,000	-	3,000
Investment earnings	200	(89)	111	-	111
Miscellaneous	100	(100)	-	-	-
Total revenues	<u>3,600</u>	<u>(349)</u>	<u>3,251</u>	<u>-</u>	<u>3,251</u>
<b>EXPENDITURES</b>					
Current					
Personnel services	28,768	(4,702)	24,066	-	24,066
Materials and services	<u>3,650</u>	<u>2,027</u>	<u>5,677</u>	<u>(8,271)</u>	<u>13,948</u>
Total expenditures	<u>32,418</u>	<u>(2,675)</u>	<u>29,743</u>	<u>(8,271)</u>	<u>38,014</u>
Excess (deficiency) of revenues over (under) expenditures	(28,818)	2,326	(26,492)	8,271	(34,763)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	28,839	-	28,839	-	28,839
Transfers out	<u>(8,271)</u>	<u>-</u>	<u>(8,271)</u>	<u>(8,271)</u>	<u>-</u>
Total other financing sources (uses)	<u>20,568</u>	<u>-</u>	<u>20,568</u>	<u>(8,271)</u>	<u>28,839</u>
Net change in fund balance	(8,250)	2,326	(5,924)	-	(5,924)
Fund balance - beginning	<u>8,250</u>	<u>(403)</u>	<u>7,847</u>	<u>-</u>	<u>7,847</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 1,923</u>	<u>\$ 1,923</u>	<u>\$ -</u>	<u>\$ 1,923</u>

**CITY OF WHEELER**  
**Tillamook County, Oregon**

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

STREET LID FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Cash Basis
<b>REVENUES</b>			
Charges for services	\$ 1,040	\$ (268)	\$ 772
Investment earnings	350	418	768
Total revenues	1,390	150	1,540
<b>EXPENDITURES</b>			
Debt service	7,457	(1)	7,456
Excess (deficiency) of revenues over (under) expenditures	(6,067)	151	(5,916)
Fund balance - beginning	34,850	458	35,308
Fund balance - ending	\$ 28,783	\$ 609	\$ 29,392



**CITY OF WHEELER**  
**Tillamook County, Oregon**

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

PUBLIC WORKS EQUIPMENT RESERVE FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Cash Basis
<b>REVENUES</b>			
Investment earnings	\$ 400	\$ 147	\$ 547
<b>EXPENDITURES</b>			
Capital outlay	25,000	(21,500)	3,500
Excess (deficiency) of revenues over (under) expenses	(24,600)	21,647	(2,953)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	5,500	-	5,500
Net change in fund balance	(19,100)	21,647	2,547
Fund balance - beginning	20,700	1,038	21,738
Fund balance - ending	\$ 1,600	\$ 22,685	\$ 24,285

**CITY OF WHEELER**  
**Tillamook County, Oregon**

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -  
BUDGET AND ACTUAL

WATER OPERATING FUND

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual		
				Budget Basis	Adjustments	Modified Cash Basis
<b>REVENUES</b>						
Water charges	\$ 160,400	\$ 160,400	\$ 24,183	\$ 184,583	\$ -	\$ 184,583
Investment earnings	1,200	1,200	3,092	4,292	-	4,292
Miscellaneous	100	100	2,868	2,968	-	2,968
Total revenues	<u>161,700</u>	<u>161,700</u>	<u>30,143</u>	<u>191,843</u>	<u>-</u>	<u>191,843</u>
<b>EXPENSES</b>						
Current						
Personnel services	84,386	84,386	(17,806)	66,580	-	66,580
Materials and services	63,997	73,997	(25,034)	48,963	67,994	116,957
Capital Outlay	30,000	30,000	(30,000)	-	-	-
Contingency	10,000	-	-	-	-	-
Depreciation	-	-	-	-	62,570	62,570
Total expenses	<u>188,383</u>	<u>188,383</u>	<u>(72,840)</u>	<u>115,543</u>	<u>130,564</u>	<u>246,107</u>
Excess (deficiency) of revenues over (under) expenses	(26,683)	(26,683)	102,983	76,300	(130,564)	(54,264)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	30,395	30,395
Transfers out	(139,073)	(139,073)	-	(139,073)	(137,986)	(1,087)
Total other financing sources (uses)	<u>(139,073)</u>	<u>(139,073)</u>	<u>-</u>	<u>(139,073)</u>	<u>(107,591)</u>	<u>29,308</u>
Net change in fund balance	(165,756)	(165,756)	102,983	(62,773)	(238,155)	(24,956)
Net position - beginning	<u>206,400</u>	<u>206,400</u>	<u>(29,791)</u>	<u>176,609</u>	<u>1,144,903</u>	<u>1,321,512</u>
Net position - ending	<u>\$ 40,644</u>	<u>\$ 40,644</u>	<u>\$ 73,192</u>	<u>\$ 113,836</u>	<u>\$ 906,748</u>	<u>\$ 1,296,556</u>

**CITY OF WHEELER**  
**Tillamook County, Oregon**

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -  
 BUDGET AND ACTUAL

WATER CAPITAL IMPROVEMENT FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	Modified Cash Basis
<b>REVENUES</b>					
System development charges	\$ 7,500	\$ (7,500)	\$ -	\$ -	\$ -
Investment earnings	1,500	343	1,843	-	1,843
Miscellaneous	100	(100)	-	-	-
Total revenues	<u>9,100</u>	<u>(7,257)</u>	<u>1,843</u>	<u>-</u>	<u>1,843</u>
<b>EXPENSES</b>					
Current					
Materials and services	1,000	(1,000)	-	5,363	5,363
Capital outlay	<u>110,000</u>	<u>(107,418)</u>	<u>2,582</u>	<u>-</u>	<u>2,582</u>
Total expenses	<u>111,000</u>	<u>(108,418)</u>	<u>2,582</u>	<u>5,363</u>	<u>7,945</u>
Excess (deficiency) of revenues over (under) expenses	(101,900)	101,161	(739)	(5,363)	(6,102)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	60,000	-	60,000	-	60,000
Transfers out	<u>(5,363)</u>	<u>-</u>	<u>(5,363)</u>	<u>5,363</u>	<u>-</u>
Total other financing sources (uses)	<u>54,637</u>	<u>-</u>	<u>54,637</u>	<u>5,363</u>	<u>60,000</u>
Net change in fund balance	(47,263)	101,161	53,898	-	53,898
Net position - beginning	<u>76,000</u>	<u>(25,697)</u>	<u>50,303</u>	<u>-</u>	<u>50,303</u>
Net position - ending	<u>\$ 28,737</u>	<u>\$ 75,464</u>	<u>\$ 104,201</u>	<u>\$ -</u>	<u>\$ 104,201</u>

**CITY OF WHEELER**  
**Tillamook County, Oregon**

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -  
 BUDGET AND ACTUAL

WATER DEBT SERVICE FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjusted Cash Basis	
<b>REVENUES</b>					
Property taxes	\$ 65,100	\$ (3,874)	\$ 61,226	\$ -	\$ 61,226
Investment earnings	100	1,473	1,573	-	1,573
Total revenues	<u>65,200</u>	<u>(2,401)</u>	<u>62,799</u>	<u>-</u>	<u>62,799</u>
<b>EXPENSES</b>					
Debt service	<u>61,725</u>	<u>-</u>	<u>61,725</u>	<u>(30,395)</u>	<u>31,330</u>
Excess (deficiency) of revenues over (under) expenses	3,475	(2,401)	1,074	30,395	31,469
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	500	-	500	-	500
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,395)</u>	<u>(30,395)</u>
Total other financing sources (uses)	<u>500</u>	<u>-</u>	<u>500</u>	<u>(30,395)</u>	<u>(29,895)</u>
Net change in fund balance	3,975	(2,401)	1,574	-	1,574
Net position - beginning	<u>30,400</u>	<u>2,771</u>	<u>33,171</u>	<u>-</u>	<u>33,171</u>
Net position - ending	<u>\$ 34,375</u>	<u>\$ 370</u>	<u>\$ 34,745</u>	<u>\$ -</u>	<u>\$ 34,745</u>

**CITY OF WHEELER**  
**Tillamook County, Oregon**

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -  
 BUDGET AND ACTUAL

STORMWATER DRAINAGE FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	Modified Cash Basis
<b>REVENUES</b>					
Water charges	\$ 17,150	\$ (1,885)	\$ 15,265	\$ -	\$ 15,265
Franchise fees	13,000	3,713	16,713	-	16,713
Investment earnings	200	181	381	-	381
Total revenues	<u>30,350</u>	<u>2,009</u>	<u>32,359</u>	<u>-</u>	<u>32,359</u>
<b>EXPENSES</b>					
Current					
Personnel services	30,686	(5,017)	25,669	-	25,669
Materials and services	2,500	20	2,520	12,001	14,521
Capital outlay	12,000	(12,000)	-	-	-
Depreciation	-	-	-	995	995
Total expenses	<u>-</u>	<u>(16,997)</u>	<u>28,189</u>	<u>12,996</u>	<u>41,185</u>
Excess (deficiency) of revenues over (under) expenses	30,350	19,006	4,170	(12,996)	(8,826)
<b>OTHER FINANCING</b>					
<b>SOURCES (USES)</b>					
Transfers in	1,000	-	1,000	-	1,000
Transfers out	<u>(15,201)</u>	<u>-</u>	<u>(15,201)</u>	<u>12,001</u>	<u>(3,200)</u>
Total other financing sources (uses)	<u>(14,201)</u>	<u>-</u>	<u>(14,201)</u>	<u>12,001</u>	<u>(2,200)</u>
Net change in fund balance	16,149	19,006	(10,031)	(995)	(11,026)
Net position - beginning	<u>29,650</u>	<u>(8,948)</u>	<u>20,702</u>	<u>21,543</u>	<u>42,245</u>
Net position - ending	<u>\$ 45,799</u>	<u>\$ 10,058</u>	<u>\$ 10,671</u>	<u>\$ 20,548</u>	<u>\$ 31,219</u>

**CITY OF WHEELER**  
**Tillamook County, Oregon**

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -  
BUDGET AND ACTUAL

STORMWATER CAPITAL IMPROVEMENT FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	Modified Cash Basis
<b>REVENUES</b>					
Water charges	\$ 3,000	\$ (3,000)	\$ -	\$ -	\$ -
Investment earnings	300	(300)	-	-	-
Miscellaneous	10	(10)	-	-	-
Total revenues	<u>3,310</u>	<u>(3,310)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENSES</b>					
Capital outlay	<u>5,000</u>	<u>62,278</u>	<u>67,278</u>	<u>(66,913)</u>	<u>365</u>
Excess (deficiency) of revenues over (under) expenses	(1,690)	(65,588)	(67,278)	66,913	(365)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in (out)	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>(66,913)</u>	<u>(64,913)</u>
Net change in fund balance	310	(65,588)	(65,278)	-	(65,278)
Net position - beginning	<u>32,000</u>	<u>(42,856)</u>	<u>(10,856)</u>	<u>-</u>	<u>(10,856)</u>
Net position - ending	<u>\$ 32,310</u>	<u>\$ (108,444)</u>	<u>\$ (76,134)</u>	<u>\$ -</u>	<u>\$ (76,134)</u>

## **OTHER FINANCIAL SCHEDULES**

**CITY OF WHEELER**  
**Tillamook County, Oregon**

SCHEDULE OF FUTURE REQUIREMENTS FOR  
RETIREMENT OF LONG-TERM DEBT

June 30, 2023

Fiscal Year	OECD Note Payable			GO Bonds No. 1		
	Principal	Interest	Total	Principal	Interest	Total
2023-2024	\$ 6,028	\$ 1,428	\$ 7,456	\$ 13,886	\$ 13,093	\$ 26,979
2024-2025	6,357	1,100	7,457	14,493	12,486	26,979
2025-2026	6,704	752	7,456	15,128	11,851	26,979
2026-2027	7,071	387	7,458	15,789	11,190	26,979
2027-2028	-	-	-	16,480	10,499	26,979
2028-2029	-	-	-	17,201	9,778	26,979
2029-2030	-	-	-	17,954	9,025	26,979
2030-2031	-	-	-	18,739	8,240	26,979
2031-2032	-	-	-	19,559	7,421	26,980
2032-2033	-	-	-	20,415	6,564	26,979
Thereafter	-	-	-	129,626	19,200	148,826
Total	<u>\$ 26,160</u>	<u>\$ 3,667</u>	<u>\$ 29,827</u>	<u>\$ 299,270</u>	<u>\$ 119,347</u>	<u>\$ 418,617</u>

Fiscal Year	GO Bonds No. 2			GO Bonds No. 3		
	Principal	Interest	Total	Principal	Interest	Total
2023-2024	\$ 12,111	\$ 11,483	\$ 23,594	\$ 5,729	\$ 5,423	\$ 11,152
2024-2025	12,641	10,953	23,594	5,979	5,173	11,152
2025-2026	13,194	10,400	23,594	6,241	4,911	11,152
2026-2027	13,771	9,823	23,594	6,514	4,638	11,152
2027-2028	14,373	9,221	23,594	6,799	4,353	11,152
2028-2029	15,002	8,592	23,594	7,096	4,056	11,152
2029-2030	15,659	7,935	23,594	7,407	3,745	11,152
2030-2031	16,344	7,250	23,594	7,731	3,421	11,152
2031-2032	17,059	6,535	23,594	8,069	3,083	11,152
2032-2033	17,805	5,789	23,594	8,422	2,730	11,152
Thereafter	114,516	17,130	131,646	53,973	8,054	62,027
Total	<u>\$ 262,475</u>	<u>\$ 105,111</u>	<u>\$ 367,586</u>	<u>\$ 123,960</u>	<u>\$ 49,587</u>	<u>\$ 173,547</u>



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



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

The Honorable Clif Kemp, Mayor  
and Members of the City Council  
City of Wheeler  
Wheeler, Oregon 97147

We have audited the basic financial statements of the City of Wheeler, as of and for the year ended June 30, 2023, and have issued our report thereon dated September 26, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

**Compliance**

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

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

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

**Indebtedness limitations, restrictions, and repayment**

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

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

**Programs funded from outside sources**

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

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

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

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

**A. Excess of Expenditures Over Appropriations**

During the year ended June 30, 2023, the City expended funds in excess of appropriations as follows:

Fund	Function	Appropriations	Expenditures	Excess
Park	Materials and Services	\$ 3,650	\$ 5,677	\$ 2,027
Stormwater Drainage	Materials and Services	2,500	2,520	20
Stormwater Capital Improvement	Capital Outlay	5,000	67,278	62,278

**B. Deficit Fund Equity**

At June 30, 2023, the Stormwater Capital Improvement Fund had a deficit fund balance of \$76,134. This deficit will be eliminated as resources are obtained in the subsequent years.

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

In planning and performing our audit, we considered the City of Wheeler’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Wheeler’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Wheeler’s internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that have not been identified. 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. We identified certain deficiencies in internal control over financial reporting, as described in the accompanying schedule of findings and management’s response as items 2023-001 through 2023-006, that we consider to be significant deficiencies in internal control over financial reporting.

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

A handwritten signature in blue ink that reads "Accuity, LLC". The signature is written in a cursive, flowing style.

Accuity, LLC

Albany, Oregon  
September 26, 2023



**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**

The Honorable Clif Kemp, Mayor  
and Members of the City Council  
City of Wheeler  
Wheeler, Oregon 97147

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 modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wheeler, 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 September 26, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Wheeler, Oregon's internal control over financial reporting (internal control) to determine 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 City of Wheeler's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Wheeler's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and management’s response as items 2023-001 through 2023-006 to be significant deficiencies.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Wheeler’s financial statements are free of 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 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. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, as described below:

**A. Excess of Expenditures Over Appropriations**

During the year ended June 30, 2023, the City expended funds in excess of appropriations as follows:

Fund	Function	Appropriations	Expenditures	Excess
Park	Materials and Services	\$ 3,650	\$ 5,677	\$ 2,027
Stormwater Drainage	Materials and Services	2,500	2,520	20
Stormwater Capital Improvement	Capital Outlay	5,000	67,278	62,278

**B. Deficit Fund Equity**

At June 30, 2023, the Stormwater Capital Improvement Fund had a deficit fund balance of \$76,134. This deficit will be eliminated as resources are obtained in the subsequent years.

**City of Wheeler’s Response to Findings**

*Governmental Auditing Standards* requires the auditor to perform limited procedures on the City of Wheeler’s response to the findings identified in our audit and described in the accompanying schedule of findings and management’s response. The City of Wheeler’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

This report is intended 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 entity’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.

A handwritten signature in blue ink that reads "Accuity, LLC". The signature is written in a cursive style with a large, looping initial 'A'.

Accuity, LLC

Albany, Oregon  
September 26, 2023

**CITY OF WHEELER**  
**Tillamook County, Oregon**

June 30, 2023

<b>Finding Number</b>	<b>2023-001 (Repeat finding)</b>
<b>Finding Title</b>	Adequate segregation of duties in most areas was impractical due to the limited number of employees. The City has, however, developed alternative procedures, which mitigate this condition to some extent.
<b>Type of Finding</b>	Significant Deficiency
<b>Criteria</b>	Ideally, staffing levels should allow for all areas of accounting responsibility (authorization or approval, custody of assets, recording transactions and reconciliations) to be performed independent of each other.
<b>Condition</b>	Due to limited staffing, complete segregation is not possible within the City.
<b>Cause of Condition</b>	Finance staff is competent, capable and performs daily and monthly functions very well. Due to the size of the City, adding finance staff is not a feasible option, so the finding is created.
<b>Potential Effect of Condition</b>	There is a greater opportunity for misstatements in financial records, whether from fraud or error, to occur.
<b>Prevalence</b>	Systemic
<b>Recommendation</b>	We do not recommend any changes in staffing, but the City Council should be aware of this deficiency and remain involved in mitigating controls that have been put into place.
<b>Management's Response</b>	Management generally agrees with this determination. Managements response to this finding is to incorporate specific procedures into all other staff functions to provide sufficient documentation to support all financial transactions.



**CITY OF WHEELER**  
**Tillamook County, Oregon**

June 30, 2023

<b>Finding Number</b>	<b>2023-002 (Repeat finding)</b>
<b>Finding Title</b>	City staff lacks the ability to draft financial statements in accordance with the modified cash basis of accounting including note disclosures and required schedules
<b>Type of Finding</b>	Significant Deficiency
<b>Criteria</b>	Preparing the financial statements prior to the commencement of a financial audit can be a valuable internal control to prevent misstatements in the preparation and disclosure of the financial statements.
<b>Condition</b>	Finance staff does not prepare their own financial statements, and instead has contracted with our office to prepare the financial statements.
<b>Cause of Condition</b>	Finance staff is competent, capable and performs daily and monthly functions very well. However, their experience in preparing modified cash basis financial statements and related disclosures is limited.
<b>Potential Effect of Condition</b>	Finance staff may not be able to prevent or detect a material misstatement in the preparation and disclosure of the financial statements. Misstatements in financial statements may include not only misstated financial amounts, but also the omission of disclosures required by the cash basis of accounting.
<b>Prevalence</b>	Systemic
<b>Recommendation</b>	We do not recommend any changes in the preparation and disclosure of the financial statements, but the City Council and management of the City should be aware of this deficiency and stress the importance of a thorough review of the financial statements prior to approval of the audit.
<b>Management's Response</b>	Management generally agrees with this determination. The State of Oregon has adopted statutes that mitigate the identified deficiency by requiring municipal auditing firms to assist with and/or prepare financial statements for audit clients in accordance with the modified cash basis of accounting.

**CITY OF WHEELER**  
**Tillamook County, Oregon**

June 30, 2023

<b>Finding Number</b>	<b>2023-003</b>
<b>Finding Title</b>	Review and approval of monthly timesheets
<b>Type of Finding</b>	Significant Deficiency
<b>Criteria</b>	Employee timesheets should be reviewed and approved by a supervisor or a member of management to ensure the accuracy of time charged.
<b>Condition</b>	Lack of review and approval of monthly timesheets by a supervisor or management.
<b>Cause of Condition</b>	Lack of knowledge of internal control best practices.
<b>Potential Effect of Condition</b>	A lack of supervisory approval can allow errors in the time charges and allocated between funds to pass undetected.
<b>Prevalence</b>	Systemic
<b>Recommendation</b>	We recommend that all timesheets be signed by the employee and approved by a supervisor or management.
<b>Management's Response</b>	Management agrees with this determination. In September 2023, supervisor review of timesheets became a requirement. All timesheets will be inspected and will be initialed by an immediate supervisor to verify accuracy before they are submitted to the Finance Manager.

**CITY OF WHEELER**  
**Tillamook County, Oregon**

June 30, 2023

<b>Finding Number</b>	<b>2023-004</b>
<b>Finding Title</b>	Utility billing rates were not updated to current year rates for the entirety of the 2022-2023 fiscal year.
<b>Type of Finding</b>	Significant Deficiency
<b>Criteria</b>	Utility billing rates used to bill customers should agree to Council approved rates each fiscal year.
<b>Condition</b>	The finance director is responsible for updating rates within the billing system. There is no review process to ensure the rates are updated annually.
<b>Cause of Condition</b>	Changeover in staffing, lack of awareness of annual changes in ordinance.
<b>Potential Effect of Condition</b>	Under billing of customers, revenue shortfalls in water funds.
<b>Prevalence</b>	Isolated - appears to have been missed only during the 22/23 fiscal year.
<b>Recommendation</b>	We recommend the City update billing rates, and implement an annual process to ensure review of billing rates within the system is occurring.
<b>Management's Response</b>	Management agrees with this determination. Water rates have been updated to the current rates from Resolution 2023-02. The city has adopted a policy to review and update water rates at the end of each fiscal year to ensure water billing matches the current water rate schedule.

**CITY OF WHEELER**  
**Tillamook County, Oregon**

June 30, 2023

<b>Finding Number</b>	<b>2023-005</b>
<b>Finding Title</b>	Credit card receipts missing
<b>Type of Finding</b>	Significant Deficiency
<b>Criteria</b>	Proper internal controls require each use of the credit card to be supported by receipts, as well as review and approval of reconciliations that contain all receipts.
<b>Condition</b>	During audit testing, no review was noted on multiple credit card statements as well as missing receipts.
<b>Cause of Condition</b>	Internal controls were not operating as designed.
<b>Potential Effect of Condition</b>	There is a greater opportunity for misstatements in financial records, whether from fraud or error, to occur.
<b>Prevalence</b>	Systemic
<b>Recommendation</b>	We recommend that City staff review internal controls over credit cards and ensure controls are operating as designed.
<b>Management's Response</b>	Management agrees with this determination. Internal controls were not operating as designed. City staff have been informed of the policy that all purchases require a receipt or invoice that is to be turned in to the Finance Manager.

**CITY OF WHEELER**  
**Tillamook County, Oregon**

June 30, 2023

<b>Finding Number</b>	<b>2023-006</b>
<b>Finding Title</b>	Late fees being assessed and paid on credit card bills
<b>Type of Finding</b>	Significant Deficiency
<b>Criteria</b>	The City should be timely in its payment of bills.
<b>Condition</b>	Credit card late fees were noted as paid in multiple months during the fiscal year.
<b>Cause of Condition</b>	The City's process for bill payment caused delays resulting in late fees.
<b>Potential Effect of Condition</b>	Taxpayer dollars being used to pay late fees is not prudent fiscal management.
<b>Prevalence</b>	Systemic
<b>Recommendation</b>	We recommend the City update its bill pay process to allow for credit card payments to be made timely.
<b>Management's Response</b>	Management agrees with this determination. The city intends to adjust the due date for credit card billing to ensure that payments can be made in a timely manner to avoid any and all future late fees.