



January 22nd, 2026

League of Oregon Cities
Attn: Board of Directors
1201 Court St. NE #200
Salem, Oregon 97301

We have audited the financial statements of the governmental activities, the business-type activities (if any) the aggregate remaining fund information (if applicable), and each major fund, of the League of Oregon Cities as of and for the year ended June 30th, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated May 6th, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

- Management is responsible for the selection and use of appropriate accounting policies.
- The significant accounting policies used by League of Oregon Cities are described in the financial statements.
- No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year.
- I noted no transactions entered into by League of Oregon Cities during the year for which there is a lack of authoritative guidance or consensus.
- All significant transactions have been recognized in the financial statements in the proper period.
- The financial statement disclosures are neutral, consistent, and clear.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting LOC's financial statements was:

- Capital Assets - Estimates of values of LOC's capital assets is based on both actual and estimated historical costs. We evaluated the key factors and assumptions used to develop the capital asset valuations and depreciation of the value of the assets in determining those values. We believe the estimated values are reasonable in relation to the financial statements taken as a whole.
- PERS and OPEB Liabilities and Deferred Balances – Liability and deferred inflow and outflow balances are provided by actuaries using a wide range of assumptions and estimations. The

details of those assumptions and estimates are described in the notes to the financial statements found in the annual financial report.

We found that the financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, if any. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 22nd, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to League of Oregon Cities' financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as League of Oregon Cities' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the major governmental budgetary comparison schedules, and the pension schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the management discussion and analysis and do not express an opinion or provide any assurance on the management discussion and analysis. We did audit the remaining RSI and issued our opinion on those statements and schedules in our auditors report.

We were engaged to report on the non-major funds budgetary comparison schedules and additional supporting schedules, if any, which accompany the financial statements but are not RSI. With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Management is responsible for the other information included in the annual report. The other information comprises additional schedules listed in the Other Information section of the Table of Contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion of any form of assurance thereon.

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

Restriction on Use

This information is intended solely for the use of Board of Directors and management of League of Oregon Cities and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Ashraf Lakhani Faishta, CPA
Umpqua Valley Financial, LLC
Roseburg, Oregon



Annual Financial Report

June 30, 2025

League of Oregon Cities

1201 Court St. NE. Suite 200.

Salem, OR 97301

503-588-6550

LEAGUE BOARD MEMBERS

JESSICA ENGELKE 1201 Court St. NE. Suite 200. Salem, OR 97301	President
CAROL MACINNES 1201 Court St. NE. Suite 200. Salem, OR 97301	Vice President
TRAVIS STOVALL 1201 Court St. NE. Suite 200. Salem, OR 97301	Treasurer
AARON CUBIC 1201 Court St. NE. Suite 200. Salem, OR 97301	Senior City Manager

CITY ADMINISTRATION

ANGELA SPEIER 1201 Court St. NE. Suite 200. Salem, OR 97301	Chief Operating Officer
PATTY MULVIHILL 1201 Court St. NE. Suite 200. Salem, OR 97301	Executive Director
JAYME PIERCE 1201 Court St. NE. Suite 200. Salem, OR 97301	General Counsel
ROBIN KLEIN 1201 Court St. NE. Suite 200. Salem, OR 97301	General Counsel Assistant
LISA TREVINO 1201 Court St. NE. Suite 200. Salem, OR 97301	Member Engagement Director

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT ACCOUNTANT'S REVIEW REPORT	i-iii
MANAGEMENT'S DISCUSSION AND ANALYSIS	2 - 8
BASIC FINANCIAL STATEMENTS:	
<u>Government-Wide Financial Statements:</u>	
Statement of Net Position	10
Statement of Activities	11
<u>Fund Financial Statements:</u>	
Balance Sheet - Governmental Funds	13
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	16
<u>Notes To The Basic Financial Statements</u>	17-48
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund - Revenues	50
General Fund - Expenditures	50-53
Schedule of Proportionate Share of the Net Pension Liability	54
Schedule of Employer Contributions	55
Schedule of Proportionate Share of the Net OPEB Liability	56
Schedule of Employer Contributions	57
Schedule of Changes in Total OPEB Liability and Relations Ratios	58
REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS	
Management Representation of Fiscal Affairs Required by Oregon State Regulations	60



Independent Auditors' Report

Board of Directors
League of Oregon Cities
Salem, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the League of Oregon Cities as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the League of Oregon Cities' basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the League of Oregon Cities as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 League of Oregon Cities' 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 League of Oregon Cities' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

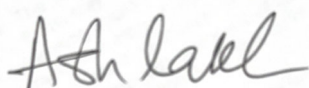
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of revenues, expenditures and changes in fund balances – budget and actuals, and the pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the League's basic financial statements. The schedules of revenues, expenditures, and changes in fund balances – budget and actuals described are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals have 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues, expenditures, and changes in fund balances – budget and actuals are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Reports on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated January 22, 2026, on our consideration of the League of Oregon Cities' compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the League's compliance.



Ashraf Lakhani Farishta, CPA
Umpqua Valley Financial, LLC
Roseburg, Oregon
January 22, 2026

MANAGEMENT'S
DISCUSSION
AND ANALYSIS

LEAGUE OF OREGON CITIES
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2025

The management discussion and analysis of the League of Oregon Cities (LOC) financial performance provides an overview of the LOC's financial activities for the fiscal year that ended June 30, 2025. This discussion and analysis intend to look at the LOC's financial performance. Readers should also review the basic financial statements and notes to enhance their understanding of the LOC's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2025, are as follows:

- In the government-wide statements, the assets and deferred outflows of LOC resources exceeded their liabilities and deferred inflows of resources at year-end by \$3,037,297. This represents an increase of \$556,651, or 18.3%, from the prior fiscal year, primarily due to an \$538,755 (8.3%) increase in other assets.
- General revenues accounted for \$344,061, or 6% of total revenues, while program-specific revenues in the form of service charges, operating grants, and contributions totaled \$5,702,223, or 94% of total revenues of \$6,046,284.
- Total expenses for the fiscal year amounted to \$5,366,352, reflecting a reduction of \$489,246 compared to the prior year. This decline is largely attributed to a substantial decrease of \$689,388 in costs associated with administrative services.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the LOC's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes additional supplementary information to supplement the basic financial statements.

Government-wide Financial Statements

The first of the government-wide statements is the *Statement of Net Position*. This is the League-wide statement of position, presenting information that includes all the LOC's assets and liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the LOC is improving or deteriorating. The evaluation of the LOC's overall economic health will consider non-financial factors, such as the condition of buildings and water and sewer facilities.

The second government-wide statement is the *Statement of Activities*, which reports how the LOC's net position changed during the current fiscal year. All current revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the LOC's distinct activities or functions of the LOC. The governmental activities of the LOC include:

Administrative Services – general administration for LOC programs and activities.

Contractual Member Services – contracted services and programs include Ordinance codification, Uniform Traffic Citations, and Public Relations.

Conferences and Workshops – including the annual conference, spring conference, and various workshops.

LEAGUE OF OREGON CITIES
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. LOC uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the LOC's general fund.

Governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Unlike government-wide financial statements, these statements report short-term fiscal accountability, focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to government-wide statements to assist in understanding the differences between these two perspectives.

A budgetary comparison schedule is included in the required supplementary information for the General Fund.

Notes to the Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin immediately following the basic financial statements.

LEAGUE OF OREGON CITIES
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

As noted earlier, net position provides the perspective of the LOC as a whole and may serve over time as a useful indicator of an entity's financial position. In the case of the LOC, the assets and deferred outflows of LOC resources exceeded its liabilities and deferred inflows of resources as of June 30, 2025, by \$3,037,297. This is an \$556,651 increase from last year's net position, representing a 22% increase from the previous year, as presented below.

The table below presents a summary of the LOC's net position, including comparative data from the preceding year.

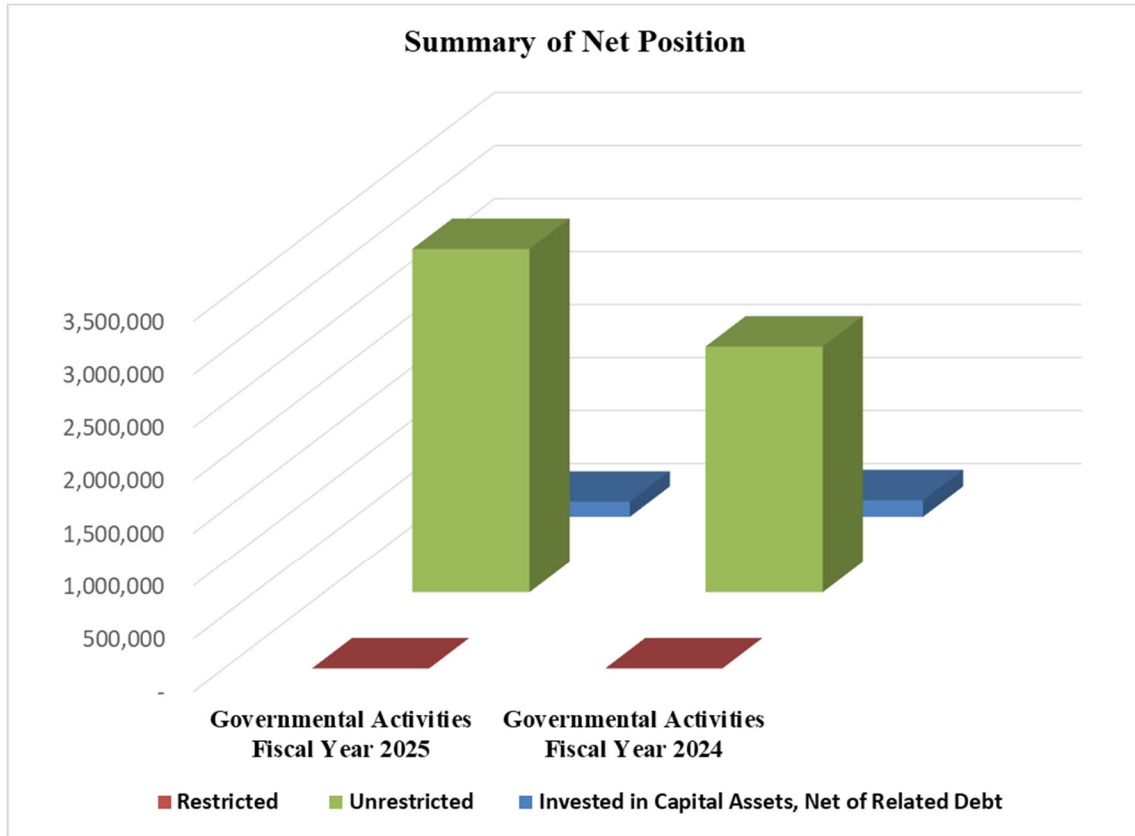
SUMMARY OF NET POSITION				
	Governmental Activities		Change	
	2025	2024	\$	%
<u>ASSETS</u>				
Other Assets	\$ 6,529,565	\$ 5,990,810	\$ 538,755	9%
Capital Assets	143,120	156,461	(13,341)	-9%
Total Assets	6,672,684	6,147,271	525,413	9%
Deferred Outflow of Resources	1,721,551	1,549,385	172,166	11%
<u>LIABILITIES</u>				
Short-Term Liabilities	323,626	407,431	(83,805)	-21%
Long-Term Liabilities	4,210,299	4,140,249	70,050	2%
Total Liabilities	4,533,925	4,547,680	(13,755)	0%
Deferred Inflow of Resources	823,014	668,330	154,684	23%
<u>NET POSITION</u>				
Net Investment in Capital Assets	143,120	156,461	(13,341)	-9%
Unrestricted	2,894,177	2,324,185	569,992	25%
Total Net Position	\$ 3,037,297	\$ 2,480,646	\$ 556,651	22%

Capital assets, encompassing the LOC's land, buildings, building improvements, and equipment, net of accumulated depreciation, constitute approximately 2 percent of the total asset portfolio. The majority of the asset composition is dominated by cash, investments, accounts receivable, and OPEB assets, with non-capital assets making up a significant 98 percent of total assets.

As of June 30, 2025, the LOC's total liabilities amount to \$4,533,925, with a predominant share attributed to long-term obligations. Specifically, the net pension liability totals \$4,178,266, representing the bulk of the liabilities. The remaining liabilities include accounts payable, compensated absences, and the net OPEB liability.

LEAGUE OF OREGON CITIES
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2025

Refer to the chart below to gain an understanding of the LOC's actual financial position and how each component relates to the activities it supports.



LEAGUE OF OREGON CITIES
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2025

The following table shows a comparative analysis of government-wide revenues, expenses, and changes in net position.

SUMMARY OF CHANGES IN NET POSITION

	Governmental Activities		Change	
	2024-25	2023-24	\$	%
<u>REVENUES</u>				
Program Revenues				
Charges for Services	\$ 5,363,024	\$ 5,102,062	\$ 260,962	5%
Operating Grants and Contributions	339,199	264,106	75,093	28%
General Revenues				
Interest and Investment Earnings	329,396	311,529	17,867	6%
Rents	14,665	9,165	5,500	60%
Gain (Loss) on Joint Venture	0	(24,138)	24,138	-100%
Total Revenues	6,046,284	5,662,724	383,560	7%
<u>PROGRAM EXPENSES</u>				
Administrative Services	\$ 3,968,709	\$ 4,658,097	\$ (689,388)	-15%
Member Services	625,638	664,894	(39,256)	-6%
Conference and Workshops	772,005	532,607	239,398	45%
Total Program Expenses	5,366,352	5,855,598	(489,246)	-8%
Special Items	(0)	(24,138)	24,138	
Change in Net Position	679,932	(192,874)	872,806	
Beginning Net Position	2,357,365	2,673,521	(316,156)	
Ending Net Position	<u>\$ 3,037,297</u>	<u>\$ 2,480,647</u>	<u>\$ 556,650</u>	22%

In the current fiscal year, the LOC reported a total revenue of \$6,046,284, reflecting an increase of \$383,560. This growth can be attributed primarily to the increase in charges for services of \$260,962, alongside a complete elimination of losses from joint ventures.

Total expenditure for the year amounted to \$5,366,352, which represents a \$489,246 decline, or 8%, compared to the previous fiscal year. The most significant factor driving this decrease was a 15% reduction in administrative service expenditure. Although expenditures related to workshops, training, and conference activities increased by a combined \$239,398, this increase was effectively offset by the significant reduction in administrative service costs.

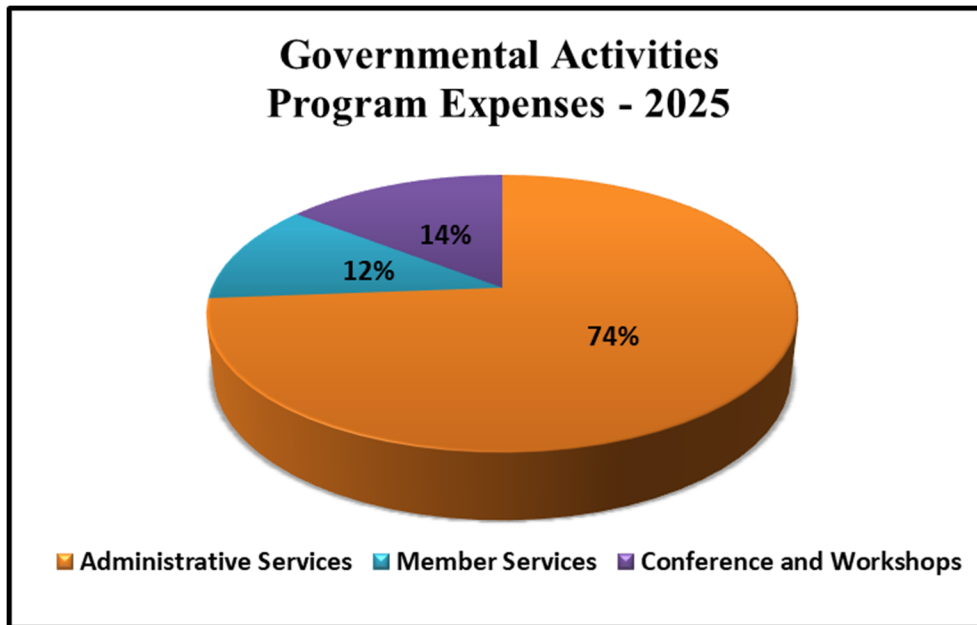
LEAGUE OF OREGON CITIES
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2025

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the major functional activities of the LOC. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the LOC's taxpayers by each of these functions.

GOVERNMENTAL ACTIVITIES

	Total Cost of Services		Net Cost (Profit) of Services	
	2024-25	2023-24	2024-25	2023-24
Administrative Services	\$ 3,968,709	\$ 4,658,097	\$ (2,614,088)	\$ (3,351,935)
Member Services	625,638	664,894	2,977,935	2,675,954
Conference and Workshops	772,005	532,607	(27,976)	186,551
Total Program Expenses	\$ 5,366,352	\$ 5,855,598	\$ 335,871	\$ (489,430)

This graph illustrates the expenses of the LOC's programs by governmental activities. Administrative Services have the highest expenses, totaling \$3,968,709, compared to Member Services, and Conference and Workshops, which account for \$625,638 and \$772,005.



LEAGUE OF OREGON CITIES
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE LEAGUE'S FUNDS

As noted earlier, LOC uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of LOC's general fund is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing LOC's financing requirements. Unrestricted fund balance may serve as a useful measure of LOC's net resources available for spending at the end of the fiscal year.

Governmental Funds

As noted earlier, the LOC uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the LOC's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the LOC's financing requirements. Unreserved fund balance may serve as a useful measure of the LOC's net resources available for spending at the end of the fiscal year. The financial performance of the LOC is reflected in its governmental funds.

As the LOC completed the year, its general fund reported a fund balance of \$5,392,077, reflecting an increase of \$743,197 or a 16% increase. Of the current fund balances, no funds are restricted and \$5,392,077 unassigned and available for spending at the LOC's discretion.

BUDGETARY HIGHLIGHTS

For the fiscal year, the LOC made only minor changes to its fund's budget.

The General Fund had budgeted to collect \$5,744,462 in revenues during the fiscal year, but collected \$6,046,284, which is \$301,822 more than expected. The General Fund expenditure was underspent by \$441,375, mainly due to decreased spending on personnel and benefits. As a result, the actual ending fund balance was \$5,392,077.

CAPITAL ASSETS

As of June 30, 2025, the LOC's governmental activities have invested \$499,957 in capital assets, including land, automobiles, furniture, and equipment, before net reduction for accumulated depreciation. For governmental activities, there were no deletions and \$9,102 in additions for the current year.

Total depreciation expense for the year was \$22,443. Additional information on LOC's capital assets can be found in the Capital Asset Note in the Notes to the Basic Financial Statements section of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the LOC's annual budget for Fiscal Year 2025-26, it was established that membership dues from Oregon's 241 municipalities represent the predominant revenue stream, constituting 84% of the total projected revenue. The anticipated revenue from these primary general fund sources is projected to reach \$5,059,792. Meanwhile, secondary revenue sources, including funds derived from conferences, workshops, training sessions, and programs, are expected to contribute an additional \$972,950, accounting for 16% of the overall revenue projections, with stability anticipated across these streams.

CONTACTING THE LEAGUE'S FINANCIAL MANAGEMENT

This financial report is designed to provide users with a general overview of the LOC's finances and to demonstrate the LOC's fiscal accountability. If you have any questions about this report or need additional information, contact the League's accountant at the League of Oregon Cities, 1201 Court Street NE, Suite 200, Salem, OR 97301.

BASIC FINANCIAL
STATEMENTS

Government-Wide
Financial Statements

League of Oregon Cities
Statement of Net Position
June 30, 2025

	Governmental Activities
<u>ASSETS:</u>	
Cash and Investments	\$ 5,513,368
Accounts Receivable	706
Investment in Joint Venture	954,528
Restricted Assets:	
OPEB Asset	60,963
Capital Assets:	
Land	56,023
Depreciable Capital Assets, Net	87,097
Total Assets	6,672,684
<u>DEFERRED OUTFLOW OF RESOURCES:</u>	
Pension Related Deferrals	1,708,751
OPEB Related Deferrals	12,800
Total Deferred Outflow of Resources	1,721,551
<u>LIABILITIES:</u>	
Accounts Payable	121,997
Compensated Absences	201,629
Long-Term Obligations:	
Net Pension Liability	4,178,266
Net OPEB Liability	32,033
Total Liabilities	4,533,925
<u>DEFERRED INFLOW OF RESOURCES:</u>	
Pension Related Deferrals	775,117
OPEB Related Deferrals	47,897
Total Deferred Inflow of Resources	823,014
<u>NET POSITION:</u>	
Net Investment in Capital Assets	143,120
Unrestricted	2,894,177
Total Net Position	\$ 3,037,297

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

League of Oregon Cities

Statement of Activities

For the Fiscal Year Ended June 30, 2025

<u>Governmental Activities</u>	<u>(Expenses)</u>	<u>Program Revenues</u>		<u>Net</u>
		<u>Charges</u>	<u>Operating</u>	<u>(Expense)</u>
		<u>for</u>	<u>Grants</u>	<u>Revenue</u>
		<u>Services</u>	<u>and</u>	<u>and</u>
			<u>Contributions</u>	<u>Change</u>
				<u>in</u>
				<u>Net Position</u>
Administrative Services	\$3,968,709	\$ 1,354,621	\$ -	\$ (2,614,088)
Member Services	625,638	3,264,374	339,199	2,977,935
Conference and Workshops	772,005	744,029	-	(27,976)
Total Primary Government	<u>\$5,366,352</u>	<u>\$ 5,363,024</u>	<u>\$ 339,199</u>	<u>\$ 335,871</u>
GENERAL REVENUES:				
Interest and Investment Earnings				329,396
Rents				14,665
Subtotal - General Revenues				344,061
Change in net position				679,932
Net Position, July 1, 2024 - Restated				2,357,365
Net Position, June 30, 2025				<u>\$ 3,037,297</u>

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

BASIC FINANCIAL
STATEMENTS

Governmental Fund
Financial Statements

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

League of Oregon Cities
Balance Sheet
Governmental Fund
June 30, 2025

	General Fund
<u>ASSETS:</u>	
Cash and Cash Equivalents	\$ 5,513,368
Accounts Receivable	706
Total Assets	\$ 5,514,074
<u>LIABILITIES AND FUND BALANCES:</u>	
Accounts Payable and Accrued Liabilities	\$ 121,997
Total Liabilities	\$ 121,997
Fund Balances:	
Unassigned	5,392,077
Total Fund Balances	5,392,077
Total Liabilities and Fund Balances	\$ 5,514,074

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

League of Oregon Cities
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2025

Total Fund Balances - Governmental Funds \$ 5,392,077

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

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the governmental funds.

The cost of the assets is -	\$499,957	
The accumulated depreciation is -	<u>(356,836)</u>	
Net Value of Assets		143,121

Equity in a joint venture with other governmental entities is not reported in the funds. 954,528

Net OPEB assets reported in governmental activities are not financial resources
and therefore are not reported in the governmental funds. 60,963

Long-term liabilities reported in governmental activities are not reported in the funds.

Those liabilities are:

Pension related	(4,178,266)
OPEB related	(32,033)
Accumulated compensated absences	(201,629)

Pension and OPEB related deferred inflows and deferred outflows are not reported
in the governmental funds. Those amounts are:

Pension related deferred outflows	1,708,751
OPEB related deferred outflows	12,800
Pension related deferred inflows	(775,117)
OPEB related deferred inflows	<u>(47,897)</u>

Net Position of Governmental Activities **\$ 3,037,297**

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

League of Oregon Cities
Statement of Revenues, Expenditures
and Changes In Fund Balances
Governmental Fund
For the Fiscal Year Ended June 30, 2025

	General Fund
<u>REVENUES:</u>	
Membership Dues	\$ 2,458,230
Affiliate Payments	119,522
Administration Fees from Related Parties	1,354,621
Rent	14,665
Advertising Income	47,315
Interest and Investment Earnings	329,396
Member Services	662,392
Conferences	639,864
Spring Conference	56,850
City Day at the Capital	24,230
STP Apportionment	339,199
	6,046,284
<u>EXPENDITURES:</u>	
Current:	
Administrative Expenses	\$ 3,907,663
Workshop and Training Expenses	55,017
Conference Expenses	714,769
Communication Expenses	65,174
Intergovernmental Expenses	15,324
Legal and Research Expenses	109,493
Special Projects	435,647
	5,303,087
Net Change in Fund Balance	743,197
Fund Balances, July 1, 2024 - Restated	4,648,880
Fund Balances, June 30, 2025	\$ 5,392,077

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

League of Oregon Cities
**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances --
Governmental Funds to the Statement of Activities**
For the Fiscal Year Ended June 30, 2025

Net changes in fund balances - total governmental funds	\$ 743,197
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>The governmental fund report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.</p>	
Expenditures for capitalized assets	9,102
Less current year depreciation	<u>(22,443)</u>
	(13,341)
Changes in pension and OPEB assets, deferred outflows, liabilities, and deferred inflows are not reported in the governmental fund.	(13,634)
Changes in accumulated compensated absences are not reported in the governmental fund.	(36,290)
	<hr/>
Change in net position of governmental activities	<u>\$ 679,932</u>

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The League of Oregon Cities, Oregon (LOC) is a municipal corporation incorporated under the laws of the State of Oregon. LOC is governed by an elected board. Administration officials are appointed by the board and are responsible for the day-to-day operations of the LOC.

The financial statements of the LOC have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP Statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The following is a summary of the more significant policies of the LOC:

Reporting Entity

In determining the financial reporting entity, the League of Oregon Cities complies with Governmental Accounting Standards Board Statement 14 as amended, "The Financial Reporting Entity." The criteria for including organizations as component units within the LOC's reporting entity, include whether 1) the organization is legally separate (can sue and be sued in their name); 2) the LOC holds the corporate powers of the organization; 3) the LOC appoints a voting majority of the organization's board; 4) the LOC can impose its will on the organization; 5) the organization has the potential to impose a financial benefit/burden on the LOC; and 6) there is fiscal dependency by the organization on the LOC. Based on the criteria, the League of Oregon Cities has no component units.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the LOC as a whole. These statements include the financial activities of the overall LOC. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Direct expenses are those that are specifically associated with a program of function and, therefore, are identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the LOC.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Net position is reported as restricted when constraints placed on net asset use are either externally restricted, imposed by creditors (such as through grantors, contributors, or laws), or through constitutional provisions or enabling resolutions.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

Basis of Presentation (Cont.)

Fund Financial Statements: The fund financial statements provide information about the entity’s funds including those of a fiduciary nature, if applicable. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. LOC reports the following major governmental funds:

General Fund - The General Fund is the main and only operating fund of the LOC. Primary revenue sources are membership dues and administration fees, while primary expenditures include administration and program operating expenses.

Measurement Focus/Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flows occur. Non-exchange transactions, in which the entity receives value without giving equal value in exchange, include contributions, grants, entitlements, and donations. Revenues from membership dues, contributions, grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under grant agreements, the entity funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the entity’s policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with available expendable financial resources. Other receipts become measurable and available when the government receives cash and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the “susceptible to accrual” criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Tax-exempt Status

LLC is a tax-exempt organization under the provisions of the Internal Revenue Code section 501(c)(4) as a nonprofit corporation. LOC, as an intergovernmental entity under ORS 190, is a governmental body. Accordingly, it is exempt from federal and state income taxes derived from operations related to the purpose for which it was organized.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Cash and Investments

LOC has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the LOC to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

LOC's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). LOC's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. LGIP is stated at cost, which approximates fair value. The fair value of the LGIP is the same as the LOC's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision, or public corporation of the State that by law is made the custodian of, or has control of, any fund. LGIP is included in the Oregon Short-Term Fund (OSTF) which was established by the State Treasurer.

In seeking to best serve the local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury on the management and investment options of the LGIP.

Accumulated Compensated Absences

Accumulated vested vacation and compensatory pay are accrued as it is earned. For governmental funds, compensation not expected to be liquidated with the current resources is reported as liabilities in the government-wide statements and represents a reconciling item between the fund level and government-wide presentations.

Receivables

Amounts due from individuals and organizations are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and materials provided by the LOC. All receivables are expected to be collected. Accordingly, receivables are reported at the gross amount without an allowance for uncollectible accounts.

Deferred Inflows/Outflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the LOC has two items that qualify for reporting in this category, deferred pension contributions and OPEB-related deferrals.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. LOC has two items that qualify for reporting in this category, deferred earnings on pension assets and OPEB-related deferrals.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated cost when the original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Maintenance and repairs of capital assets that do not significantly extend the useful life of an asset are not capitalized but rather are charged to expenditures in the funds.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method.

The estimated useful lives are as follows:

Buildings and Improvements	10-50 years
Machinery and Equipment	3-20 years
Vehicles	5-10 years
Water and Sewer Systems	20-50 years
Infrastructure	25-35 years

Use of Estimates

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

Equity Classifications:

Government-wide Statements

Equity is classified as net position, which represents the difference between assets and liabilities, and deferred accounts. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definition of "restricted" or "invested in capital assets, net of the related debt."

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Governmental Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the LOC is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Assigned: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the LOC Board through the LOC Board delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

LOC's policy is to use assigned fund balances first, as appropriate opportunities arise but reserves the right to selectively spend unassigned resources first to defer the use of the constrained fund balances.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement Fund (OPERF) and the Oregon Public Service Retirement Plan (OPSRP) and additions to/deductions from OPERF's and OPSRP's fiduciary net position have been determined on the same basis as they are reported by 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.

CASH AND INVESTMENTS:

For a discussion of deposit and investment policies and other related information, see the Cash and Investments note under the Summary of Significant Accounting Policies.

LOC follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized in the Cash and Investments note under the Summary of Significant Accounting Policies.

Investments, including amounts held in pool cash and investments, are stated at fair value. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. ORS 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Oregon Public Funds Collateralization Program (PFCP). Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

CASH AND INVESTMENTS (Cont.):

Custodial Credit Risk for Deposits - Custodial credit risk for deposits exists when, in the event of a depository failure, the LOC's deposits may not be returned to it. LOC does not have a deposit policy for custodial credit risk.

As of June 30, 2025, the reported amount of the LOC's deposits was \$159,069, and the bank balance was \$161,442. Of the bank balance, the entire amount was insured by the FDIC or covered by the collateral held in a multiple financial institutions collateral pool administered by the Oregon State Treasurer.

Investments - Oregon statutes authorize the LOC 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 Governmental Investment Pool. LOC has no credit risk policy or investment policy that would further limit its investment choices.

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterpart to an investment may be unable to fulfill its obligations. As of June 30, 2025, the LOC's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

As of June 30, 2025, the LOC's investments in financial institutions are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	\$ 5,354,299	N/A
Total Investments	<u>\$ 5,354,299</u>	

Investments in the LGIP and federal agency notes do not require disclosure of credit rating quality.

Concentration of Credit Risk - An increased risk of loss occurs as more investments are acquired from one issuer. This results in a concentration of credit risk. LOC has no limit on the amount that may be invested in any one issuer. More than 5 percent of the LOC's investments are in the Oregon State Treasurer's Local Government Investment Pool (LGIP). This investment is 100% of the LOC's total investment.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2025:

Governmental Activities	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Assets not being depreciated:				
Land	\$ 56,023	\$ -	\$ -	\$ 56,023
Total	56,023	-	-	56,023
Assets being depreciated:				
Automobiles	78,808	-	-	78,808
Furniture and Equipment	356,024	9,102	-	365,126
Total Depreciable Assets	434,832	9,102	-	443,934
Less: Accumulated Depreciation				
Automobiles	37,404	10,351	-	47,755
Furniture and Equipment	296,990	12,092	-	309,081
Total Accumulated Depreciation	334,394	22,443	-	356,836
Net Value of Capital Assets Being Depreciated	<u>100,439</u>	<u>(13,341)</u>	<u>-</u>	<u>87,098</u>
Total Governmental Activities -- Net Value of Capital Assets	<u>\$ 156,462</u>	<u>\$(13,341)</u>	<u>\$ -</u>	<u>\$ 143,121</u>

Depreciation expense was charged to the functions of governmental activities as follows:

Administrative Services	\$ 11,122
Membership Services	970
Conferences and Workshops	<u>10,351</u>
Total Depreciation Expense	<u>\$ 22,443</u>

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

EQUITY IN JOINT VENTURE:

The Local Government Center Trust (the Trust) was created on July 8, 1970. Its members include the LOC and the Oregon School Boards Association (OSBA). OSBA owns approximately two-thirds of the underlying assets of the trust, and accordingly, obtaining majority control of the Trust. LOC owns the remaining portion. The financial statements of the Trust are prepared on the accrual basis of accounting. Capital assets are stated at cost, less accumulated depreciation, which is computed on the straight-line method over the estimated useful lives of the assets, from 5-39 years.

The Trust's net assets and member's equity on June 30, 2025, is estimated as follows:

	2025
Assets	
Current assets	
Cash and cash equivalents	\$ 471,086
Accounts receivable	39,614
Prepaid expenses	2,930
Total current assets	513,630
Property and equipment	
Land	562,636
Land improvements	236,535
Building	4,269,442
Building improvements	378,018
Furniture and equipment	158,411
Construction in progress	-
Accumulated depreciation	(3,212,184)
Property and equipment, net	2,392,858
Total assets	\$ 2,906,488
Liabilities and Net Assets	
Liabilities	
Accounts payable	\$ 25,190
Rental deposits	700
Total liabilities	25,890
Net assets	
Without donor restrictions	2,880,598
Total liabilities and net assets	\$ 2,906,488
Equity Positions	
Less other member's equity:	
Oregon School Boards Association	1,951,960
League of Oregon Cities equity	\$ 954,528

LOC is not required to make monthly rental payments for occupied space. In lieu of rent, LOC pays its proportionate share of amounts assessed by the Trust to cover the expenditure. Payments totaling \$126,452 were made by LOC to the Trust during the fiscal year ended June 30, 2025.

The Trust's separate financial statements may be obtained from LOC at 1201 Court Street NE, Salem, Oregon.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN:

The League of Oregon Cities offers various retirement plans to qualified employees as described below.

Cost-sharing Multiple-employer Defined Benefit Pension Plan - The Oregon Public Employees Retirement System (PERS).

Name of Pension Plan

The League of Oregon Cities participates with other state agencies in the Oregon Public Employees Retirement System (OPERS) which is a cost-sharing multiple-employer defined benefit pension plan.

Organization

OPERS administers a cost-sharing, multiple-employer defined benefit pension plan (Plan) for units of state government, political subdivisions (including community colleges and school LOCs), and public universities. The Plan contains 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, 2024, there were 904 participating employers and more than 415,000 active, inactive, and retired members and beneficiaries.

OPERS is administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Oregon Public Employees Retirement Board (OPERB) to administer and manage the System. All members of the Board are appointed by the governor and confirmed by the State Senate. Oregon PERS produces an independently audited comprehensive annual financial report (ACFR) for the funds administered by OPERB. The OPERS ACFR can be found at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

Plan Membership

The 1995 Legislature enacted Chapter 654, Section 3, Oregon Laws 1995, which has been codified into ORS 238.435. This legislation created a second tier of benefits for those who established membership on or after January 1, 1996. The second tier does not have the Tier One assumed earnings rate guarantee and has a higher normal retirement age of 60, compared to age 58 for Tier One.

As of June 30, 2024, Tier One was comprised of 7,928 active plan members, 127,957 retired plan members or their beneficiaries currently receiving benefits, and 6,927 inactive plan members entitled to but not yet receiving benefits for a total of 142,812 members. For Tier Two, as of June 30, 2024, there were 23,549 active plan members, 24,248 retired plan members or their beneficiaries currently receiving benefits, and 12,332 inactive plan members entitled to but not yet receiving benefits for a total of 60,129.

The 2003 Legislature enacted House Bill 2021, codified as ORS 238A, which created the Oregon Public Service Retirement Plan (OPSRP). OPSRP consists of the Pension Program and the Individual Account Program. Membership for the OPSRP Pension Program includes public employees hired on or after August 29, 2003. OPSRP is part of PERS and is administered by the Board. The PERS Board is directed to adopt any rules necessary to administer OPSRP, and such rules are to be considered part of the plan for IRS purposes.

As of June 30, 2024, there were 163,367 active OPSRP Pension plan members, 13,931 retired plan members or their beneficiaries currently receiving benefits, 10,596 inactive plan members entitled to but not yet receiving benefits, and 24,658 inactive plan members not eligible for refund or retirement for a total of 212,552 OPSRP Pension Program members.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Plan Benefits

1. OPERS Pension (Chapter 238) – Tier One/Tier Two

a. Pension Benefits

The PERS retirement allowance is payable monthly for life. Members may select 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 most commonly based on years of service and final average salary. A percentage (2.0% for Police and Fire employees, 1.67% for General Service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which they are entitled.

Under Senate Bill (SB) 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary is limited for all members beginning in 2021. The limit was equal to \$232,976 as of January 1, 2024, and it is indexed with inflation every year.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if they have contributions in each of five calendar years or have reached at least 50 years of age before ceasing employment with a participating employer (age 45 for Police and Fire members). General Service employees may retire after reaching age 55. Police and Fire members are eligible after reaching age 50. Tier One General Service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and Fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The plans are closed to new members hired on or after August 29, 2003.

b. Death Benefits

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

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

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

In 2019 the Legislature introduced an Optional Spouse Death Benefit (OSDB) that may provide a higher survivor benefit than the standard pre-retirement death benefit described above. To be eligible for the OSDB, the member must have died before retiring, named their spouse or other person who is constitutionally required to be treated in the same manner as the spouse as their pre-retirement beneficiary, and met the following conditions:

- Member's date of death must be on or after January 1, 2020.
- Member's account must be eligible for the employer-matching death benefit (as described above).
- Member must have a surviving spouse.
- The surviving spouse must be the member's sole beneficiary as determined by a valid Tier One/Tier Two Pre-retirement Beneficiary Designation form on file with PERS.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

As of January 1, 2024, the Legislature modified the rules such that, in order to be eligible for the Optional Spouse Death Benefit, a surviving spouse must make a written election no later than 60 days after the date of the estimate that PERS provides to a member's spouse. For members who die before their earliest retirement date, the OSDB is the actuarial equivalent of 50% of the service retirement that would have been paid to the member, calculated as if the member became inactive on their date of death and retired at their earliest retirement date. For members who die after their earliest retirement date but before normal retirement age, the OSDB is the actuarial equivalent of the service retirement that would have been paid to the member calculated as if they retired on the first day of the month following their death. For members who die after their normal retirement age, the OSDB is the actuarial equivalent of the benefit that would have been paid to the member, calculated as if the member retired on the first day of the month following their date of death.

The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached the age of their federally required minimum distribution.

c. 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 for General Service members is computed to age 58 (55 for Police and Fire members) when determining the monthly benefit.

d. 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 adjustments (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0%.

2. OPSRP Pension Program

a. Pension Benefits

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

General Service: 1.5% 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.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary is limited for all members beginning in 2020. The limit was equal to \$232,976 as of January 1, 2024 and is indexed with inflation every year.

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

b. Death Benefits

Upon the death of a nonretired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50% of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached the age of their federally required minimum distribution.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

c. 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 from a job-related injury may receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred. Disability benefits continue until the member is no longer disabled or otherwise no longer qualifies for benefits, reaches normal retirement age, or dies.

d. Benefit Changes After Retirement

Under ORS 238A.210, monthly benefits are adjusted annually through cost-of-living adjustments (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0%.

3. Individual Account Program (IAP)

a. Benefit Terms

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established.

Employers have the option to make employer contributions for a member under ORS 238A.340. Contributions for these accounts are deposited into a separate employer-funded account. The member becomes vested in this optional employer-funded account 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. The accounts fall under Internal Revenue Code Section 414(k).

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer-funded account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, or 20-year period or an anticipated life-span option. Installment amounts vary with market returns as the account remains invested while in distribution. When chosen, the distribution option must result in a \$200 minimum distribution amount, or the frequency of the installments will be adjusted to reach that minimum.

b. Death Benefits

Upon the death of a nonretired 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.

c. Recordkeeping

PERS contracts with Voya Financial to maintain IAP participant records.

4. Postemployment Healthcare Benefits

ORS 238.420 established the Retirement Health Insurance Account (RHIA) and authorizes a payment of up to \$60 from RHIA toward the monthly cost of health insurance for eligible PERS members. RHIA is a cost-sharing, multiple-employer OPEB plan for 904 participating employers. The plan was closed to new entrants hired on or after August 29, 2003.

To be eligible to receive this monthly payment toward the premium costs, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

For the fiscal year ended June 30, 2024, PERS employers contributed 0.04% of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. A (0.04)% unfunded actuarial liability (UAL) rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2021. Consequently, PERS employers had an effective contribution rate of 0.00% for the RHIA program. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years. These rates were based on the December 31, 2021, actuarial valuation.

Contributions

Description of Funding and Contributions for PERS Benefit Plans

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

Member Contributions

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

The Member Reserve represents accumulated member contributions and earnings allocations made prior to January 1, 2004, and subsequent earnings allocations less refunds and amounts transferred to reserves for retirements and disabilities (ORS 238.515). The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements.

Starting July 1, 2020, Senate Bill 1049 (2019) required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. In 2024, if the member earns more than \$3,688 per month, 0.75% (if OPSRP member) or 2.5% (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the member's Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

a. Employee Pension Stability Accounts (EPSA)

EPSA was created by the Oregon Legislature through Senate Bill 1049 (2019) to address the increasing cost of funding pension benefits. EPSA's function is to help pay for part of an applicable member's lifetime monthly pension benefit when they retire.

EPSA rules apply to most PERS members, but the EPSA redirect is only triggered when the member's gross pay in a month exceeds the monthly salary threshold, which is tied to the annual Consumer Price Index (All Urban Consumers, West Region). EPSA accounts are credited with investment earnings and losses annually and have no guaranteed rate of return.

b. Target-Date Funds

The Oregon Investment Council, responsible for all PERS fund investments, approved the transition to a target-date fund (TDF) investment methodology for all IAP accounts beginning January 1, 2018. This change in investment methodology reflects an investment best practice that will better protect participants from potential losses as they approach and enter retirement by gradually reducing investment risk as participants age.

Effective January 1, 2021, Senate Bill 1049 (2019) allowed members to elect investment of their IAP account in a TDF other than the default TDF based on their year of birth. PERS now provides members the opportunity to make elections once a year during the month of September, with the change effective the following calendar year.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Employer Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and OPEB plans. Employer contribution rates during fiscal year 2024 were based on the December 31, 2021, actuarial valuation, which became effective July 1, 2023. The state of Oregon and certain schools, community colleges, public universities, and political subdivisions have made supplemental unfunded actuarial liability payments, and their rates have been reduced.

a. PERS Defined Benefit Plan (ORS 238)

Effective July 1, 2023, the contribution rate for state agencies was 28.88%, the State and Local Government Rate Pool was 29.03%, the School LOCs Pool was 28.58%, and the judiciary was 29.01% of PERS-covered salaries. Political subdivisions that have not joined the State and Local Government Rate Pool had an average pension contribution rate of 29.81%.

b. OPSRP Pension Program (ORS 238A)

All PERS-participating employers with OPSRP Pension Program members are actuarially pooled and share the same contribution rate. The OPSRP Pension Program employer rates effective July 1, 2023, through June 30, 2025, are 11.58% of covered salaries for General Service employees and 16.37% of covered salaries for Police and Fire employees. These rates increased from 10.33% of covered salaries for General Service and 14.69% of covered salaries for Police and Fire employees for the period July 1, 2021, through June 30, 2023. Each of these rates includes a component related to disability benefits for General Service and Police and Fire members.

Effective January 1, 2021, Senate Bill 1049 (2019) requires employers to pay contributions on reemployed PERS retirees' salaries as if they were active members, excluding IAP (6%) contributions. Reemployed retirees do not accrue additional benefits while they work after retirement.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Entity Employer Contributions

The contribution rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

The LOC's employer contributions for the year ended June 30, 2025 were \$662,101 excluding amounts to fund employer specific liabilities.

The contribution rates in effect for the period July 1, 2023 to June 30, 2025 are: Tier1/Tier2 – 25.41%, and OPSRP General Service – 25.72%.

Entity Member Contributions

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

During FY 2024-2025, no employee IAP contributions were paid or picked up by LOC.

Pension Plan CAFR/ ACFR

Oregon PERS produces an independently audited ACFR which can be found at:
<https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

Actuarial Valuations

The employer contribution rates effective July 1, 2023, through June 30, 2025, were set using the Entry Age Normal actuarial cost method.

For the Tier One/Tier Two component of the OPERS 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 by ongoing Board policy. However, upon passage of Senate Bill 1049, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier 1/Tier 2 UAL over 22 years. This means that, effective with the December 31, 2022 rate-setting valuation, the entire unamortized Tier 1/Tier 2 UAL for each rate pool and independent employer will be re-amortized over a 22 year period as a level percentage of projected future payroll.

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

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

For the Postemployment Healthcare component, the RHIA plan fiduciary net position balance represents the program’s accumulation of employer contributions and investment earnings less premium subsidies and administrative expenses. No UAL rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2021. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years.

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Actuarial Methods and Assumptions Used in Developing Total Pension Liability:	
Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study	2022, published July 20, 2023
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: 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>Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuation calculations are based on the benefits provided under the terms of the plan in effect at the time of each valuation and the pattern of cost-sharing between the employer and plan members. The December 31, 2022, system-wide actuarial valuation was used to develop the GASB 67 financial reporting results for the Defined Benefit Pension Plan as of June 30, 2024, using standard roll-forward procedures.

Discount Rate

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

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Depletion Date Projection

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency if such an 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.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

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

OIC Target and Actual Investment Allocation as of June 30, 2024

<u>Asset Class/Strategy</u>	<u>OIC Policy Range</u>	<u>OIC Target Allocation</u>	<u>Asset Class/Strategy</u>	<u>Actual Allocation²</u>
Debt Securities	20.0% - 30.0%	25.0%	Debt Securities	19.1%
Public Equity	22.5% - 32.5%	27.5%	Public Equity	23.0%
Real Estate	7.5% - 17.5%	12.5%	Real estate	13.2%
Private Equity	15.0% - 27.5%	20.0%	Private Equity	26.9%
Real Assets	2.5% - 10.0%	7.5%	Real Assets	10.1%
Diversifying Strategies	2.5% - 10.0%	7.5%	Diversifying Strategies	5.0%
Opportunity Portfolio ¹	0.0% - 5.0%	0.0%	Opportunity Portfolio	2.7%
Total		<u>100%</u>	Total	<u>100%</u>

¹Opportunity Portfolio is an investment strategy. Up to 5% of total Fund assets may be invested in it.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the Oregon 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. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below.

<u>Long Term Expected Rate of Return¹</u>	Target	Annual	20-Year	Annual
Asset Class	Allocation	Arithmetic Return ²	Annualized Geometric Mean	Standard Deviation
Global Equity	27.50%	8.57%	7.07%	17.99%
Private Equity	25.50%	12.89%	8.83%	30.00%
Core Fixed Income	25.00%	4.59%	4.50%	4.22%
Real Estate	12.25%	6.90%	5.83%	15.13%
Master Limited Partnerships	0.75%	9.41%	6.02%	27.04%
Infrastructure	1.50%	7.88%	6.51%	17.11%
Hedge Fund of Funds - Multistrategy	1.25%	6.81%	6.27%	9.04%
Hedge Fund Equity - Hedge	0.63%	7.39%	6.48%	12.04%
Hedge Fund - Macro	5.62%	5.44%	4.83%	7.49%
Assumed Inflation - Mean			2.35%	1.41%

¹Based on the Oregon Investment Council’s (OIC) Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on January 25, 2023.

²The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

Sensitivity Analysis

The following presents the employer’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	5.90%	6.90%	7.90%
Employer's proportionate share of the net pension liability	\$ 6,591,045	\$ 4,178,266	\$ 2,157,446

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Changes Since Last Valuation

A summary of key changes implemented after the December 31, 2024 valuation, which was used in the 2024 PERS ACFR. Changes are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2024 Experience Study for the System, which was published on July 22, 2025, which can be found at: https://www.oregon.gov/pers/Documents/Financials/Actuarial/2025/2024_Exp_Study.pdf

Changes in Actuarial Methods and Allocation Procedures

As of June 30, 2024, PERS fully finished and closed the Employer Programs, Salary Limit, Member Choice, Technical Debt, and Work After Retirement projects. House Bill 2296 (2023) extended the sunset of the work after retirement provisions until 2034. The Member Redirect project has an expected completion date of June 2025. PERS received funding for these projects for the 2023-25 biennium.

The timing of the amortization period for Pre-SLGRP liabilities and surpluses for SLGRP employers was revised to align the biennial rate-setting cycle.

Changes in Assumptions

- Adjust mortality assumptions to use the new “Pub-2016” base tables, matched to observed PERS-specific experience.
- Increase the individual member salary increase assumption’s merit/longevity component for one member category based on observations of the last 12 years of experience. The individual member salary increase assumption consists of the sum of inflation, real wage growth, and merit/longevity components, with the latter varying by member. We also recommend maintaining an assumed additional 2% annual increase specifically for calendar year 2025 above the long-term assumptions, which was first adopted in the 2022 Experience Study to reflect significant bargained increases already known at that time.
- Adjust retirement rates for certain member categories and service bands to more closely align with recent and expected future experience.
- Lower assumed rates of ordinary (non-duty) disability incidence to more closely match recent experience.
- Adjust the Tier One/Tier Two unused sick leave assumption for one member category to reflect recently observed experience.
- Decrease the likelihood of program participation for non-disabled and disabled retirees in the RHIA retiree healthcare program.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Mortality Rates

A summary of the current assumed mortality rates and recommended changes is shown below:

Assumption	Used for December 31, 2022 and 2023 Valuations	Recommended December 31, 2024 and 2025 Valuations
Healthy Annuitant Mortality	Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2016 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
School District male	Blend 80% Teachers and 20% General Employees, no set back	No change
Other General Service male (and male beneficiary)	General Employees, set back 12 months	No change
Police & Fire male	Public Safety, no set back	No change
School District female	Teachers, no set back	No change
Other female (and female beneficiary)	General Employees, no set back	No change
Police & Fire female	Public Safety, set back 12 months	No change
Disabled Retiree Mortality	Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2016 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
Police & Fire male	Blended 50% Public Safety, 50% Non-Safety, no set back	Blended 20% Public Safety, 80% Non-Safety, no set back
Other General Service male	Non-Safety, set forward 24 months	120% of Non-Safety, no set back
Police & Fire female	Blended 50% Public Safety, 50% Non-Safety, no set back	Blended 20% Public Safety, 80% Non-Safety, no set back
Other General Service female	Non-Safety, set forward 12 months	120% of Non-Safety, no set back
Non-Annuitant Mortality	Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2016 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
School District male	125% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
Other General Service male	115% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
Police & Fire male	125% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
School District female	100% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
Other General Service female	125% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
Police & Fire female	100% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Changes Subsequent to the Measurement Date

There were no changes subsequent to the measurement date, that we are aware of.

Deferred Items

Deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. For the measurement period ending June 30, 2025, employers will report the following deferred items:

- A difference between expected and actual experience, which is being amortized over the remaining service lives of all plan participants, including retirees. One year of this amortization is included in the employer's total pension expense for the measurement period.

Employer Contributions

OPERS includes accrued contributions when due pursuant to legal requirements, as of June 30 in its Statement of Changes in Fiduciary Net Position.

Beginning with fiscal year 2016, OPERS will be able to report cash contributions and UAL side account amortization by employer, and will publish this information on the OPERS Website. Prior to fiscal year 2016, contributions to the OPSRP Defined Benefit plan were not accounted for by employer, as all employers were pooled for actuarial purposes.

Elements of Changes in Net Position

This information can be found in the Schedule of Changes in Net Pension Liability found on page 96, of the June 30, 2024 Oregon PERS ACFR. <https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

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

At June 30, 2025, the employer reported a liability of \$4,178,266 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on a projection of the employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2024, the employer's proportion was 0.01879795%.

For the year ended June 30, 2025, the employer recognized pension expense of \$512,659.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

As of June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 247,524	\$ 9,972
Changes of assumptions	420,084	538
Net difference between projected and actual earnings on investments	265,437	-
Changes in proportionate share	113,433	556,823
Differences between employer contributions and employer's proportionate share of system contributions	40,172	207,784
Total (prior to post- measurement date contributions)	\$ 1,086,650	\$ 775,117
Post-measurement date contributions	622,101	N/A
Total Deferred Outflow/(Inflow) of Resources	\$ 1,708,751	\$ 775,117
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		\$ 311,533

Contributions of \$622,101 were made subsequent to the measurement date, but prior to the end of the Entity's reporting period. These contributions, which are reported as deferred outflows of resources related to pensions, will be included as a reduction of the net pension liability in next fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date)
1st Fiscal Year	\$ (203,978)
2nd Fiscal Year	316,810
3rd Fiscal Year	145,405
4th Fiscal Year	51,499
5th Fiscal Year	1,797
Total	\$ 311,533

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

Oregon Public Employees Retirement Systems' (OPERS) Retiree Health Insurance Account (RHIA)

Plan Description

The Entity contributes to the Oregon Public Employees Retirement Systems' (OPERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Oregon Public Employees Retirement Board (OPERB). The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible OPERS retirees. RHIA post-employment benefits are set by state statute. The plan was closed to new entrants hired on or after August 29, 2003.

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

Employer contributions are advance-funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs.

A comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the OPERS web site at <https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

Funding Policy

For the fiscal year ended June 30, 2024, PERS Employers had an effective contribution rate of 0.00% for the RHIA program. The unfunded actuarial liability (UAL) rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2021. Consequently, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years. These rates were based on the December 31, 2021, actuarial valuation.

Contributions

The Entity's contributions to OPERS' RHIA for the years ended June 30, 2025, 2024, and 2023 were \$14, \$20, and \$119, respectively, which equaled the required contributions for the year.

Actuarial Methods and Assumptions Used in Developing Total (OPEB) RHIA Liability

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost Sharing Multiple Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2024. That independently audited report was dated November 27, 2024 and can be found at: <https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):

Actuarial Methods and Assumptions - OPEB Plans - RHIA	
	RHIA
Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study	2022, published July 20, 2023
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Retiree healthcare participation	Healthy retirees: 25.0% Disabled retirees: 15%
Healthcare cost trend rate	Not applicable
Mortality	<p>Healthy retirees and beneficiaries: 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>Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuation calculations are based on the benefits provided under the terms of the plan in effect at the time of each valuation and the pattern of cost-sharing between the employer and plan members. The December 31, 2022, system-wide actuarial valuation was used to develop the GASB 67 financial reporting results for the Defined Benefit Pension Plan as of June 30, 2024, using standard roll-forward procedures.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA 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 OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 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. Table 31 on page 92 shows Milliman’s assumptions for each of the asset classes in which the plans were invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown on page 74. 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 class, calculated using both arithmetic and geometric means, see Pension Plan note disclosure above or the PERS’ audited financial statements at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

Sensitivity Analysis

The following presents the employer’s proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.90 percent, as well as what the employer’s proportionate share of the OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	5.90%	6.90%	7.90%
Employer's proportionate share of the net OPEB RHIA liability	\$ (56,433)	\$ (60,963)	\$ (64,863)

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

At June 30, 2025, the Entity reported a net OPEB RHIA liability/(asset) of \$(60,963) for its proportionate share of the net OPEB RHIA liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2024, and the total OPEB RHIA liability/(asset) used to calculate the net OPEB RHIA liability/(asset) was determined by an actuarial valuation as of December 31, 2021. Consistent with GASB Statement No. 75, paragraph 59(a), The Entity’s proportion of the net OPEB RHIA liability/(asset) is determined by comparing the employer’s actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2024, the Entity’s proportion was 0.01509315 percent. OPEB RHIA expense/(income) recorded for the year ended June 30, 2025 was \$(18,694).

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):

At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,192
Changes of assumptions	-	771
investments	1,721	-
Changes in proportionate share	2,273	16,834
Total (prior to post- measurement date contributions)	\$ 3,994	\$ 18,797
Post-measurement date contributions	14	N/A
Total Deferred Outflow/(Inflow) of Resources	\$ 4,008	\$ 18,797
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		\$ (14,803)

Contributions of \$14 were made subsequent to the measurement date, but prior to the end of the Entity’s reporting period. These contributions, which are reported as deferred outflows of resources related to OPEB, will be included as a reduction of the net OPEB liability in the next fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense/(income) as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date)
1st Fiscal Year	\$ (16,487)
2nd Fiscal Year	554
3rd Fiscal Year	931
4th Fiscal Year	199
Total	\$ (14,803)

Changes Subsequent to the Measurement Date

We are not aware of any changes subsequent to the June 30, 2024 Measurement Date that meet this requirement and thus require a brief description under the GASB standard.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) CIS (IRSP):

Retiree Healthcare Insurance Premiums Subsidy

Plan Description

The Entity operates a single employer retiree benefit plan through the CIS Trust Services that provides post-employment health, dental vision and life insurance benefits to eligible employees and their spouses. The Entity is required by Oregon Revised Statutes 243.303 to provide retirees and their dependents with group health insurance from the date of retirement to age 65 at the same rate provided to current employees. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for any portion of the premiums not paid by the Employer. The implicit employer subsidy is measured as the expected health care cost per retiree and dependent, less the gross premiums charged by the insurance carrier for that coverage. The subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare. GASB Statement 75 is applicable to the Entity due only to this implicit rate subsidy. This “plan” is not a stand-alone plan, and therefore, does not issue its own financial statements.

Funding Policy

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

At June 30, 2025, the Entity reported an estimated net OPEB OEBB liability/(asset) of \$32,033 for its proportionate share of the net OPEB liability/(asset). The OPEB OEBB liability/(asset) was measured as of June 30, 2024, and the total OPEB OEBB liability/(asset) used to calculate the net OPEB OEBB liability/(asset) was determined by an actuarial valuation as of July 1, 2024. Consistent with GASB Statement No. 75, paragraph 59(a), The Entity’s proportion of the net OPEB OEBB liability/(asset) is determined by comparing the employer’s actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. Based on the measurement date of June 30, 2024, the Entity’s estimated OPEB OEBB expense/(income) for the year ended June 30, 2025 was \$11,635.

Actuarial Methods and Assumptions

The Entity engaged an actuary to perform an evaluation as of July 1, 2024 using entry age normal Actuarial Cost Method. The assumptions are generally based upon those used for valuing pension benefits under Oregon PERS, and were developed in consultation with Milliman. The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date:

Fiscal Year Ending	June 30, 2024	June 30, 2025	June 30, 2026
Discount Rate	3.65%	3.93%	5.20%
Other Key Actuarial Assumptions and Methods			
Valuation date	July 1, 2022	July 1, 2024	July 1, 2024
Measurement date	June 30, 2023	June 30, 2024	June 30, 2025
Inflation	2.40%	2.40%	2.40%
Salary increases	3.40%	3.40%	3.40%
Withdrawal, retirement, and mortality rates	December 31, 2021 Oregon PERS valuation	December 31, 2023 Oregon PERS valuation	December 31, 2023 Oregon PERS valuation
Election and Lapse Rates	35% of eligible employees. 60% of male members and 35% of female members will elect spouse coverage. 5% annual lapse rate	30% of eligible employees. 60% of male members and 35% of female members will elect spouse coverage. 5% annual lapse rate	30% of eligible employees. 60% of male members and 35% of female members will elect spouse coverage. 5% annual lapse rate
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) CIS (IRSP) (Cont.):

In order to apply the entry age normal actuarial cost method, Projected Benefit Payments are determined for each active employee and retiree. These Projected Benefit Payments are the net benefits estimated to be payable in all future years. The net benefits for a particular year are the difference between the total cost of benefits and the portion of the benefits paid by the retirees in that year. The Present Value of Benefits is then allocated over the service of each active employee from their date of hire to their expected retirement age, as a level percent of the employee's pay, as required under GASB 75. This level percent multiplied by expected pay is referred to as the Service Cost, and is the portion of the Present Value of Benefits attributable to an employee's service in a given year. The Service Cost equals \$0 for retirees. For purposes of projecting benefits prior to the valuation date as required by the actuarial cost method, we assumed a health cost trend equal to the ultimate health cost trend rate. The Total OPEB Liability is the portion of the Present Value of Benefits that is attributable to employee service prior to the valuation date. For retirees, the Total OPEB Liability equals the Present Value of Benefits.

The Discount Rate

The Discount Rate is a single rate of return that is applied to the Projected Benefit Payments in order to calculate the Present Value of Benefits. Under GASB 75, for plans without assets, the discount rate is equal to a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the Pub-2010 Healthy Retiree tables. The Mortality Table reflects recent rates developed by the Society of Actuaries.

Demographic assumptions regarding retirement, mortality, and turnover are based on Oregon PERS valuation assumptions as of December 31, 2022. Election rate and lapse assumptions are based on experience implied by valuation data for this and other Oregon public employers.

Starting per capita costs are based on premium rates. The same rates are charged for actives and pre-Medicare retirees. When an employer provides benefits to both active employees and retirees through the same plan, the benefits to retirees should be segregated and measured independently for actuarial measurement purposes. The projection of future retiree benefits should be based on claims costs, or age-adjusted premiums approximating claims costs, for retirees, in accordance with actuarial standards issued by the Actuarial Standards Board. As such, premiums were estimated for pre-Medicare retirees based on average ages and assumptions on the relationship between costs and increasing age (Morbidity).

Sensitivity Analysis

The following presents the total OPEB liability of the Plan, calculated using the disclosure discount rate as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1% Decrease	Discount Rate	1% Increase
	2.93%	3.93%	4.93%
Total OPEB liability from Implicit Rate Subsidy	\$ 34,779	\$ 32,033	\$ 29,429
Trend Rate			
	1% Decrease	Trend Rate	1% Increase
Total OPEB liability from Implicit Rate Subsidy	\$ 27,865	\$ 32,033	\$ 36,926

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) CIS (IRSP) (Cont.):

Participation

The following table represents the number of the Entity's covered participants:

Members as of Valuation Date	July 1, 2024
<hr/>	
Number of Members	
Active	16
Retired Members	0
Spouses of Ineligible Retirees	0
Total Participants	<hr/> 16
Spouses of Eligible Retirees	0

Changes in Net (OPEB) OEGB Liability

Changes in Total OPEB Implicit Subsidy Plan Liability	Increase (Decrease) Total OPEB Liability
Balance as of June 30, 2024	\$ 63,122
Changes for the year:	
Service Cost	4,698
Interest	2,202
Effect of assumptions or other inputs	(3,767)
Benefit payments	<hr/> (15,115)
Net OPEB Liability at June 30, 2025	<u>\$ 32,033</u>

Components of (OPEB) OEGB Expense

OPEB Implicit Subsidy Plan Expense	July 1, 2024 to June 30, 2025
<hr/>	
Service cost	\$ 4,698
Interest on total OPEB liability	2,202
Recognition of economic/demographic (gains) or losses	4,543
Recognition of assumption changes	<hr/> 192
OPEB Expense	<u>\$ 11,635</u>

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) CIS (IRSP) (Cont.):

Schedule of Deferred Inflows and Outflows of Resource

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,111	\$ 21,435
Changes of assumptions	3,681	7,665
Total (prior to post- measurement date contributions)	\$ 8,792	\$ 29,100
Projected Employer-Paid Retiree Benefit Costs	-	N/A
Total Deferred Outflow/(Inflow) of Resources	\$ 8,792	\$ 29,100
Net Deferred Outflow/(Inflow) of Resources prior to projected annual employer-paid retiree benefit costs		\$ (20,308)

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date)
1st Fiscal Year	\$ 2,101
2nd Fiscal Year	(2,401)
3rd Fiscal Year	(4,328)
4th Fiscal Year	(4,351)
5th Fiscal Year	(4,013)
Thereafter	(7,316)
Total	\$ (20,308)

Changes Subsequent to the Measurement Date

We are not aware of any changes subsequent to the June 30, 2024 Measurement Date that meet this requirement and thus require a brief description under the GASB standard.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

CONTINGENT LIABILITIES:

Amounts received or receivable from grantor agencies are subject to review and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the LOC expects such amount, if any, to be immaterial.

The League of Oregon Cities has elected the "reimbursement" basis for unemployment claims to the State of Oregon Department of Human Resources Employment Division. If a terminated employee collects unemployment compensation based upon earnings from the LOC, the LOC will be required to reimburse the State of Oregon for unemployment compensation paid. Amounts billed by the State of Oregon are charged to expenditures but amounts for which the LOC is potentially liable as a result of claims not yet filed are unknown.

RELATED PARTY TRANSACTIONS:

LOC and the Association of Oregon Counties formed County Insurance Services (CIS) to aid members in obtaining insurance in the areas of tort liability, property loss, and workers' compensation. LOC appoints one-half of the Board of Trustees of CIS. Administrative services are provided by LOC to CIS. Administrative fees for the year ended June 30, 2025, amount to \$1,354,621. LOC also pays CIS for insurance, which amounted to \$15,339 for the year ended June 30, 2025.

RISK MANAGEMENT:

To reduce the risk of loss from liability, fire, theft, accident, medical costs, and errors and omissions, the LOC maintains various commercial insurance policies.

The LOC came under the State Unemployment Act as of July 1, 1974. The LOC has elected to pay State Unemployment insurance to the State to pay for any claims paid to former employees. Any reimbursements are paid by the fund, incurring the liability to the Employment Division of the State of Oregon. The estimated liability for unpaid claims is calculated as the present value of expected unpaid claims based on historical experience and ongoing concern assessments. The LOC's estimated liability for unpaid unemployment claims is immaterial. Therefore, no liability amount appears on the LOC's statement of net position or balance sheet.

Certain employees have health care coverage provided by a third-party insurance company. Premiums to the insurance company are paid by employer contributions for eligible employees.

There have been no significant reductions in coverage from the prior years, and settlements have not exceeded insurance coverage in the past three years.

RESTATEMENT OF FUND BALANCE AND NET POSITION:

The beginning fund balance was restated to clear accounts identified during a review of the accounting records. These changes resulted in a net decrease to the beginning fund balance of \$123,280.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 22, 2026, the date on which the financial statements were available to be issued.

REQUIRED
SUPPLEMENTARY
INFORMATION

League of Oregon Cities
Schedule of Revenues, Expenditures, and
Changes In Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		Variance with Original Budget-- over (under) Final Budget	Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget-- over (under) Actual Amounts
	<u>Original</u>	<u>Final</u>			
<u>REVENUES:</u>					
Membership Dues	\$ 2,422,065	\$ 2,422,065	\$ -	\$ 2,458,230	\$ 36,165
Affiliate Payments	82,603	82,603	-	119,522	36,919
Administration Fees from Related Parties	1,354,621	1,354,621	-	1,354,621	-
Rent	9,000	9,000	-	14,665	5,665
Miscellaneous	418,000	418,000	-	-	(418,000)
Advertising Income	32,000	32,000	-	47,315	15,315
Interest and Investment Earnings	30,000	30,000	-	329,396	299,396
Member Services	550,673	550,673	-	662,392	111,719
Conferences	540,500	540,500	-	639,864	99,364
Spring Conference	55,000	55,000	-	56,850	1,850
City Day at the Capital	15,000	15,000	-	24,230	9,230
STP Apportionment	235,000	235,000	-	339,199	104,199
Total Revenues	<u>5,744,462</u>	<u>5,744,462</u>	<u>-</u>	<u>6,046,284</u>	<u>301,822</u>

League of Oregon Cities
Schedule of Revenues, Expenditures, and
Changes In Fund Balance - Budget and Actual
General Fund

(Continued)

For the Fiscal Year Ended June 30, 2025

EXPENDITURES:

Personnel and Benefits:

Administration	239,444	239,444	-	242,296	(2,852)
Member/Administration Services	669,160	669,160	-	614,760	54,400
Finance	240,023	240,023	-	-	240,023
Communications and Marketing	868,415	868,415	-	240,272	628,143
Intergovernmental Relations	-	-	-	787,037	(787,037)
Legal/Research Personal Services	391,157	391,157	-	419,735	(28,578)
Payroll Taxes	192,096	192,096	-	182,865	9,231
PERS	617,589	617,589	-	669,663	(52,074)
Workers Compensation	11,000	11,000	-	293	10,707
Employee Benefits	396,016	396,016	-	254,045	141,971

Administration/Membership:

Staff Training	10,000	10,000	-	6,632	3,368
Staff Professional Development	4,000	4,000	-	2,083	1,917
Internal Recruiting	2,000	2,000	-	1,769	231
Contract Services	17,411	17,411	-	19,611	(2,200)
Conferences & Workshops	45,000	45,000	-	18,206	26,794
Staff Travel/ In-State	15,000	15,000	-	7,763	7,237
Telephone	15,000	15,000	-	13,347	1,653
NLC Membership (LOC & Small Cities <25K)	27,000	27,000	-	27,284	(284)
Membership/Sponsor	16,000	16,000	-	7,500	8,500
Uniform Traffic Citation	38,000	38,000	-	130,220	(92,220)
Maintenance - Local Gov Center	125,000	125,000	-	127,317	(2,317)
Repair & Maintenance - Auto	5,000	5,000	-	1,203	3,797
Insurance	19,000	19,000	-	18,877	123
Miscellaneous	3,000	3,000	-	1,251	1,749
Bank Fees	35,000	35,000	-	33,237	1,763
Postage	4,000	4,000	-	3,618	382
Supplies	7,500	7,500	-	7,683	(183)
Books/Publications	250	250	-	-	250
Printing	7,000	7,000	-	5,769	1,231

Board of Directors:

Travel	27,000	27,000	-	17,472	9,528
Board Meetings	50,000	50,000	-	41,076	8,924
Conferences/Workshops	17,000	17,000	-	3,513	13,487
Miscellaneous	1,500	1,500	-	1,266	234

Technology, Equipment, and Furniture:

Contract Services	110,000	110,000	-	90,847	19,153
Building Technology	3,000	3,000	-	1,427	1,573
Computer Hardware	30,000	30,000	-	24,357	5,643
Furniture Outlay	5,000	5,000	-	1,043	3,957
Computer Software	41,000	41,000	-	44,801	(3,801)

(Continued)

League of Oregon Cities
Schedule of Revenues, Expenditures, and
Changes In Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2025

Training:					
Meeting	3,000	3,000	-	1,381	1,619
Training Contracts	35,000	35,000	-	10,594	24,406
Elected Essentials Fundamentals	37,000	37,000	-	30,506	6,494
Small City Program	10,000	10,000	-	3,541	6,459
Regional Meetings	20,000	20,000	-	8,995	11,005
Conferences:					
Travel	10,000	10,000	-	7,921	2,079
Affiliate Workshop	15,500	15,500	-	16,720	(1,220)
Hotel-Banquet Services	200,000	200,000	-	188,178	11,822
Hotel-Lodging	20,000	20,000	-	12,424	7,576
Speakers	35,000	35,000	-	22,284	12,716
Decorator-Pipe & Drape	18,000	18,000	-	14,703	3,297
Design/Special Printing	2,000	2,000	-	-	2,000
Signage	3,000	3,000	-	3,188	(188)
Awards	1,200	1,200	-	1,165	35
AV Equipment	50,000	50,000	-	50,000	-
AV Equipment-Hotel	15,000	15,000	-	19,279	(4,279)
Contract Services	28,000	28,000	-	28,197	(197)
Printing	500	500	-	135	365
Live-Streaming/Recording Session	15,000	15,000	-	7,734	7,266
Annual Conference Scholarships	20,000	20,000	-	11,338	8,662
Travel	3,000	3,000	-	2,616	384
Conference Banquet Services	48,000	48,000	-	39,742	8,258
Hotel Lodging	4,000	4,000	-	3,829	171
Speakers	4,000	4,000	-	3,702	298
Venue, A/V Equip - Other	3,500	3,500	-	2,968	532
Scholarships	6,000	6,000	-	2,070	3,930
City Day at the Capitol:					
Travel	4,500	4,500	-	1,098	3,402
Banquet Services	20,000	20,000	-	25,919	(5,919)
Venue, A/V Equip - Other	6,000	6,000	-	9,058	(3,058)
Printing	1,000	1,000	-	1,036	(36)
Scholarships	1,200	1,200	-	1,200	-
Congressional Cities Conference:					
Board Officer Expenses	11,500	11,500	-	10,839	661
Scholarships	4,000	4,000	-	5,453	(1,453)
Board Director Expenses	11,500	11,500	-	11,662	(162)
Staff Expenses	7,000	7,000	-	9,173	(2,173)
Board & Guest Dinner	2,000	2,000	-	1,406	594
Delegation Meeting	3,000	3,000	-	2,297	703
Printing/Shipping	1,500	1,500	-	478	1,022
Reception	10,000	10,000	-	6,389	3,611
General Office Expenses:					
Postage	1,000	1,000	-	-	1,000
Supplies	2,500	2,500	-	2,362	138
Miscellaneous	1,000	1,000	-	-	1,000
NLC City Summit:					
Conference: NLC City Summit	10,000	10,000	-	5,923	4,077
Board Director Expenses	11,500	11,500	-	8,247	3,253
Staff Expenses	7,000	7,000	-	1,010	5,990
Board Officer Expenses	11,500	11,500	-	7,084	4,416
Board & Guest Dinner	4,000	4,000	-	3,467	533

(Continued)

League of Oregon Cities
Schedule of Revenues, Expenditures, and
Changes In Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Variance with Original Budget-- over (under) Final Budget	Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget-- over (under) Actual Amounts
	Original	Final			
Communications & Marketing:					
Membership/Dues	500	500	-	264	236
Conferences/Workshops	4,000	4,000	-	-	4,000
Contract Services	23,000	23,000	-	26,974	(3,974)
Postage	3,000	3,000	-	842	2,158
Books/Publications	3,500	3,500	-	2,460	1,040
Printing	15,000	15,000	-	5,810	9,190
Marketing	20,000	20,000	-	28,431	(8,431)
Miscellaneous	1,500	1,500	-	-	1,500
Intergovernmental Relations:					
Membership/Dues	2,500	2,500	-	4,695	(2,195)
Meeting	-	-	-	-	-
Conferences/Workshops	25,000	25,000	-	10,297	14,703
Contract Services	5,000	5,000	-	-	5,000
Grass Roots Prog	5,000	5,000	-	332	4,668
Books/Publications	500	500	-	25	475
Printing	500	500	-	-	500
Miscellaneous	1,000	1,000	-	368	632
Legal/Research:					
Membership/Dues	3,000	3,000	-	1,890	1,110
Conferences/Workshops	6,000	6,000	-	6,022	(22)
Contract Services	130,000	130,000	-	91,779	38,221
Subscription Services	10,000	10,000	-	9,682	318
Books/Publications	500	500	-	120	380
Special Projects:					
Revenue Consultant	160,000	160,000	-	226,000	(66,000)
Centennial	100,000	100,000	-	95,674	4,326
Communications Consultant	40,000	40,000	-	23,108	16,892
Housing Data Consultant	40,000	40,000	-	41,252	(1,252)
Real Estate Consultant	15,000	15,000	-	2,075	12,925
Organizational Assessment Consultant	10,000	10,000	-	6,116	3,884
Contract Services	-	-	-	2,805	(2,805)
Contract Services - Limited Edition:					
Land Use Attorney	-	-	-	4,067	(4,067)
Contract Lobbyist	52,000	52,000	-	34,550	17,450
Capital Projects:					
Technology	15,000	15,000	-	-	15,000
Automobile Purchase	10,000	10,000	-	-	10,000
Total Expenditures	5,744,462	5,744,462	-	5,303,087	441,375
Net Change In Fund Balance	-	-	-	743,197	(139,553)
Fund Balance - July 1, 2024 - Restated	4,130,215	4,130,215	-	4,648,880	(139,553)
Fund Balance - June 30, 2025	\$ 4,130,215	\$ 4,130,215	\$ -	\$ 5,392,077	\$ 1,261,862

League of Oregon Cities

**SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY**

PERS

Last 10 Fiscal Years*

Fiscal Year Ended June 30, ¹	Measurement Date	(a) Employer's proportion of the net pension liability (asset)	(b) Employer's proportionate share of the net pension liability (asset)	(c) Employer's covered payroll as of Measurement Date	(b/c)	Plan fiduciary net position as a percentage of the total pension liability
					Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	
2025	June 30, 2024	0.01879795%	\$ 4,178,266	\$ 2,033,300	205.49%	79.3%
2024	June 30, 2023	0.02176710%	4,077,127	1,820,350	223.97%	81.7%
2023	June 30, 2022	0.02056773%	3,149,332	2,162,998	145.60%	84.5%
2022	June 30, 2021	0.02130309%	2,549,230	1,860,036	137.05%	87.6%
2021	June 30, 2020	0.02362508%	5,155,805	1,953,511	263.93%	75.8%
2020	June 30, 2019	0.02672661%	4,623,064	1,971,368	234.51%	80.2%
2019	June 30, 2018	0.01247966%	1,890,503	1,665,809	113.49%	82.1%
2018	June 30, 2017	0.00896083%	1,207,177	1,800,177	67.06%	83.1%
2017	June 30, 2016	0.01143102%	1,716,062	1,652,369	103.85%	80.5%
2016	June 30, 2015	0.01390345%	760,659	1,530,348	49.70%	91.9%

¹Measurement date is one year in arrears.

*This schedule is presented to illustrate the requirement to show information for 10 years.

League of Oregon Cities

SCHEDULE OF EMPLOYER CONTRIBUTIONS

PERS

Last 10 Fiscal Years*

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered payroll	(b/c) Contributions as a percent of covered payroll
2025	\$ 622,101	\$ 622,101	\$ -	\$ 2,362,185	26.34%
2024	655,615	655,615	-	2,033,300	32.24%
2023	562,938	562,938	-	1,820,350	30.92%
2022	601,078	601,078	-	2,162,998	27.79%
2021	544,006	544,006	-	1,860,036	29.25%
2020	537,455	537,455	-	1,953,511	27.51%
2019	406,641	406,641	-	1,971,368	20.63%
2018	280,390	280,390	-	1,665,809	16.83%
2017	268,137	268,137	-	1,800,177	14.90%
2016	261,503	261,503	-	1,652,369	15.83%

*This schedule is presented to illustrate the requirement to show information for 10 years.

League of Oregon Cities
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY
OPEB RHIA
Last 10 Fiscal Years*

Fiscal Year Ended June 30, ¹	Measurement Date	(a) Employer's proportion of the net pension liability (asset)	(b) Employer's proportionate share of the net pension liability (asset)	(c) Employer's covered payroll as of Measurement Date	(b/c) Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	June 30, 2024	0.01509315%	\$ (60,963)	\$ 2,033,300	-3.00%	220.6%
2024	June 30, 2023	0.00601613%	(22,029)	1,820,350	-1.21%	201.6%
2023	June 30, 2022	0.01164804%	(41,390)	2,162,998	-1.91%	194.6%
2022	June 30, 2021	0.00431875%	(14,831)	1,860,036	-0.80%	183.9%
2021	June 30, 2020	0.01713848%	(34,921)	1,953,511	-1.79%	150.1%
2020	June 30, 2019	0.01755882%	(33,930)	1,971,368	-1.72%	144.4%
2019	June 30, 2018	0.01273186%	(14,212)	1,665,809	-0.85%	124.0%
2018	June 30, 2017	0.01248609%	(5,208)	1,800,177	-0.29%	108.9%
2017	June 30, 2016	0.01227827%	3,332	1,652,369	0.20%	94.2%

¹Measurement date is one year in arrears.

*This schedule is presented to illustrate the requirement to show information for 10 years.

The full 10-year trend will be presented for those years for which information is available

League of Oregon Cities

SCHEDULE OF EMPLOYER CONTRIBUTIONS

OPEB RHIA

Last 10 Fiscal Years*

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered payroll	(b/c) Contributions as a percent of covered payroll
2025	\$ 14	\$ 14	\$ -	\$ 2,362,185	0.00%
2024	20	20	-	2,033,300	0.00%
2023	119	119	-	1,820,350	0.01%
2022	287	287	-	2,162,998	0.01%
2021	116	116	-	1,860,036	0.01%
2020	1,224	1,224	-	1,953,511	0.06%
2019	8,703	8,703	-	1,971,368	0.44%
2018	6,165	6,165	-	1,665,809	0.37%
2017	7,089	7,089	-	1,800,177	0.39%

*This schedule is presented to illustrate the requirement to show information for 10 years.

The full 10-year trend will be presented for those years for which information is available

League of Oregon Cities

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS**

OREGON EDUCATORS BENEFIT BOARD

Last 10 Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability					
Service cost	\$ 4,698	\$ 4,588	\$ 5,518	\$ 5,367	\$ 4,283
Interest on total OPEB liability	2,202	2,407	1,881	1,983	2,630
Effect of economic/demographic gains or (losses)	(19,107)	-	(7,310)	-	2,920
Effect of assumption changes or inputs	(3,767)	(351)	(6,008)	215	12,225
Benefit payments	<u>(15,115)</u>	<u>(13,741)</u>	<u>(10,758)</u>	<u>(9,993)</u>	<u>(7,114)</u>
Net change in total OPEB liability *	(31,089)	(7,097)	(16,677)	(2,428)	14,944
Total OPEB liability, beginning	<u>63,122</u>	<u>70,219</u>	<u>86,896</u>	<u>89,324</u>	<u>74,380</u>
Total OPEB liability, ending (a) *	<u><u>32,033</u></u>	<u><u>63,122</u></u>	<u><u>70,219</u></u>	<u><u>86,896</u></u>	<u><u>89,324</u></u>
Covered payroll	\$ 2,033,300	\$ 1,820,350	\$ 2,162,998	\$ 1,860,036	\$ 1,953,511
Total OPEB liability as a % of covered payroll **	1.6%	3.5%	3.2%	4.7%	4.6%

	<u>2020</u>	<u>2019</u>
Total OPEB Liability		
Service cost	\$ 3,819	\$ 2,018
Interest on total OPEB liability	2,828	768
Effect of economic/demographic gains or (losses)	1,703	54,890
Effect of assumption changes or inputs	(6,386)	(4,693)
Benefit payments	<u>-</u>	<u>-</u>
Net change in total OPEB liability *	1,964	52,983
Total OPEB liability, beginning	<u>72,416</u>	<u>19,433</u>
Total OPEB liability, ending (a) *	<u><u>74,380</u></u>	<u><u>72,416</u></u>
Covered payroll	\$ 1,971,368	\$ 1,665,809
Total OPEB liability as a % of covered payroll **	3.8%	4.3%

¹ Measurement date is one year in arrears.

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

* Totals may not agree due to rounding.

REPORTS ON LEGAL
AND OTHER
REGULATORY REQUIREMENTS

LEAGUE OF OREGON CITIES
INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

As of June 30, 2025

To the Governing Body of the League of Oregon Cities
Salem, Oregon

We have audited the basic financial statements of the League of Oregon Cities (LOC) as of and for the year ended June 30, 2025, and have issued our report thereon dated January 22, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the League of Oregon Cities are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

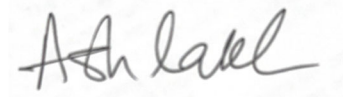
- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing, nothing came to the attention that caused us to believe the LOC was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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

This report is intended solely for the information and use of the Board and management of the League of Oregon Cities and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Ashraf Lakhani Farishta, CPA
Umpqua Valley Financial
Roseburg, Oregon
January 22, 2026