



Annual Financial Report

June 30, 2024

League of Oregon Cities

1201 Court St. NE. Suite 200.

Salem, OR 97301-4194

503-588-6550

LEAGUE BOARD MEMBERS

| | |
|--|--------------------------|
| DR. DAVE DROTZMANN 1215 Court St. NE. Suite 200. Salem, OR 97301-4194 | President |
| JESSICA ENGELKE 1201 Court St. NE. Suite 200. Salem, OR 97301-4194 | Vice President |
| TRAVIS STOVALL 1216 Court St. NE. Suite 200. Salem, OR 97301-4194 | Treasurer |
| KENNA WEST 1201 Court St. NE. Suite 200. Salem, OR 97301-4194 | Senior City Manager |
| STEVE CALLAWAY 1214 Court St. NE. Suite 200. Salem, OR 97301-4194 | Immediate Past President |

CITY ADMINISTRATION

| | |
|--|---------------------------|
| PATTY MULVIHILL 1201 Court St. NE. Suite 200. Salem, OR 97301-4194 | Executive Director |
| JAYME PIERCE 1201 Court St. NE. Suite 200. Salem, OR 97301-4194 | General Counsel |
| ROBIN KLEIN 1201 Court St. NE. Suite 200. Salem, OR 97301-4194 | Assistant General Counsel |
| ELIZABETH ANGULO 1201 Court St. NE. Suite 200. Salem, OR 97301-4194 | Senior Accountant |

TABLE OF CONTENTS

| | <u>PAGE</u> |
|--|-------------|
| INDEPENDENT ACCOUNTANT'S REVIEW REPORT | i-ii |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 2 - 7 |
| BASIC FINANCIAL STATEMENTS: | |
| <u>Government-Wide Financial Statements:</u> | |
| Statement of Net Position | 9 |
| Statement of Activities | 10 |
| <u>Fund Financial Statements:</u> | |
| Balance Sheet - Governmental Funds | 12 |
| Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position | 13 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | 14 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities | 15 |
| <u>Notes To The Basic Financial Statements</u> | 17 - 46 |
| REQUIRED SUPPLEMENTARY INFORMATION: | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual | |
| General Fund - Revenues | 48 |
| General Fund - Expenditures | 49 - 50 |
| Schedule of Proportionate Share of the Net Pension Liability | 51 |
| Schedule of Employer Contributions | 52 |
| Schedule of Proportionate Share of the Net OPEB Liability | 53 |
| Schedule of Employer Contributions | 54 |
| Schedule of Changes in Total OPEB Liability and Relations Ratios | 55 |
| REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS | |
| Management Representation of Fiscal Affairs Required by Oregon State Regulations | 57 |



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, 2024, 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, 2024, 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

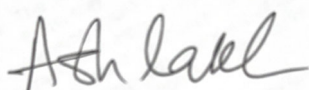
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of revenues, expenditures and changes in fund balances – budget and actuals, and the pension and OPEB schedules be presented to supplement the basic financial statements. 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 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 July 1, 2025, 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
July 1, 2025

MANAGEMENT'S
DISCUSSION
AND ANALYSIS

LEAGUE OF OREGON CITIES
Management’s Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2024

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, 2024. 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, 2024, are as follows:

- LOC’s net position increased by \$198,370, representing a 9% increase from the previous year. The year-end net position was \$2,480,646.
- The total revenue for the LOC was \$5,662,724. General revenues made up 5% of total revenue, reflecting a total of \$296,556. Program revenue total was \$5,366,168, which made up the additional 95%. Out of the program-specific revenue, \$5,102,062 came from charges for services and \$264,106 came from operating grants.
- LOC’s total program expenses were \$5,855,597, with \$4,658,097 for administrative services, \$664,894 for member services, and \$532,607 for conferences and workshops.
- LOC’s total assets on the Statement of Net Position increased by \$496,814, reflecting a 9% increase from the prior fiscal year.
- LOC’s total liabilities on the Statement of Net Position increased by \$795,468 or a 21% increase from the prior year. The change is primarily driven by the increase in pension-related liabilities.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management’s Discussion and Analysis introduce 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, 2024

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, 2024

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the LOC as a whole. Net position may serve over time as a useful indicator of a government's financial position.

LOC's net position at fiscal year-end is \$2,480,646. This is an increase of \$198,170, reflecting a 9% increase.

A portion of the LOC's net position reflects its investment in capital assets (e.g., land, buildings and improvements, vehicles, and furniture and equipment); less any related debt used to acquire those assets that are still outstanding. LOC uses these capital assets to provide services to its constituents; consequently, these assets are not available for future spending.

Although the LOC's investment in its capital assets is reported net of related debt, if any, it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate such liabilities.

LOC's financial position is the product of several financial transactions, including the net results of activities, the acquisition and payment of the debt, if any, the acquisition and disposal of capital assets, and the depreciation of capital assets.

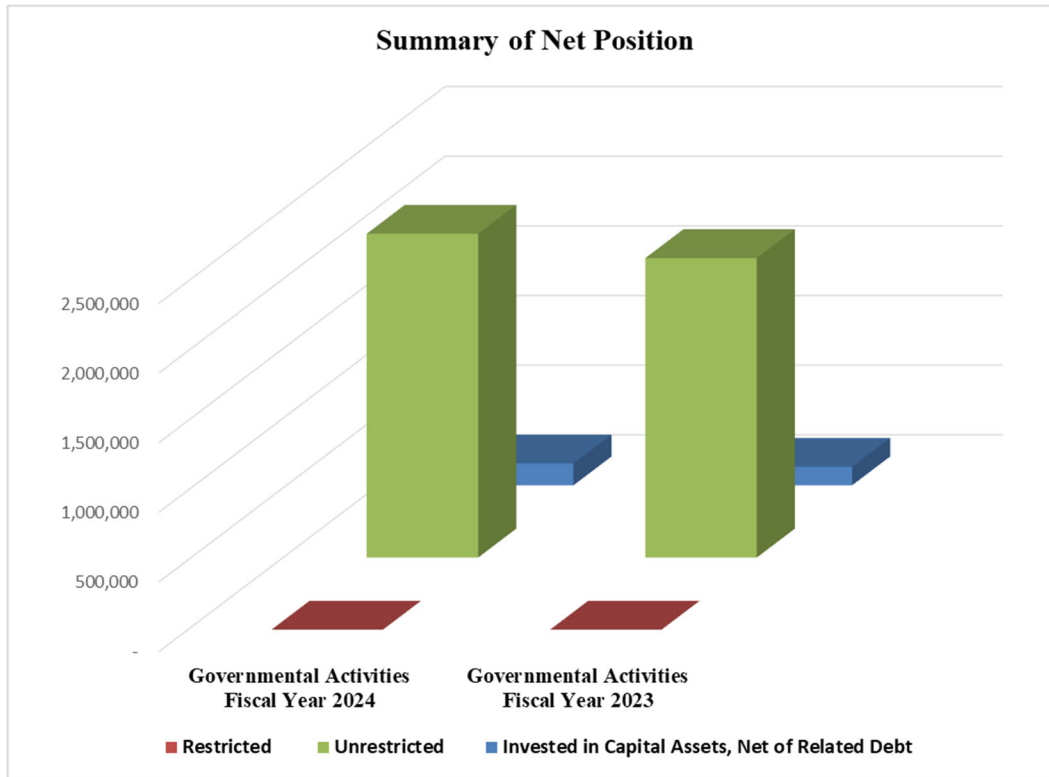
The following table shows a comparative analysis of government-wide assets, liabilities, and inflows of resources in the Net Position.

SUMMARY OF NET POSITION

| | <u>Governmental Activities</u> | | <u>Change</u> | |
|--------------------------------------|--------------------------------|---------------------|---------------------|-------------|
| | <u>2024</u> | <u>2023</u> | <u>\$</u> | <u>%</u> |
| <u>ASSETS</u> | | | | |
| Other Assets | \$ 5,990,810 | \$ 5,517,593 | \$ 473,217 | 9% |
| Capital Assets | 156,461 | 132,864 | 23,597 | 18% |
| Total Assets | 6,147,271 | 5,650,457 | 496,814 | 9% |
| Deferred Outflow of Resources | 1,549,385 | 2,025,169 | (475,784) | -23% |
| <u>LIABILITIES</u> | | | | |
| Short-Term Liabilities | \$ 407,431 | \$ 532,661 | \$ (125,230) | -24% |
| Long-Term Liabilities | 4,140,249 | 3,219,551 | 920,698 | 29% |
| Total Liabilities | 4,547,680 | 3,752,212 | 795,468 | 21% |
| Deferred Inflow of Resources | \$ 668,330 | \$ 1,641,138 | \$ (972,808) | -59% |
| <u>NET POSITION</u> | | | | |
| Net Investment in Capital Assets | \$ 156,461 | \$ 132,864 | \$ 23,597 | 18% |
| Unrestricted | 2,324,185 | 2,149,412 | 174,773 | 8% |
| Total Net Position | \$ 2,480,646 | \$ 2,282,276 | \$ 198,370 | 9% |

LEAGUE OF OREGON CITIES
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2024

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



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

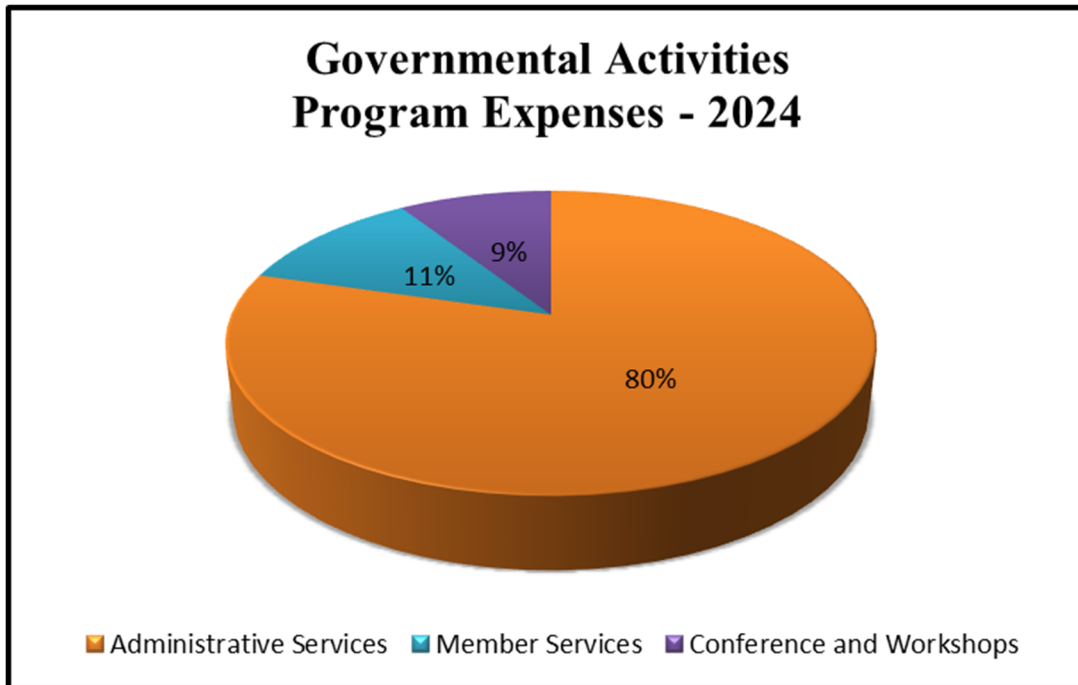
| SUMMARY OF CHANGES IN NET POSITION | | | | |
|---|----------------------------|--------------------------|----------------------------|-------------|
| | Governmental Activities | | Change | |
| | 2023-24 | 2022-23 | \$ | % |
| <u>REVENUES</u> | | | | |
| Program Revenues | | | | |
| Charges for Services | \$ 5,102,062 | \$ 4,409,405 | \$ 692,657 | 16% |
| Operating Grants and Contributions | 264,106 | 343,020 | (78,914) | -23% |
| General Revenues | | | | |
| Interest and Investment Earnings | 311,529 | 97,288 | 214,241 | 220% |
| Rents | 9,165 | 2,265 | 6,900 | -305% |
| Gain (Loss) on Joint Venture | (24,138) | (24,749) | 611 | -2% |
| Miscellaneous | - | 97,288 | (97,288) | -100% |
| Total Revenues | <u>5,662,724</u> | <u>4,924,517</u> | <u>738,207</u> | 15% |
| <u>PROGRAM EXPENSES</u> | | | | |
| Administrative Services | \$ 4,658,097 | \$ 3,270,437 | \$ 1,387,660 | 42% |
| Member Services | 664,894 | 568,690 | 96,204 | 17% |
| Conference and Workshops | 532,607 | 667,172 | (134,566) | -20% |
| Total Program Expenses | <u>5,855,597</u> | <u>4,506,299</u> | <u>1,349,298</u> | 30% |
| Special Items | <u>(24,138)</u> | <u>(24,749)</u> | <u>611</u> | |
| Change in Net Position | <u>\$ (192,874)</u> | <u>\$ 418,218</u> | <u>\$ (611,092)</u> | 146% |

LEAGUE OF OREGON CITIES
Management’s Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2024

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 | | | | |
|--------------------------------|-------------------------------|---------------------|--------------------------------------|-------------------|
| | <u>Total Cost of Services</u> | | <u>Net Cost (Profit) of Services</u> | |
| | <u>2023-24</u> | <u>2022-23</u> | <u>2023-24</u> | <u>2022-23</u> |
| Administrative Services | \$ 4,658,097 | \$ 3,270,437 | \$ (3,351,935) | \$ (2,038,583) |
| Member Services | 664,894 | 568,690 | 2,675,954 | 2,352,410 |
| Conference and Workshops | <u>532,607</u> | <u>667,172</u> | <u>186,552</u> | <u>(67,701)</u> |
| Total Program Expenses | <u>\$ 5,855,597</u> | <u>\$ 4,506,299</u> | <u>\$ (489,429)</u> | <u>\$ 246,126</u> |

This graph represents the cost of the LOC’s Program expenses by governmental activities.



LEAGUE OF OREGON CITIES
Management’s Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2024

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 LOC completed the year, the general fund, its only governmental fund, reported a fund balance of \$4,772,161, an increase of \$250,703. The fund balance constitutes assigned and unassigned amounts. Of the current fund balances, none is committed to various programs, and \$4,772,161 is unassigned and available for spending at LOC’s discretion.

Budgetary Highlights

LOC is not statutorily required to adopt a budget. However, management prepares and the Board approves a budget for management purposes.

CAPITAL ASSETS

As of June 30, 2024, the LOC’s governmental activities have invested \$490,855 in capital assets, including land, automobiles, furniture, and equipment, before net reduction for accumulated depreciation. For governmental activities, there were no additions or deletions in the current year.

Total depreciation expense for the year was \$34,749. 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

General Fund – Overview

LOC anticipated generating a total revenue of \$5,542,935 during the current fiscal year. Actual amounts equaled \$5,686,862, \$142,927 more than what was anticipated. Total expenditures were anticipated as \$5,855,382 but totaled only \$5,436,160, which was \$136,584 less,

Revenue – Overview

At the December 2023 LOC Board meeting, it was confirmed that membership dues remain the primary source of revenue. For Fiscal Year 2024/2025, an increase of 2% in membership dues was announced, which is expected to generate \$2,319,815 in revenue. The other revenue streams, namely funds from NPP.gov, sponsorship and vendor dollars, and conference revenue, are all expected to remain stable.

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

For the Fiscal Year Ended June 30, 2024

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| <u>ASSETS:</u> | |
| Cash and Investments | \$ 4,900,207 |
| Accounts Receivable | 114,046 |
| Investment in Joint Venture | 954,528 |
| Restricted Assets: | |
| OPEB Asset | <u>22,029</u> |
| Capital Assets: | |
| Land | 56,023 |
| Depreciable Capital Assets, Net | <u>100,438</u> |
| Total Assets | <u>6,147,271</u> |
| <u>DEFERRED OUTFLOW OF RESOURCES:</u> | |
| Pension Related Deferrals | 1,507,212 |
| OPEB Related Deferrals | <u>42,173</u> |
| Total Deferred Outflow of Resources | <u>1,549,385</u> |
| <u>LIABILITIES:</u> | |
| Accounts Payable | 242,092 |
| Compensated Absences | 165,339 |
| Long-Term Obligations: | |
| Net Pension Liability | 4,077,127 |
| Net OPEB Liability | <u>63,122</u> |
| Total Liabilities | <u>4,547,680</u> |
| <u>DEFERRED INFLOW OF RESOURCES:</u> | |
| Pension Related Deferrals | 652,621 |
| OPEB Related Deferrals | <u>15,709</u> |
| Total Deferred Inflow of Resources | <u>668,330</u> |
| <u>NET POSITION:</u> | |
| Net Investment in Capital Assets | 156,461 |
| Unrestricted | <u>2,324,185</u> |
| Total Net Position | <u>\$ 2,480,646</u> |

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, 2024

| <u>Governmental Activities</u> | <u>(Expenses)</u> | <u>Program Revenues</u> | | <u>Net (Expense) Revenue and Change in Net Position</u> |
|--|---------------------------|-------------------------------------|---|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | |
| Administrative Services | \$ 4,658,097 | \$ 1,306,162 | \$ - | \$ (3,351,935) |
| Member Services | 664,894 | 3,076,742 | 264,106 | 2,675,954 |
| Conference and Workshops | 532,607 | 719,158 | - | 186,552 |
| Total Primary Government | <u>\$5,855,597</u> | <u>\$ 5,102,062</u> | <u>\$ 264,106</u> | <u>\$ (489,429)</u> |
| GENERAL REVENUES: | | | | |
| Interest and Investment Earnings | | | | 311,529 |
| Rents | | | | 9,165 |
| Gain (Loss) on Joint Venture | | | | (24,138) |
| Subtotal - General Revenues | | | | <u>296,556</u> |
| <i>Special Item</i> - Gain (Loss) on Disposition of Assets | | | | <u>(24,138)</u> |
| Change in net position | | | | (192,874) |
| Net Position, July 1, 2023 - Restated | | | | <u>2,673,521</u> |
| Net Position, June 30, 2024 | | | | <u>\$ 2,480,647</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

For the Fiscal Year June 30, 2024

| | General Fund |
|--|----------------------------|
| <u>ASSETS:</u> | |
| Cash and Cash Equivalents | \$ 4,900,207 |
| Accounts Receivable | 114,046 |
| Total Assets | <u>\$ 5,014,253</u> |
| <u>LIABILITIES AND FUND BALANCES:</u> | |
| Accounts Payable and Accrued Liabilities | \$ 242,092 |
| Total Liabilities | <u>\$ 242,092</u> |
| Fund Balances: | |
| Unassigned | 4,772,161 |
| Total Fund Balances | <u>4,772,161</u> |
| Total Liabilities and Fund Balances | <u>\$ 5,014,253</u> |

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
For the Fiscal Year Ended June 30, 2024

| | | |
|---|------------------|---------------------|
| Total Fund Balances - Governmental Funds | | \$ 4,772,161 |
| 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 - | \$490,855 | |
| The accumulated depreciation is - | <u>(334,394)</u> | |
| Net Value of Assets | | 156,462 |
| 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. | | |
| | | 22,029 |
| Long-term liabilities reported in governmental activities are not reported in the funds. | | |
| Those liabilities are: | | |
| Pension related | | (4,077,127) |
| OPEB related | | (63,122) |
| Accumulated compensated absences | | (165,339) |
| Pension and OPEB related deferred inflows and deferred outflows are not reported in the governmental funds. Those amounts are: | | |
| Pension related deferred outflows | | 1,507,212 |
| OPEB related deferred outflows | | 42,173 |
| Pension related deferred inflows | | (652,621) |
| OPEB related deferred inflows | | <u>(15,709)</u> |
| Net Position of Governmental Activities | | <u>\$ 2,480,646</u> |

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, 2024

| | General Fund |
|--|-------------------------|
| <u>REVENUES:</u> | |
| Membership Dues | \$ 2,352,278 |
| Affiliate Payments | 61,025 |
| Administration Fees from Related Parties | 1,306,162 |
| Rent | 9,165 |
| Advertising Income | 29,458 |
| Interest and Investment Earnings | 311,529 |
| Member Services | 663,399 |
| Conferences | 639,350 |
| Spring Conference | 50,350 |
| City Day at the Capital | 40 |
| STP Apportionment | 264,106 |
| Total Revenues | 5,686,862 |
| <u>EXPENDITURES:</u> | |
| Current: | |
| Administrative Expenses | \$ 4,141,567 |
| Workshop and Training Expenses | 33,305 |
| Conference Expenses | 543,267 |
| Communication Expenses | 64,672 |
| Intergovernmental Expenses | 55,079 |
| Legal and Research Expenses | 165,908 |
| Special Projects | 379,235 |
| Capital Outlay | 53,127 |
| Total Expenditures | 5,436,160 |
| Excess (Deficiency) of Revenues Over Expenditures | 250,703 |
| Net Change in Fund Balance | 250,703 |
| Fund Balances, July 1, 2023 - Restated | 4,521,460 |
| Fund Balances, June 30, 2024 | \$4,772,163 |

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, 2024

Net changes in fund balances - total governmental funds \$ 250,703

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

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.

| | | |
|-------------------------------------|-----------------|--------|
| Expenditures for capitalized assets | 58,347 | |
| Less current year depreciation | <u>(34,749)</u> | |
| | | 23,598 |

Changes in pension and OPEB assets, deferred outflows, liabilities, and deferred inflows are not reported in the governmental fund. (443,036)

Changes in accumulated compensated absences are not reported in the governmental fund. -

Gain (Loss) reported on the joint venture investment is not reported in the governmental fund. (24,138)

Change in net position of governmental activities **\$ (192,874)**

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

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, 2024

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, 2024

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, 2024

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, 2024

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, 2024

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, 2024, the reported amount of the LOC's deposits was \$46,126, and the bank balance was \$83,066. 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, 2024, the LOC's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

As of June 30, 2024, 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) | <u>\$ 4,876,110</u> | N/A |
| Total Investments | <u><u>\$ 4,876,110</u></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, 2024

CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2024:

| 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 | 27,053 | 51,755 | - | 78,808 |
| Furniture and Equipment | <u>349,432</u> | <u>6,592</u> | <u>-</u> | <u>356,024</u> |
| Total Depreciable Assets | 376,485 | 58,347 | - | 434,832 |
| Less: Accumulated Depreciation | | | | |
| Automobiles | 27,053 | 10,351 | - | 37,404 |
| Furniture and Equipment | <u>272,591</u> | <u>24,398</u> | <u>-</u> | <u>296,990</u> |
| Total Accumulated Depreciation | 299,644 | 34,749 | - | 334,394 |
| Net Value of Capital Assets Being Depreciated | <u>76,841</u> | <u>23,598</u> | <u>-</u> | <u>100,439</u> |
| Total Governmental Activities -- Net Value of Capital Assets | <u>\$ 132,864</u> | <u>\$ 23,598</u> | <u>\$ -</u> | <u>\$ 156,462</u> |

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

| | |
|----------------------------|------------------|
| Administrative Services | \$ 20,368 |
| Membership Services | 4,031 |
| Conferences and Workshops | <u>10,351</u> |
| Total Depreciation Expense | <u>\$ 34,749</u> |

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

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, 2024, is estimated as follows:

| | 2024 |
|---|---------------------|
| Assets | |
| Current assets | |
| Cash and cash equivalents | \$ 408,301 |
| Accounts receivable | 17,669 |
| | 425,970 |
| Property and equipment | |
| Land | 562,636 |
| Land improvements | 236,535 |
| Building | 4,127,033 |
| Building improvements | 378,018 |
| Furniture and equipment | 158,411 |
| Construction in progress | 113,927 |
| | 5,576,560 |
| Accumulated depreciation | (3,046,320) |
| | 2,530,240 |
| Total assets | \$ 2,956,210 |
| Liabilities and Net Assets | |
| Liabilities | |
| Accounts payable | \$ 17,630 |
| Rental deposits | 799 |
| | 18,429 |
| Net assets | |
| Without donor restrictions | 2,937,781 |
| Total liabilities and net assets | \$ 2,956,210 |
| Equity Positions | |
| Less other member's equity: | |
| Oregon School Boards Association | 2,001,682 |
| 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 \$112,074 were made by LOC to the Trust during the fiscal year ended June 30, 2024.

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, 2024

PENSION PLAN:

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

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.

Description of Benefit Terms

Plan Benefits

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 Public Employees Retirement Board (PERS Board) to administer and manage the System.

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

Pension Benefits

The OPERS retirement allowance is payable monthly for life. Members may select from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

Police and Fire members may purchase increased benefits that are payable between the date of retirement and age 65.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

During the 2019 Legislative session, Senate Bill 1049 was approved and signed into law by the governor. Under Senate Bill 1049, several components of the bill have significantly impacted the System, and the bill continues to be implemented.

1. Employer Programs Project (effective July 1, 2019): established the Employer Incentive Fund (EIF) Program, which allows eligible employers to receive matching funds if they apply and make a qualifying deposit into a side account.
2. Salary Limit Project: A new limitation on subject final average salary used for PERS benefit calculations and contributions is used to determine member IAP contributions, employer contributions to fund the pension program, and the Final Average Salary (FAS) used in calculating retirement benefits under formula methods was added, (\$225,533 as of January 1, 2023). This amount is indexed annually to the Consumer Price Index (CPI).

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

PENSION PLAN (Cont.):

3. Work After Retirement Project (effective January 1, 2020): The 1,039-hour Work After Retirement limit for all PERS retirees is removed for calendar years 2020 through 2024. If a member retires on or after normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations. If a member retires earlier than normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations if the date of their employment is more than six months after their retirement date.
4. Member Redirect Project (effective July 1, 2020): For all currently employed Tier One/Tier Two and OPSRP members earning \$3,570/month in House Bill 2906 as of June 2023), a portion of their 6 percent monthly IAP contributions will be redirected to an “Employee Pension Stability Account.” The Employee Pension Stability Account will be used to pay for part of the member’s future pension benefit.
 - Tier One/Tier Two members: 2.5 percent of each member’s IAP contribution amount, currently contributed to the IAP, (whether paid by the member or employer) will start going into an Employee Pension Stability Account (EPSA). The remainder will continue to go to the member’s existing IAP account.
 - Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full, 6 percent contribution to the IAP.
5. Member Choice Project (effective January 1, 2021): IAP accounts are currently invested in Target-Date Funds based on a member’s birth year. Beginning in 2021, members may choose to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age.
6. Additionally, 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, 2019 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.

Death Benefits

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

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

Disability Benefits

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

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

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

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

PENSION PLAN (Cont.):

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

Pension Benefits

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

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

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

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

During the 2019 Legislative session, Senate Bill 1049 was approved and signed into law by the governor. Under Senate Bill 1049, several components of the bill have significantly impacted the System, and the bill continues to be implemented.

1. Employer Programs Project (effective July 1, 2019): established the Employer Incentive Fund (EIF) Program, which allows eligible employers to receive matching funds if they apply and make a qualifying deposit into a side account.
2. Salary Limit Project: A new limitation on subject final average salary used for PERS benefit calculations and contributions is used to determine member IAP contributions, employer contributions to fund the pension program, and the Final Average Salary (FAS) used in calculating retirement benefits under formula methods was added (\$225,533 as of January 1, 2023). This amount will be indexed annually to the Consumer Price Index (CPI).
3. Work After Retirement Project (effective January 1, 2020): The 1,039-hour Work After Retirement limit for all PERS retirees is removed for calendar years 2020 through 2024. If a member retires on or after normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations. If a member retires earlier than normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations if the date of their employment is more than six months after their retirement date.
4. Member Redirect Project (effective July 1, 2020): For all currently employed Tier One/Tier Two and OPSRP members earning \$3,570/month in House Bill 2906 as of June 2023), a portion of their 6 percent monthly IAP contributions will be redirected to an "Employee Pension Stability Account." The Employee Pension Stability Account will be used to pay for part of the member's future pension benefit.
 - OPSRP members: 0.75 percent of each member's contribution, currently contributed to the IAP, (whether paid by the member or employer) will start going into their EPSA. The remaining 5.25 percent of the members contribution will continue to go to the member's existing IAP account.
 - Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full, 6 percent contribution to the IAP.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

PENSION PLAN (Cont.):

5. Member Choice Project (effective January 1, 2021): IAP accounts are currently invested in Target-Date Funds based on a member's birth year. Beginning in 2021, members may choose to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age.

Death Benefits

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

Disability Benefits

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

3. Individual Account Program (IAP).

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

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

Death Benefits

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

Recordkeeping

OPERS 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 897 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.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

PENSION PLAN (Cont.):

Description of Funding and Contributions for PERS Benefit Plans

OPERS' funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. Contributions for employers are recognized on the accrual basis of accounting. Employer contributions to OPERS are calculated based on creditable compensation for active members reported by employers. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary. The contribution rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

LOC's employer contributions for the year ended June 30, 2024 were \$655,615 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%.

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 2023-2024, no employee IAP contributions were paid or picked up by LOC.

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 (Other Post Employment Benefit) Plans. Employer contribution rates during the period were based on the December 31, 2019, actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivisions have made supplemental unfunded actuarial liability payments, and their rates have been reduced. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6%) contributions. Re-employed retirees do not accrue additional benefits while they work after retirement.

For **Oregon PERS Defined Benefit Plans**, Effective July 1, 2021, the contribution rate for State Agencies was 20.36%, the State and Local Government Rate Pool 28.08%, Schools 27.54%, Cities 28.64% and Judiciary 24.56% of PERS-covered salaries.

For **Oregon PERS OPSRP Pension Program**, all OPERS employers with OPSRP Pension Program members are actuarially pooled and share the same contribution rate. The employer rates effective July 1, 2021, through June 30, 2023, are 10.33% for General Service employees, and 14.69% for Police and Fire employees of covered salaries. Each of these rates includes a component related to disability benefits for General Service and Police and Fire members.

Members of OPSRP are required to contribute 6.0% of their salary covered under the plan which is invested in the IAP. For employees in Tier One / Tier two, the Employer makes this contribution on behalf of its members.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

PENSION PLAN (Cont.):

For **Oregon PERS Postemployment Benefit Plans**, for the fiscal year ended June 30, 2023, PERS employers contributed 0.05% of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. No UAL rate was assigned for the RHIA program as it was funded at over 100% as of December 31, 2019. These rates were based on the December 31, 2019, actuarial valuation.

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.

ORS 238.415 established the Retiree Health Insurance Premium Account (RHIPA) and requires the Board on or before January 1 of each year to calculate the average difference between the health insurance premiums paid by retired state employees under contracts entered into by the Board and health insurance premiums paid by active state employees.

For **OPSRP Pension Program**, all OPERS employers with OPSRP Pension Program members are actuarially pooled and share the same contribution rate. Each of these rates includes a component related to disability benefits for General Service and Police and Fire members.

Pension Plan CAFR/ ACFR

Oregon PERS produces an independently audited ACFR which can be found at:
www.oregon.gov/pers/Documents/Financials/ACFR/2023-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, 2019 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.

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, 2019. 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.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

PENSION PLAN (Cont.):

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

| Actuarial Methods and Assumptions Used in Developing Total Pension Liability: | |
|--|---|
| Valuation Date | December 31, 2021 |
| Measurement Date | June 30, 2023 |
| Experience Study | 2020, published July 20, 2021 |
| Actuarial assumptions: | |
| Actuarial cost method | Entry Age Normal |
| Inflation rate | 2.40 percent |
| Long-term expected rate of return | 6.90 percent |
| Discount rate | 6.90 percent |
| Projected salary increases | 3.40 percent |
| Cost of living adjustments (COLA) | Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro 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 valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on July 20, 2021.

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, 2024

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 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, 2023

| <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 | 22.0% - 30.0% | 25.0% | Debt Securities | 20.0% |
| Public Equity | 22.5% - 32.5% | 27.5% | Public Equity | 23.3% |
| Real Estate | 9.0% - 16.5% | 12.5% | Real estate | 13.6% |
| Private Equity | 17.5% - 27.5% | 20.0% | Private Equity | 26.5% |
| Real Assets | 2.5% - 10.0% | 7.5% | Real Assets | 9.1% |
| Diversifying Strategies | 2.5% - 10.0% | 7.5% | Diversifying Strategies | 5.0% |
| Opportunity Portfolio ¹ | 0.0% - 5.0% | 0.0% | Opportunity Portfolio | 2.5% |
| 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.

²The target allocation of Debt Securities is increased by 5% and Public Equity is reduced by 2.5% from FY2022, and the allocation to Risk Parity is eliminated.

LEAGUE of OREGON CITIES

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

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 Return</u> ¹ | Target | Annual | 20-Year | Annual |
|---|------------|---------------------|----------------|--------------|
| <u>Asset Class</u> | Allocation | Arithmetic | Annualized | Standard |
| | | Return ² | Geometric Mean | 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 | \$ 6,734,646 | \$ 4,077,127 | \$ 1,853,065 |

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

PENSION PLAN (Cont.):

Changes Since Last Valuation

A summary of key changes implemented after the December 31, 2021, valuation, which was used in the 2023 PERS ACFR. Changes are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the System, which was published on July 20, 2021, which can be found at: [2020-Experience-Study.pdf \(oregon.gov\)](#)

Changes in Actuarial Methods and Allocation Procedures

There were no changes in actuarial methods and allocation procedures since the December 31, 2020 actuarial valuation.

Changes in Assumptions

The merit/longevity component assumption of individual member salary increases were updated for all groups, including adding a select assumption of an additional 2% for all members for two years.

The mortality improvement projection scale applied to all groups is based on 60-year unisex average mortality improvements by age. The assumption was updated to reflect the most recent publicly available data at the time of the latest experience study.

Termination, disability and retirement rates were updated for some groups to more closely match observed and anticipated future experience.

Assumptions for unused sick leave and vacation pay were updated.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

PENSION PLAN (Cont.):

Mortality Rates

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

| Assumption | Recommended December 31, 2020 and 2021 Valuations | Recommended December 31, 2022 and 2023 Valuations |
|---|--|--|
| Healthy Annuitant Mortality | Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale | Pub-2010 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-2010 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 | No change |
| Other General Service male | Non-Safety, set forward 24 months | No change |
| Police & Fire female | Blended 50% Public Safety, 50% Non-Safety, no set back | No change |
| Other General Service female | Non-Safety, set forward 12 months | No change |
| Non-Annuitant Mortality | Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale | Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale |
| School District male | 125% of same table and set back as Non-Disabled Annuitant assumption | No change |
| Other General Service male | 115% of same table and set back as Non-Disabled Annuitant assumption | No change |
| Police & Fire male | 100% of same table and set back as Non-Disabled Annuitant assumption | 125% of same table and set back as Non-Disabled Annuitant assumption |
| School District female | 100% of same table and set back as Non-Disabled Annuitant assumption | No change |
| Other General Service female | 125% of same table and set back as Non-Disabled Annuitant assumption | No change |
| Police & Fire female | 100% of same table and set back as Non-Disabled Annuitant assumption | No change |

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

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, 2022, 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, 2023 Oregon PERS ACFR. www.oregon.gov/pers/Documents/Financials/ACFR/2023-ACFR.pdf

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

On June 30, 2024, the employer reported a liability of \$4,077,127 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2023, 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.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

PENSION PLAN (Cont.):

At June 30, 2023, the employer's proportion was 0.02176710%.

For the year ended June 30, 2024, the employer recognized pension expense of \$645,075.

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 | \$ 199,384 | \$ 16,166 |
| Changes of assumptions | 362,188 | 2,700 |
| Net difference between projected and actual earnings on investments | 73,283 | - |
| Changes in proportionate share | 216,742 | 318,259 |
| Differences between employer contributions and employer's proportionate share of system contributions | - | 315,496 |
| Total (prior to post- measurement date contributions) | \$ 851,597 | \$ 652,621 |
| Post-measurement date contributions | 533,617 | N/A |
| Total Deferred Outflow/(Inflow) of Resources | \$ 1,385,214 | \$ 652,621 |
| Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions | | \$ 198,976 |

Contributions of \$533,617, for PERS defined benefits, were made subsequent to the measurement date, but prior to the end of the District'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 | \$ (44,823) |
| 2nd Fiscal Year | (249,985) |
| 3rd Fiscal Year | 342,422 |
| 4th Fiscal Year | 132,405 |
| 5th Fiscal Year | 18,957 |
| Total | \$ 198,976 |

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

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 www.oregon.gov/pers/Documents/Financials/ACFR/2023-ACFR.pdf.

Funding Policy

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB. For the fiscal year ended June 30, 2024, PERS employers contributed 0.05% of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. No unfunded actuarial liability (UAL) rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2019. 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, 2019, actuarial valuation.

Contributions

The Entity's contributions to OPERS' RHIA for the years ended June 30, 2024, 2023, and 2022 were \$20, \$119 and \$287 respectively, which equaled the required contributions for the year.

Actuarial Methods and Assumptions Used in Developing Total Pension 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, 2023. That independently audited report was dated June 30, 2023 and can be found at: www.oregon.gov/pers/Documents/Financials/ACFR/2023-ACFR.pdf

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

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

| Actuarial Methods and Assumptions - OPEB Plans - RHIA | |
|---|---|
| | RHIA |
| Valuation Date | December 31, 2021 |
| Measurement Date | June 30, 2023 |
| Experience Study | 2020, published July 20, 2021 |
| Actuarial assumptions: | |
| Actuarial cost method | Entry Age Normal |
| Inflation rate | 2.40 percent |
| Long-term expected rate of return | 6.90 percent |
| Discount rate | 6.90 percent |
| Projected salary increases | 3.40 percent |
| Retiree healthcare participation | Healthy retirees: 27.5% 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 valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2020 Experience Study which is reviewed for the four-year period ending December 31, 2022.

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, 2024

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 June 2021 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 74 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:

www.oregon.gov/pers/Documents/Financials/ACFR/2023-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 | \$ (20,024) | \$ (22,029) | \$ (23,749) |

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

At June 30, 2024, the Entity reported a net OPEB RHIA liability/(asset) of \$(22,029) for its proportionate share of the net OPEB RHIA liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2023, 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, 2020. 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, 2023, the Entity’s proportion was 0.00601613% percent. OPEB RHIA expense/(income) recorded for the year ended June 30, 2024, was \$4,061.

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ - | \$ 553 |
| Changes of assumptions | - | 238 |
| investments | 62 | - |
| Changes in proportionate share | <u>9,853</u> | <u>3,722</u> |
| Total (prior to post- measurement date contributions) | \$ 9,915 | \$ 4,513 |
| Post-measurement date contributions | 20 | N/A |
| Total Deferred Outflow/(Inflow) of Resources | <u>\$ 9,935</u> | <u>\$ 4,513</u> |
| Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions | | <u>\$ 5,402</u> |

Contributions of \$20 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 (inflows) of resources related to OPEB, will be included as a reduction of the net OPEB liability in next fiscal year.

Deferred outflows of resources and deferred inflows of resources related to OPEB’s will be recognized in OBEB expense as follows:

| <u>Employer subsequent fiscal years</u> | <u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date)</u> |
|---|--|
| 1st Fiscal Year | \$ 2,852 |
| 2nd Fiscal Year | 1,445 |
| 3rd Fiscal Year | 814 |
| 4th Fiscal Year | <u>291</u> |
| Total | <u>\$ 5,402</u> |

Changes Subsequent to the Measurement Date

We are not aware of any changes subsequent to the June 30, 2023, 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, 2024

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 Citycounty Insurance 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, 2024, the Entity reported a net OPEB IRSP liability/(asset) of \$63,122 for its proportionate share of the net OPEB IRSP liability/(asset). The OPEB IRSP liability/(asset) was measured as of June 30, 2023, and the total OPEB IRSP liability/(asset) used to calculate the net OPEB IRSP liability/(asset) was determined by an actuarial valuation as of July 1, 2022. Consistent with GASB Statement No. 75, paragraph 59(a), The Entity’s proportion of the net OPEB IRSP 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, 2023, the Entity’s OPEB IRSP expense/(income) for the year ended June 30, 2024, was \$14,077.

Actuarial Methods and Assumptions - The Entity engaged an actuary to perform an evaluation as of July 1, 2022, using entry age normal Actuarial Cost Method. 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, 2022 | June 30, 2023 | June 30, 2024 |
|--|---|--|--|
| Discount Rate | 2.16% | 3.54% | 3.65% |
| Other Key Actuarial Assumptions and Methods | | | |
| Valuation date | July 1, 2020 | July 1, 2022 | July 1, 2022 |
| Measurement date | June 30, 2021 | June 30, 2022 | June 30, 2023 |
| Inflation | 2.50% | 2.40% | 2.40% |
| Salary increases | 3.50% | 3.40% | 3.40% |
| Withdrawal, retirement, and mortality rates | December 31, 2019 Oregon PERS valuation | December 31, 2021 Oregon PERS valuation | December 31, 2021 Oregon PERS valuation |
| Election and Lapse Rates | 40% of eligible employees. 60% of male members and 35% of female members will elect spouse coverage. 5% annual lapse rate | 35% of eligible employees. 60% of male members and 35% of female members will elect spouse coverage. 5% annual lapse rate | 35% 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, 2024

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

Discount Rate

Under GASB 75, unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The assumptions in this report reflect the Bond Buyer 20-Year General Obligation Bond Index. The discount rate in effect for the June 30, 2023 reporting date 3.54%, and the discount rate in effect for the June 30, 2024, reporting date is 3.65%.

Health Care Cost Trend

The assumed medical and vision costs will increase 4.25% in the first year (July 1, 2022, premiums compared with July 1, 2021 premiums). In future years, the medical and vision cost trend varies between 6.75% and 3.75%.

Withdrawal, Retirement and Mortality Rates

They are generally using the rates adopted by the Oregon Public Employees Retirement System (OPERS) for its December 31, 2021, actuarial valuation of retirement benefits.

Election and Lapse Rates

They have assumed that a portion of future retirees and their spouses elect benefits, and that some of those later lapse (drop) from those benefits. The assumptions are based on historical data for similar benefits for other public employers in Oregon. For larger employers, they also consider specific historical experience; and for unique arrangements they consider the incentives provided by those arrangements.

Sensitivity Analysis

The following presents the total OPEB IRSP liability of the Plan, calculated using the disclosure discount rate as well as what the Plan's total OPEB IRSP 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 |
|---|-------------|---------------|-------------|
| | 2.54% | 3.54% | 4.54% |
| Total OPEB liability from Implicit Rate Subsidy | \$ 66,097 | \$ 63,122 | \$ 60,276 |
| | | | |
| | 1% Decrease | Trend Rate | 1% Increase |
| Trend Rate | | | |
| Total OPEB liability from Implicit Rate Subsidy | \$ 59,079 | \$ 63,122 | \$ 67,784 |

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

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

Participation

The following table represents the number of the Entity's covered participants at the time of the actuarial study:

| Members as of Valuation Date | July 1, 2022 |
|-------------------------------------|---------------------|
| <hr/> | |
| Number of Members | |
| Active | 14 |
| Retired Members | 1 |
| Spouses of Ineligible Retirees | <u>0</u> |
| Total Participants | 15 |
| | |
| Spouses of Eligible Retirees | 1 |

Changes in Net OPEB CIS IRSP Liability

| Changes in Total OPEB Implicit Subsidy Plan Liability | Increase (Decrease) Total OPEB Liability |
|--|---|
| Balance as of June 30, 2023 | \$ 70,219 |
| Changes for the year: | |
| Service Cost | 4,588 |
| Interest | 2,407 |
| Effect of assumptions or other inputs | (351) |
| Employer Contributions | |
| Benefit payments | <u>(13,741)</u> |
| Net OPEB Liability at June 30, 2024 | <u>\$ 63,122</u> |

Components of OPEB IRSP Expense

| OPEB Implicit Subsidy Plan Expense | July 1, 2023 to June 30, 2024 |
|--|--|
| <hr/> | |
| Service cost | \$ 4,588 |
| Interest on total OPEB liability | 2,407 |
| Recognition of economic/demographic (gains) or losses | 6,714 |
| Recognition of assumption changes | <u>368</u> |
| OPEB Expense | <u>\$ 14,077</u> |

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

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

Schedule of Deferred Inflows and Outflows of Resources for OBEB CIS IRSP

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 12,762 | \$ 5,436 |
| Changes of assumptions | 5,735 | 5,760 |
| Total (prior to post- measurement date contributions) | \$ 18,497 | \$ 11,196 |
| Projected Employer-Paid Retiree Benefit Costs | 13,741 | N/A |
| Total Deferred Outflow/(Inflow) of Resources | \$ 32,238 | \$ 11,196 |
| Net Deferred Outflow/(Inflow) of Resources prior to projected annual employer-paid retiree benefit costs | | \$ 7,301 |

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

| Employer subsequent fiscal years | Deferred Outflow/(Inflow) of Resources (prior to post-measurement date) |
|-------------------------------------|--|
| 1st Fiscal Year | \$ 7,334 |
| 2nd Fiscal Year | 4,700 |
| 3rd Fiscal Year | 198 |
| 4th Fiscal Year | (1,729) |
| 5th Fiscal Year | (1,752) |
| Thereafter | (1,450) |
| Total | \$ 7,301 |

LEAGUE of OREGON CITIES
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

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 Citycounty 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, 2023, amount to \$1,306,162. LOC also pays CIS for insurance which amounted to \$15,339 for the year ended June 30, 2023.

RISK MANAGEMENT:

LOC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. LOC is insured through CIS for these risks. There have been no significant reductions in coverage from the prior year and settled claims have not exceeded insurance coverage in the past three years.

RESTATEMENT OF FUND BALANCE AND NET POSITION:

The beginning fund balance was restated to clearing accounts identified during a review of the accounting records. These changes resulted in a net increase to the beginning fund balance of \$391,246. During our inquiry with the management, a monthly reconciliation of clearing accounts is in place as of July 2024.

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, 2024

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) (See Note 1) | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Membership Dues | \$ 2,326,579 | \$ 2,326,579 | \$ 2,352,278 | \$ 25,699 |
| Affiliate Payments | 70,000 | 70,000 | 61,025 | (8,975) |
| Administration Fees from Related Parties | 1,799,015 | 1,799,015 | 1,306,162 | (492,853) |
| Rent | 9,000 | 9,000 | 9,165 | 165 |
| Miscellaneous | 1,000 | 1,000 | - | (1,000) |
| Advertising Income | 32,000 | 32,000 | 29,458 | (2,542) |
| Interest and Investment Earnings | 30,000 | 30,000 | 311,529 | 281,529 |
| Member Services | 504,841 | 504,841 | 663,399 | 158,558 |
| Conferences | 480,500 | 480,500 | 639,350 | 158,850 |
| Spring Conference | 55,000 | 55,000 | 50,350 | (4,650) |
| STP Apportionment | 235,000 | 235,000 | 264,106 | 29,106 |
| Total Revenues | 5,542,935 | 5,542,935 | 5,686,862 | 143,927 |

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, 2024

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|---------|--|--|
| | Original | Final | Amounts (Budgetary Basis) (See Note 1) | with Final Budget Positive (Negative) |
| <u>EXPENDITURES:</u> | | | | |
| Personnel and Benefits: | | | | |
| Administration | 232,373 | 232,373 | 238,608 | (6,235) |
| Member/Administration Services | 529,570 | 529,570 | 536,797 | (7,227) |
| Finance | 95,297 | 95,297 | 96,957 | (1,660) |
| Communications and Marketing | 230,229 | 230,229 | 234,194 | (3,966) |
| Intergovernmental Relations | 839,739 | 839,739 | 815,887 | 23,852 |
| Legal/Research Personal Services | 372,374 | 372,374 | 404,901 | (32,527) |
| Overtime Payroll | 15,000 | 15,000 | - | 15,000 |
| Payroll Taxes | 185,000 | 185,000 | 181,473 | 3,527 |
| PERS | 579,000 | 579,000 | 754,554 | (175,554) |
| Workers Compensation | 11,000 | 11,000 | 3,133 | 7,867 |
| Employee Benefits | 378,000 | 378,000 | 328,699 | 49,301 |
| Administration/Membership: | | | | |
| Staff Training | 15,000 | 15,000 | 7,025 | 7,975 |
| Staff Professional Development | 3,000 | 3,000 | 1,373 | 1,627 |
| Internal Recruiting | 2,000 | 2,000 | - | 2,000 |
| Contract Services | 45,000 | 45,000 | 31,983 | 13,017 |
| Conferences & Workshops | 49,000 | 49,000 | 29,799 | 19,201 |
| Staff Travel/ In-State | 15,000 | 15,000 | 10,705 | 4,295 |
| Telephone | 15,000 | 15,000 | 18,730 | (3,730) |
| NLC Membership (LOC & Small Cities <25K) | 53,000 | 53,000 | 52,559 | 441 |
| Membership/Sponsor | 12,000 | 12,000 | 10,225 | 1,775 |
| Uniform Traffic Citation | 38,000 | 38,000 | 92,249 | (54,249) |
| Conference Calls | 750 | 750 | - | 750 |
| Maintenance - Local Gov Center | 112,000 | 112,000 | 112,074 | (74) |
| Repair & Maintenance - Auto | 5,000 | 5,000 | 1,373 | 3,627 |
| Insurance | 18,500 | 18,500 | 15,339 | 3,161 |
| Miscellaneous | 3,000 | 3,000 | 500 | 2,500 |
| Office Expense | - | - | 2,963 | (2,963) |
| Bank Fees | 35,000 | 35,000 | 29,853 | 5,147 |
| Postage | 4,000 | 4,000 | 3,824 | 176 |
| Supplies | 7,500 | 7,500 | 2,851 | 4,649 |
| Books/Publications | 250 | 250 | - | 250 |
| Printing | 7,000 | 7,000 | 6,254 | 746 |
| Staff Professional Membership | 3,000 | 3,000 | 2,448 | 552 |
| Subscription Services | 9,000 | 9,000 | 6,670 | 2,330 |
| Board of Directors: | | | | |
| Travel | 30,000 | 30,000 | 15,850 | 14,150 |
| Board Meetings | 65,000 | 65,000 | 48,869 | 16,131 |
| Conferences/Workshops | 40,000 | 40,000 | 16,109 | 23,891 |
| Board Scholarships | 24,000 | 24,000 | 23,934 | 66 |
| Board of Director Headshots | 3,000 | 3,000 | 600 | 2,400 |
| Miscellaneous | 2,500 | 2,500 | 2,205 | 295 |
| Technology, Equipment, and Furniture: | | | | |
| Contract Services | 85,000 | 85,000 | 62,470 | 22,530 |
| Building Technology | 5,000 | 5,000 | 2,747 | 2,253 |
| Computer Hardware | 20,000 | 20,000 | 17,432 | 2,568 |
| Furniture Outlay | 10,000 | 10,000 | 5,340 | 4,660 |
| Computer Software | 27,500 | 27,500 | 24,325 | 3,175 |

League of Oregon Cities
Schedule of Revenues, Expenditures, and
Changes In Fund Balance - Budget and Actual
(Continued) **General Fund**
For the Fiscal Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance |
|--|---------------------|---------------------|--|--|
| | Original | Final | Amounts (Budgetary Basis) (See Note 1) | with Final Budget Positive (Negative) |
| Training: | | | | |
| Meeting | 3,000 | 3,000 | 1,063 | 1,937 |
| Training Contracts | 40,000 | 40,000 | 20,196 | 19,805 |
| Elected Essentials Fundamentals | 10,000 | 10,000 | 2,433 | 7,567 |
| Small City Program | 7,500 | 7,500 | 5,959 | 1,541 |
| Regional Meetings | 12,000 | 12,000 | 3,654 | 8,346 |
| Conferences: | | | | |
| Travel | 10,000 | 10,000 | 2,788 | 7,212 |
| Affiliate Workshop | 15,500 | 15,500 | 5,844 | 9,656 |
| Hotel-Banquet Services | 200,000 | 200,000 | 170,998 | 29,002 |
| Hotel-Lodging | 20,000 | 20,000 | 14,150 | 5,850 |
| Speakers | 35,000 | 35,000 | 17,977 | 17,023 |
| Decorator-Pipe & Drape | 8,500 | 8,500 | 14,546 | (6,046) |
| Design/Special Printing | 4,000 | 4,000 | - | 4,000 |
| Signage | 3,000 | 3,000 | 1,453 | 1,547 |
| Awards | 1,200 | 1,200 | 1,083 | 117 |
| AV Equipment | 50,000 | 50,000 | 50,000 | - |
| AV Equipment-Hotel | 12,000 | 12,000 | 7,044 | 4,956 |
| Contract Services | 28,000 | 28,000 | 23,245 | 4,755 |
| Printing | 500 | 500 | - | 500 |
| Live-Streaming/Recording Session | 12,000 | 12,000 | 13,594 | (1,594) |
| Annual Conference Scholarships | 20,000 | 20,000 | 5,320 | 14,680 |
| Travel | 3,000 | 3,000 | 1,025 | 1,975 |
| Conference Banquet Services | 40,000 | 40,000 | 51,034 | (11,034) |
| Hotel Lodging | 4,000 | 4,000 | 2,940 | 1,060 |
| Speakers | 4,000 | 4,000 | 1,895 | 2,105 |
| Venue, A/V Equip - Other | 2,000 | 2,000 | 9,021 | (7,021) |
| Scholarships | 6,000 | 6,000 | 5,149 | 851 |
| Congressional Cities Conference | 12,000 | 12,000 | 6,504 | 5,496 |
| Scholarships | 9,000 | 9,000 | 8,965 | 35 |
| Postage | 1,000 | 1,000 | - | 1,000 |
| Supplies | 2,500 | 2,500 | 1,217 | 1,283 |
| Miscellaneous | 1,000 | 1,000 | - | 1,000 |
| NLC City Summit | 12,000 | 12,000 | 15,161 | (3,161) |
| Communications: | | | | |
| Membership/Dues | 500 | 500 | - | 500 |
| Conferences/Workshops | 8,000 | 8,000 | 47 | 7,953 |
| Contract Services | 28,000 | 28,000 | 31,116 | (3,116) |
| Postage | 2,000 | 2,000 | 1,608 | 392 |
| Books/Publications | 3,500 | 3,500 | 4,462 | (962) |
| Printing | 13,000 | 13,000 | 12,381 | 619 |
| Marketing | 15,000 | 15,000 | 14,868 | 132 |
| Miscellaneous | 1,500 | 1,500 | 86 | 1,414 |
| Intergovernmental Relations: | | | | |
| Membership/Dues | 7,500 | 7,500 | 2,566 | 4,934 |
| Meeting | 5,000 | 5,000 | - | 5,000 |
| Conferences/Workshops | 50,000 | 50,000 | 45,428 | 4,572 |
| Contract Services | 5,000 | 5,000 | 2,000 | 3,000 |
| Grass Roots Prog | 5,000 | 5,000 | 4,999 | 1 |
| Books/Publications | 500 | 500 | - | 500 |
| Printing | 500 | 500 | - | 500 |
| Miscellaneous | 1,000 | 1,000 | 190 | 810 |
| Legal/Research: | | | | |
| Membership/Dues | 2,600 | 2,600 | 2,550 | 50 |
| Conferences/Workshops | 11,000 | 11,000 | 8,506 | 2,494 |
| Contract Services | 105,000 | 150,000 | 144,491 | 5,509 |
| Subscription Services | 10,000 | 10,000 | 10,165 | (165) |
| Books/Publications | 500 | 500 | 196 | 304 |
| Special Projects: | | | | |
| Contract Lobbyist | - | - | 5,810 | (5,810) |
| Contract Services | 175,000 | 445,000 | 373,425 | 71,575 |
| Capital Projects: | | | | |
| Remodel & Improvements | 200,000 | 200,000 | - | 200,000 |
| Technology | 15,000 | 15,000 | - | 15,000 |
| Automobile Purchase | 55,000 | 55,000 | 53,127 | 1,873 |
| Total Expenditures | 5,540,382 | 5,855,382 | 5,436,160 | 419,222 |
| Excess (Deficiency) of Revenues Over Expenditures | 2,553 | (312,447) | 250,703 | (275,295) |
| Net Change In Fund Balance | 2,553 | (312,447) | 250,703 | (275,295) |
| Fund Balance - July 1, 2023 - Restated | 3,035,287 | 3,035,287 | 4,521,460 | (275,295) |
| Fund Balance - June 30, 2024 | \$ 3,037,840 | \$ 2,722,840 | \$ 4,772,163 | \$ 2,049,322 |

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) 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 |
|---|---------------------|--|--|--|---|---|
| 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. However the full 10-year trend will be presented for those years for which information is available

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 |
|------------------------|--|---|---|--------------------------------------|--|
| 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% |
| 2015 | 216,379 | 216,379 | - | 1,530,348 | 14.14% |

*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

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 |
|---|---------------------|--|--|--|--|--|
| 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. However the full 10-year trend will

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 |
|---------------------------|--|---|---|--------------------------------------|--|
| 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. However 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>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Total OPEB Liability | | | | | | |
| Service cost | \$ 4,588 | \$ 5,518 | \$ 5,367 | \$ 4,283 | \$ 3,819 | \$ 2,018 |
| Interest on total OPEB liability | 2,407 | 1,881 | 1,983 | 2,630 | 2,828 | 768 |
| Effect of economic/demographic gains or (losses) | - | (7,310) | - | 2,920 | 1,703 | 54,890 |
| Effect of assumption changes or inputs | (351) | (6,008) | 215 | 12,225 | (6,386) | (4,693) |
| Benefit payments | (13,741) | (10,758) | (9,993) | (7,114) | - | - |
| Net change in total OPEB liability * | (7,097) | (16,677) | (2,428) | 14,944 | 1,964 | 52,983 |
| Total OPEB liability, beginning | 70,219 | 86,896 | 89,324 | 74,380 | 72,416 | 19,433 |
| Total OPEB liability, ending (a) * | <u>63,122</u> | <u>70,219</u> | <u>86,896</u> | <u>89,324</u> | <u>74,380</u> | <u>72,416</u> |
| Covered payroll | \$ 1,820,350 | \$ 2,162,998 | \$ 1,860,036 | \$ 1,953,511 | \$ 1,971,368 | \$ 1,665,809 |
| Total OPEB liability as a % of covered payroll ** | 3.5% | 3.2% | 4.7% | 4.6% | 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, 2024

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, 2024, and have issued our report thereon dated July 1, 2025. 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:

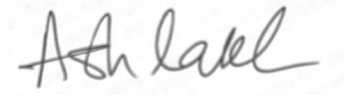
- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A,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

In connection with our testing nothing came to our 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
July 1, 2025