CITY OF DURHAM
WASHINGTON COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2026



12700 SW 72nd Ave.
Tigard, OR 97223

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CITY OF DURHAM
WASHINGTON COUNTY, OREGON

CASH BASIS FINANCIAL STATEMENTS

WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2026

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CITY OF DURHAM
WASHINGTON COUNTY, OREGON

2025-2026
FINANCIAL REPORT

CITY COUNCIL	TERM EXPIRES
Joshua Drake, Mayor	December 31, 2026
Leslie Gifford, Council President	December 31, 2028
Gary Paul	December 31, 2028
Sean Lee	December 31, 2026
David Streicher	December 31, 2028

All council members receive mail at the address shown below.

ADMINISTRATION

Jordan Parente, City Administrator
17160 SW Upper Boones Ferry Rd.
Durham, Oregon 97224

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CITY OF DURHAM
WASHINGTON COUNTY, OREGON

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PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632
www.paulyrogersandcocpas.com

October 15, 2026

To the Mayor and City Council
City of Durham
Washington County, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying cash basis basis financial statements of the governmental activities and each major fund of the City of Durham (the City), as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise the cash basis basic financial statements as listed in the table of contents.

In our opinion, the cash basis basic financial statements referred to above present fairly, in all material respects, the respective cash basis basic financial position of the governmental activities and each major fund of the City, as of June 30, 2026 and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis for Opinions

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the cash basis basic financial statements, which describes the basis of accounting. The basic financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with the cash basis of accounting as described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the cash basis basic financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the cash basis basic financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 cash basis basic 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 cash basis basic financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the City's system of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's system of 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 cash basis basic financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the cash basis basic financial statements. The supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the cash basis basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the cash basis basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the cash basis 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 cash basis basic financial statements or to the cash basis basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the cash basis basic financial statements as a whole, except for the managements discussion and analysis and the schedules of net pension liability, net OPEB asset, and contributions for PERS and RHIA, on which we express no opinion or give any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the listing of council members and administration, located before the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 15, 2026, on our consideration of 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 compliance.

Roy R Rogers

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

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Management's Discussion and Analysis

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City of Durham, Oregon

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2026

As management of the City of Durham, Oregon (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2026, within the limitation of the City's cash basis of accounting. Please read it in conjunction with the City's financial statements and notes to the financial statements which follow.

Financial Highlights

- In the Statement of Activities, the City's revenues exceeded their expenses by $347,815 this year, increasing the net position by that same amount. This was largely due to a significant increase in revenue from licenses and permits.
- The City increased their total revenue by 3% in the current year, while mitigating inflationary increases in wages.
- The City remains debt free.

Overview of the Financial Statements

Basis of Accounting – The City has elected to present its financial statements on a cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles (GAAP). In the cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when funds are received or paid, rather than when the goods or services are provided or incurred, as under the accrual basis of accounting. As the City does not have any long-term debt, there is no difference in reported fund balances between the government wide statements and the fund financial statements.

Government Wide Financial Statement Analysis

Statement of Net Position – Net position may serve over time as a useful indicator of the City's financial position. As of June 30, 2026, the City's assets exceeded their liabilities by $5,009,578, a 7% increase from the prior year. The City ended the year with a restricted net position of $3,100,099, or 62% of the total net position. These funds are amounts restricted by agreement or law for specific purposes.

The City's assets remain entirely comprised of cash and investments, consistent with the cash basis of accounting. As of June 30, 2026, the City's assets totaled $5,009,578, a 7% increase over the prior year.

A condensed summary of net position for the last two fiscal years is as follows:

Condensed Statement of Net Position

Cash basis	As of 6/30/2026	As of 6/30/2025	Increase/ (Decrease)
Assets			
Cash and investments	$ 5,009,578	$ 4,661,763	$ 347,815
Total assets	5,009,578	4,661,763	347,815
Net position			
Restricted net position	3,100,099	2,824,379	275,720
Unrestricted net position	1,909,479	1,837,384	72,095
Total net position	5,009,578	4,661,763	347,815
Total liabilities and net position	$ 5,009,578	$ 4,661,763	$ 347,815

Statement of Activities – For the last two fiscal years, the City's net position changed as follows:

Comparative Statement of Activity Cash basis	For the fiscal year ended 6/30/2026	6/30/2025	Variance +/(-)
Receipts			
Property taxes	$ 136,788	$ 126,693	$ 10,095
Franchise taxes	227,355	208,478	18,877
State shared taxes	243,997	243,002	995
Licenses and permits	107,901	75,542	32,3599
System development charges	251,421	280,238	(28,817)
Interest income	201,578	205,771	(4,193)
Miscellaneous revenue	10,601	6,083	4,518
Total receipts	1,179,641	1,145,807	33,834
Disbursements			
Materials and services	(216,080)	(372,721)	156,641
Personnel expense	(615,746)	(178,818)	(436,928)
Total disbursements	(831,286)	(551,539)	(280,287)
Change in net position	347,815	594,268	$ (246,453)
Net position - beginning	4,661,763	4,067,495	
Net position - ending	$ 5,009,578	$ 4,661,763	

The City increased their total revenues by $33,834 in the current year compared to the prior year. The largest portion of this revenue remains property, franchise, and state shared taxes, which accounts for $608,140 or 52% of total revenues. Interest remains about 17% of the City's annual revenues, while charges for services, which include licenses and permits and system development charges, increased 1% in the current year.

Total disbursements increased by $280,287 for the fiscal year ended June 30, 2026 compared to the prior year. Personnel expense, which includes payroll and all related taxes and retirement contributions and accounts for approximately 74% of total disbursements, increased by $436,928 or 244% from the prior year.

Meanwhile materials and services decreased by $156,641 or 42% compared to the prior year, and accounts for 26% of total disbursements.

For the fiscal year ended June 30, 2026, the City increased its net position by $347,815 from $4,661,763 to $5,009,578. These figures represent the amount the City's assets exceeded its liabilities at the end of the last two fiscal years.

Fund Financial Statement Analysis

General Fund Budgetary Highlights – For the fiscal year ended June 30, 2026, the City operated the following five funds:

- General Fund
- State Street Tax Fund
- Greenspace Fund
- Park Systems Development Charge Fund
- Transportation Systems Development Charge Fund

Each of the City's funds are classified as governmental funds since their primary source of revenue is taxes, as opposed to enterprise funds which operate more like a business whose the primary revenue is charges for goods and services. In accordance with Oregon local budget law, each fund was budgeted for by program and object classification. Due to the City's size, each fund has a single program, for example, the State Street Tax fund is for the maintenance and upkeep of the City's streets and directly adjacent pathways. Each fund remained under budget for each appropriation level for the year. Budget comparison details can be found in the supplemental information, following the notes to the financial statements.

The fund balance represents the amount of current financial resources the City has available to meet future obligations. Below is a summary of the changes in each fund's fund balance for this last fiscal year.

Condensed Summary of Changes in Fund Balance

Cash basis	For fiscal year ended Jun 30, 2026		
	Beginning Fund Balance	Net Increase / (Decrease) in Fund Balance	Ending Fund Balance
General Fund	$ 1,837,384	$ 71,581	$ 1,908,965
State Street Tax Fund	2,350,653	132,317	2,482,970
Greenspace Fund	0	514	514
Park Systems Development Charge Fund	199,681	23,089	222,770
Transportation System Development Charge Fund	274,045	120,314	394,359
Total	$ 4,661,763	$ 347,815	$ 5,009,578

The general fund is used for the general government operations and is the most active fund of the City. The City both collected more and spent more than anticipated, resulting in a net change in fund balance of ($710,913) in the general fund. The City ended the year with a general fund balance of $1,126,471, a 39% decrease from the prior year's ending fund balance of $1,837,384.

Economic Factors and Next Year's Budget

The FY27 budget will allow the City to maintain current services and begin planning for a future City Hall with the establishment of a new Building Fund. The receipts and disbursements of the City for the next fiscal year are expected to remain consistent with the most recent year.

Request for Information

This financial report is designed to demonstrate the City's accountability by presenting the user (citizens, taxpayers, investors, and creditors) with a general overview of the City's finances. Additional information, including news and updated, fee information, and an overview of the City Council members and minutes, is available on the City's website at https://durham-oregon.us/.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City's office at 17160 SW Upper Boones Ferry Road, Durham, Oregon 97224 or by calling the City at (503) 639-6851.

CITY OF DURHAM
WASHINGTON COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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CITY OF DURHAM
WASHINGTON COUNTY, OREGON
STATEMENT OF NET POSITION - CASH BASIS
June 30, 2026

ASSETS:		
Cash and Investments	$	5,009,578
Total Assets	$	5,009,578
CASH BASIS NET POSITION		
Restricted for:		
Street Maintenance	$	2,482,970
Park Systems Development		222,770
Transportation Systems Development		394,359
Unrestricted		1,909,479
Total Cash Basis Net Position	$	5,009,578

CITY OF DURHAM
WASHINGTON COUNTY, OREGON
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2026

FUNCTIONS	DISBURSEMENTS	PROGRAM CASH RECEIPTS AND CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	NET (DISBURSEMENTS) RECEIPTS AND CHANGES IN NET POSITION
General Government	$ 598,795	$ 236,903	$ -	$ (361,892)
Public Safety	146,820	-	-	(146,820)
Street	86,211	107,901	-	21,690
Parks	-	14,518	-	14,518
Total Governmental Activities	$ 831,826	$ 359,322	$ -	(472,504)

General Receipts	
Taxes:	
Property Taxes, Levied for General Purposes	136,788
Franchise Taxes	227,355
State Shared Taxes	243,997
Interest and Investment Earnings	201,578
Miscellaneous	10,601
Total General Receipts	820,319
Changes in Cash Basis Net Position	347,815
Beginning Cash Basis Net Position	4,661,763
Ending Cash Basis Net Position	$ 5,009,578

CITY OF DURHAM
WASHINGTON COUNTY, OREGON

BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS
June 30, 2026

	GENERAL FUND	STATE TAX STREET FUND	GREENSPACES FUND
ASSETS:			
Cash and Investments	$ 1,908,965	$ 2,482,970	$ 514
Total Assets	$ 1,908,965	$ 2,482,970	$ 514
Fund Balances:			
Restricted for:			
Street Maintenance	-	2,482,970	-
Park Systems Development	-	-	-
Transportation Systems Development	-	-	-
Committed:			
Greenspace Preservation	-	-	514
Unassigned	1,908,965	-	-
Total Fund Balances	1,908,965	2,482,970	514
Total Liabilities and Fund Balances	$ 1,908,965	$ 2,482,970	$ 514

Note: The Building Fund Government balance sheet has been combined with the General Fund balance sheet in accordance with GASB #54.

PARK SYSTEMS DEVELOPMENT CHARGE FUND	TRANSPORTATION SYSTEMS DEVELOPMENT CHARGE FUND	TOTALS
$ 222,770	$ 394,359	$ 5,009,578
$ 222,770	$ 394,359	$ 5,009,578
-	-	2,482,970
222,770	-	222,770
-	394,359	394,359
-	-	514
-	-	1,908,965
222,770	394,359	5,009,578
$ 222,770	$ 394,359	$ 5,009,578

CITY OF DURHAM
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2026

	GENERAL FUND	STATE TAX STREET FUND	GREENSPACES FUND
RECEIPTS:			
Property Taxes	$ 136,788	$ -	$ -
Intergovernmental	49,819	194,178	-
Permits and Licenses	104,662	779	-
Systems Development Charges	-	-	-
Franchise Fees	227,355	-	-
Administrative Fees	7,417	-	-
Interest	79,780	100,021	14
Pass Through Revenue	84,324		-
Plan Review	31,450	-	-
Fees	8,800	-	-
Other Fees	250	-	-
Miscellaneous	101	10,000	500
Total Receipts	730,746	304,978	514
DISBURSEMENTS:			
Current:			
Personnel Services	216,080	-	-
Materials & Services	529,535	86,211	-
Total Disbursements	745,615	86,211	-
Excess of Receipts Over, (Under) Disbursements	(14,869)	218,767	514
Other Financing Sources, (Uses):			
Transfers In	836,450	-	-
Transfers Out	(750,000)	(86,450)	-
Total Other Financing Sources, (Uses)	86,450	(86,450)	-
Net Change in Cash Basis Fund Balances	71,581	132,317	514
Beginning Cash Basis Fund Balance	1,837,384	2,350,653	-
Ending Cash Basis Fund Balance	$ 1,908,965	$ 2,482,970	$ 514

Note: The Building Fund activities have been combined with the General Fund activities in accordance with GASB 54

PARK SYSTEMS DEVELOPMENT CHARGE FUND	TRANSPORTATION SYSTEMS DEVELOPMENT CHARGE FUND	TOTALS
$ -	$ -	$ 136,788
-	-	243,997
-	-	105,441
14,518	107,122	121,640
-	-	227,355
-	-	7,417
8,571	13,192	201,578
-	-	84,324
-	-	31,450
-	-	8,800
-	-	250
-	-	10,601
23,089	120,314	1,179,641
-	-	216,080
-	-	615,746
-	-	831,826
23,089	120,314	347,815
-	-	836,450
-	-	(836,450)
-	-	-
23,089	120,314	347,815
199,681	274,045	4,661,763
$ 222,770	$ 394,359	$ 5,009,578

CITY OF DURHAM
WASHINGTON COUNTY, OREGON

NOTES BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City have been prepared in conformity with the cash basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

The City of Durham is a municipal corporation governed by an elected five member council. Accounting principles generally accepted in the United States of America require that these financial statements present the City of Durham (the primary government) and all component units, if any. Component units, as established by the Governmental Accounting Standards Board, are separate organizations that are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The City of Durham has no component units.

The City operates under a charter enacted in 1998. Under the charter, the City is governed by a mayor and four council members who comprise the City Council.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

BASIS OF ACCOUNTING

The City follows the cash basis of accounting. Under the cash basis of accounting, receipts are recorded when received and disbursements are recorded as paid in cash or by check. This basis of accounting is applied to both the government-wide financial statements, and the governmental type fund financial statements uniformly.

This basis of accounting is not equivalent to the generally accepted accounting principles (GAAP) basis of accounting. Under GAAP the fund financial statements require that revenues be recorded as they become susceptible to accrual (i.e. when they become measurable and available) and expenditures recorded as goods and services received. For the government-wide statements GAAP requires that the accrual basis of accounting be applied. Under the accrual basis of accounting the cost of capital assets is capitalized and depreciated over their estimated useful lives, debt is recorded as incurred, revenues are recorded when earned irrespective of the collection of cash, and disbursements, including depreciation, and OPEB costs are recorded when incurred. Management believes the cash basis of accounting is preferable for the City due to the City's small size and the necessity of assessing available cash resources. The cash basis of accounting is allowed under Oregon Local Budget Law.

FUND FINANCIAL STATEMENTS

The accounts of the City are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. DESCRIPTION OF FUNDS

The City reports the following major funds:

GENERAL FUND

The General Fund accounts for all financial resources and disbursements of the City, except those required to be accounted for in another fund. Its main sources of revenues are local property taxes, intergovernmental receipts, utility franchise fees, and permits.

STATE TAX STREET FUND

This fund accounts for monies expended for maintenance and improvement of the City's roads and streets. Restricted revenues are State of Oregon and Washington County gasoline taxes.

GREENSPACES FUND

This fund was established to account for the monies received, which are committed for the protection of "greenspaces".

PARK SYSTEMS DEVELOPMENT CHARGE FUND

This fund was established to account for developer charges, which are restricted for the purpose of financing streets, parks and infrastructure improvements and expansion.

TRANSPORTATION SYSTEMS DEVELOPMENT CHARGE FUND

This fund accounts for restricted tax revenues received for the purpose of transportation development.

The City reports the following non-major fund:

BUILDING FUND

This fund was established to account for funds to support the purchase of a new building for City Hall. In the basic financial statements, this fund is combined with the General Fund under GASB54 since fund revenues are substantially transfers from the General Fund.

D. BUDGET

A budget is prepared and legally adopted for each governmental fund type on the cash basis of accounting in the main program categories required by the Oregon Local Budget Law.

The City begins its budget process early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The Council may amend the budget prior to adoption, however, budgeted disbursements for each fund may not be increased by more than ten percent.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BUDGET (CONTINUED)

The budget is then adopted, appropriations are made and the tax levy declared no later than June 30th. Disbursements budgets are appropriated at the following levels for each fund: Personal Services, Materials and Services, Capital Outlay, Operating Contingency, and Interfund Transactions.

Disbursements cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Council approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Council approves them due to a need which exists which was not determined at the time the budget was adopted. Budget amounts shown in the Basic Financial Statements reflect the original budget.

E. PROPERTY TAXES

Property taxes are recorded when received. Real and personal property are assessed and property taxes become a lien against the property as of July 1 of each year. Property taxes are payable in three installments, following the lien date on November 15, February 15, and May 15. Taxes not received by May 15th are considered delinquent. As required by law, Washington County manages tax collections for the City. Substantially all taxes receivable are considered collectible through liens on the underlying property.

F. CAPITAL ASSETS

Non-expendable equipment purchased is usually recorded as a capital outlay disbursement in the governmental funds. The original historical cost of such assets has been estimated or tracked and is recorded by the City, but, under the cash basis of accounting the cost of capital assets of the City are not required to be displayed in the financial statements. The costs of significant betterments to capital assets are similarly recorded as disbursements and not capitalized. Depreciation is not recorded. When assets are donated, the estimated value is used to increase the balances of the capital assets. No receipts or disbursements are recorded since no cash was received or used when assets are donated. Normal repairs and maintenance are charged to disbursements as capital outlay or as materials and services. When property is retired or sold, any related proceeds are recorded in a governmental or proprietary fund. As of June 30, 2026, the City leases their City Hall and does not have any property that qualifies as a capital asset.

G. LONG-TERM OBLIGATIONS

Although the cash basis of accounting does not require that long term obligations be displayed, the City believes that presentation of this information is important. As of June 30, 2026, the City has no long-term obligations.

H. RETIREMENT PLAN

Substantially all of the City's employees are participants in the State of Oregon Public Employees Retirement System (PERS). Consistent with the cash basis of accounting, the City records PERS payments when made, and does not record or report any net pension liability, deferred outflows or inflows of resources related to pensions, or their related pension expense.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. NET POSITION

Net position is comprised the various net earnings from operations, nonoperating revenues, expenses and contributions of capital, and is classified in the following hierarchy based on the extent to which a government is bound to observe constraints imposed on the use of resources reported in government funds:

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Restricted resources are spent first when available for use along with resources that are not restricted.

Unrestricted – consists of all remaining assets that have no externally imposed constraints.

When both restricted and unrestricted net position is available for use, restricted net position is utilized first.

J. FUND EQUITY

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – non-spendable, restricted, committed, assigned, and unassigned.

- Non-spendable fund balance represents amounts that are not in a spendable form. The non-spendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The governing body has given this authority to the City Manager.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. FUND EQUITY (CONTINUED)

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for disbursements. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned. To preserve a sound financial system and to provide a stable financial base, the governing body has adopted a minimum fund balance policy. That policy is to maintain a General Fund ending fund balance of four months of General Fund disbursements.

There were no non-spendable or assigned fund balances at year end.

2. CASH AND INVESTMENTS

State statutes govern the City's cash management policies, because the City does not have an official investment policy. Statutes authorize the City to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

Investments

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at $1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at $1.00 per share, it is possible to lose money by investing in the pool. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2026, the fair value of the position in the ***LGIP is 100.45%*** of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx

If the link has expired please contact the Oregon Short Term Fund directly.

2. CASH AND INVESTMENTS (CONTINUED)

The City maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is reported on the combined balance sheet as Cash and Investments or amounts Due to/from Other Funds. Cash and Investments (recorded at fair value) consisted of:

Demand Deposits	$ 21,206
Investments	4,982,650
Petty Cash	150
Undeposited Funds	5,572
	$ 5,009,578

The City had the following investments and maturities:

		Investment Maturities (in months)	
Investment Type	Fair Value	Less than 3	More than 3
State Treasurer's Investment Pool	$ 4,982,650	$ 4,982,650	$ -
Total	$ 4,982,650	$ 4,982,650	$ -

Interest Rate Risk
Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. The City does not have any investments that have a maturity date.

Credit Risk
Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration of Credit Risk
In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2026, the City's bank balance of $31,276 was 100% covered by FDIC insurance and therefore was not exposed to custodial credit risk.

3. PENSION PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Annual Comprehensive Financial Report (ACFR) which can be found at:

https://www.oregon.gov/pers/Documents/Financials/ACFR/2025-ACFR.pdf

If the link is expired, please contact Oregon PERS for this information.

a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

   i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected 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, and 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 benefits results.

   A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 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 2 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.

   ii. **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 contributions are met:

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

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

3. PENSION PLAN (CONTINUED)

iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

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

i. **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. Under House Bill (HB) 2283, passed during the 2023 legislative session and effective January 1, 2024, if a member has established retirement eligibility under the police and fire classification, they retain that eligibility even if they perform service thereafter as other than police and fire. Under HB 4045, passed during the 2024 legislative session and effective January 1, 2025, normal retirement age for police and fire members will be lowered to age 55 or age 53 with 25 years of retirement credit.

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 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.

ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.

iii. **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. Disability benefits continue until the member is no longer disabled or otherwise no longer qualifies for benefits, reaches normal retirement age, or dies.

v. **Benefit Changes After Retirement.** Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living changes (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0 percent.

3. PENSION PLAN (CONTINUED)

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. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2023, actuarial valuation, which became effective July 1, 2025. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2026, were $35,601, excluding amounts to fund employer specific liabilities.

Pension Asset or Liability – Since the City's financial statements are reported on the cash basis, no amounts are reported on the balance sheet for pension related assets, deferred outflows, liabilities or deferred inflows. Had the City's financial statements been reported in accordance with GAAP, it would have reported a net pension liability of $179,322 at June 30, 2026 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2023. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement dates of June 30, 2025 and 2024, the City's proportion was .001 percent and .001 percent, respectively. Pension income for the year ended June 30, 2026, was $13,512, but is not recorded in the financial statements due to the cash basis of accounting being used.

The rates in effect for the year ended June 30, 2026, were:

(1) Tier 1/Tier 2 – 28.14%

(2) OPSRP general services – 24.04%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 11,439	$ 256
Changes in assumptions	10,421	-
Net difference between projected and actual earnings on pension plan investments	15,107	-
Changes in proportionate share	23,518	23,028
Differences between contributions and proportionate share of contributions	4,721	7,360
Subtotal - Amortized deferrals (below)	65,206	30,644
Contributions subsequent to measurement date	35,601	-
Total deferred outflow (inflow) of resources	$ 100,807	$ 30,644

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2027.

3. PENSION PLAN (CONTINUED)

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2027.

Subtotal amounts related to pension as deferred outflows of resources $65,206, and deferred inflows of resources, ($30,644), net to $34,562 and will be recognized in pension expense as follows:

Year ending June 30,	Amount
2027	$ 17,721
2028	8,632
2029	4,590
2030	2,611
2031	1,008
Thereafter	-
Total	$ 34,562

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 12, 2026. Oregon PERS produces an independently audited ACFR which can be found at:

https://www.oregon.gov/pers/Documents/Financials/ACFR/2025-ACFR.pdf

Actuarial Valuations – The employer contribution rates effective July 1, 2025, through June 30, 2027, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

3. PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions:

Valuation date	December 31, 2023
Measurement Date	June 30, 2025
Experience Study Report	2022, Published July 24, 2023
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with *Moro* decision; blend based on service
Mortality	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. 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. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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 2022 Experience Study, which is reviewed for the four-year period ending December 31, 2022.

3. PENSION PLAN (CONTINUED)

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5%	32.5%	27.5%
Real Estate	7.5%	17.5%	12.5%
Private Equity	15.0%	27.5%	20.0%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			100.0%

(Source: June 30, 2025 PERS ACFR; p. 117)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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. 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.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Global Equity	27.50%	6.63%
Private Equity	25.50%	8.38%
Core Fixed Income	25.00%	4.61%
Real Estate	12.25%	6.69%
Master Limited Partnerships	0.75%	5.62%
Infrastructure	1.50%	6.75%
Hedge Fund of Funds - Multistrategy	1.25%	5.90%
Hedge Fund Equity - Hedge	0.63%	6.01%
Hedge Fund - Macro	5.62%	5.52%
Assumed Inflation - Mean		*2.31%*

(Source: June 30, 2025 PERS ACFR; p. 89)

3. PENSION PLAN (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2025 and 2024 was 6.90 percent, for both years, for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the 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.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate – the following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

	1% Decrease (5.90)	Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	$ 285,991	$ 179,322	$ 90,004

Changes Subsequent to the Measurement Date

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

There are no changes subsequent to the June 30, 2025, Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

Employees of the City are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

3. PENSION PLAN (CONTINUED)

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

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

Contributions:
Employees of the City pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning $2,500 or more per month (increased to $3,333 per month in 2022) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going 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. The City did not make any optional contributions to member IAP accounts for the year ended June 30, 2026.

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

http://www.oregon.gov/pers/EMP/Pages/GASB.aspx

4. OTHER POST-EMPLOYMENT BENEFIT PLAN – RHIA

Plan Description:
As a member of Oregon Public Employees Retirement System (OPERS) the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

4. OTHER POST-EMPLOYMENT BENEFIT PLAN – RHIA (CONTINUED)

Funding Policy:
Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to $60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of $60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. 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.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the City currently contributes 0.00% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2027. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion 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. The City's contributions to RHIA are included with PERS and equaled the required contributions for the year.

Since the City's financial statements are reported on the cash basis, no amounts are reported on the balance sheet for OPEB related assets, deferred outflows, liabilities or deferred inflows. Had the City's financial statements been reported in accordance with GAAP, it would have reported a net OPEB asset of $3,270 for its proportionate share of the net OPEB asset. The OPEB asset was measured as of June 30, 2025, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2023. Consistent with GASB Statement No. 75, paragraph 59(a), the City's proportion of the net OPEB 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 dates of June 30, 2025 and 2024, the City's proportion was .001 percent and .001 percent, respectively. OPEB income for the year ended June 30, 2026, was $1,660, but is not recorded in the financial statements due to the cash basis of accounting being used.

4. OTHER POST-EMPLOYMENT BENEFIT PLAN – RHIA (CONTINUED)

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	$	402
Net amortization of employer-specific deferred amounts from:		
-Changes in proportionate share (per paragraph 64 of GASB 75)		1,256
-Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)		
Employer's Total OPEB Expense/Income	$	1,658

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ -	$ 42
Changes in assumptions	-	3
Net difference between projected and actual earnings investments	121	
Changes in proportionate share	-	-
Differences between ontributions and proportionate share of system contributions	-	218
	-	-
Subtotal - Amortized deferrals (below)	121	263
School contributions subsequent to measurement date	-	-
Total deferred outflow (inflow) of resources	$ 121	$ 263

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB asset in the fiscal year ended June 30, 2027.

Subtotal amounts related to OPEB as deferred outflows of resources, $121, and deferred inflows of resources, ($263), net to ($142) and will be recognized in OPEB expense as follows:

Year ending June 30,	Amount
2026	$ (166)
2027	34
2028	1
2029	(11)
2030	-
Thereafter	-
Total	$ (142)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 75 reporting summary dated February 12, 2026. Oregon PERS produces an independently audited ACFR which can be found at:
https://www.oregon.gov/pers/Documents/Financials/ACFR/2025-ACFR.pdf

4. OTHER POST-EMPLOYMENT BENEFIT PLAN – RHIA (CONTINUED)

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2023
Measurement Date	June 30, 2025
Experience Study Report	2022, Published July 24, 2023
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Retiree healthcare participation	Healthy retirees: 25%; Disabled retirees: 15%
Mortality	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. 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. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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 2022 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 asset as of the measurement date of June 30, 2025 and 2024, was 6.90 percent, for both years. 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 asset.

4. OTHER POST-EMPLOYMENT BENEFIT PLAN – RHIA (CONTINUED)

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 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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. 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.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Global Equity	27.50%	6.63%
Private Equity	25.50%	8.38%
Core Fixed Income	25.00%	4.61%
Real Estate	12.25%	6.69%
Master Limited Partnerships	0.75%	5.62%
Infrastructure	1.50%	6.75%
Hedge Fund of Funds - Multistrategy	1.25%	5.90%
Hedge Fund Equity - Hedge	0.63%	6.01%
Hedge Fund - Macro	5.62%	5.52%
Assumed Inflation - Mean		*2.31%*

(Source: June 30, 2025 PERS ACFR; p. 89)

Sensitivity of the City's proportionate share of the net OPEB asset to changes in the discount rate – The following presents the City's proportionate share of the net OPEB asset calculated using the discount rate of 6.90 percent, as well as what the City's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

	1% Decrease (5.90)	Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net OPEB asset	$ (3,063)	$ (3,270)	$ (3,448)

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2025, Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

5. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

6. PROPERTY TAX LIMITATIONS

The State of Oregon imposes a constitutional limit on property taxes for schools and nonschool government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for nonschool operations are limited to $10 for each $1,000 of property market value: This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997.

This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

7. INTERFUND TRANSFERS

The following interfund transfers occurred during fiscal year 2025-2026 (all transfers are normal operating transfers):transfers):

Fund	Transfers Out	Transfers In
General Fund	$ 750,000	$ 836,450
State Tax Street Fund	86,450	-
Total	$ 836,450	$ 836,450

Transfers are made to fund operations between funds.

8. LEASES

In July 2019, the City, as lessor, entered in to an agreement with a lessee to provide access to PVC conduit that is located within an underground conduit bank. The City received a one-time payment of $50,000 as consideration and has agreed to allow lessee access for a period of 20 years.

In April 2025, the City, as lessee, agreed to extend its lease for the City Hall building through March of 2027. Monthly rent for the duration of the lease term is $1,100 per month. Total rent expense for the 2025-2026 fiscal year was $13,200.

No lease receivable, deferred lease inflow, lease liability, or right to use assets were recorded under GASB 87 due to the City's use of the cash basis of accounting.

9. TAX ABATEMENTS

As of June 30, 2026, the City potentially had tax abatements through various state allowed programs that impacted levied taxes. Based on the information available from the county as of the date of issuance of these cash basis basic financial statements, there were no material abatements disclosed by the county for the year ended June 30, 2026 for any program covered under GASB 77.

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated for the year ended June 30, 2026 through October 15, 2026, the date the cash basis basic financial statements were available to be issued. No subsequent events were noted by management that required note disclosure.

CITY OF DURHAM
WASHINGTON COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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CITY OF DURHAM
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2026

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
RECEIPTS:					
Property Taxes	$ 127,609	$ 127,609		$ 136,788	$ 9,179
Interest	25,000	25,000		47,286	22,286
Permits & Licenses	32,500	32,500		104,662	72,162
Franchise Fees	191,750	191,750		227,355	35,605
State Revenue Sharing	14,275	14,275		15,095	820
Cigarette Tax	1,048	1,048		1,006	(42)
Liquor Tax	28,234	28,234		28,790	556
Administrative Fees	2,000	2,000		7,417	5,417
Marijuana Tax	2,812	2,812		2,928	116
Grants	-	-		2,000	2,000
Fees	-	-		8,800	8,800
Other Fees	-	-		250	250
Plan Review	-	-		31,450	31,450
Pass Through Revenue	-	-		84,324	84,324
Miscellaneous	-	-		101	101
Total Receipts	425,228	425,228		698,252	273,024
DISBURSEMENTS:					
Personnel Services:					
Salaries	171,717	171,717		155,032	16,685
Payroll Taxes	16,108	16,108		14,335	1,773
Fringe Benefits	53,895	53,895		46,318	7,577
Workers Comp Ins	550	550		395	155
Total Personnel Services	242,270	242,270	(1)	216,080	26,190
Materials and Services:					
Office Supplies & Expenses	5,750	5,750		5,246	504
Equipment Operation and Maintenance	8,500	8,500		5,047	3,453
Dues and Subscriptions	4,500	4,500		5,967	(1,467)
Conferences and Education	3,000	3,000		687	2,313
Automobile Expenses	1,000	1,000		684	316
9-1-1 Monies	13,200	13,200		13,198	2
Professional Services	69,000	69,000		72,882	(3,882)
Police Contract	177,600	177,600		133,622	43,978
Passthrough Expenses	-	-		169,314	(169,314)
Planning	35,500	35,500		32,155	3,345
Audit and Accounting Fees	30,000	30,000		23,946	6,054
Insurances	7,500	7,500		6,110	1,390
City Hall - Rent	13,200	13,200		14,300	(1,100)
City Hall - Utilities	7,000	7,000		5,738	1,262
City Hall - Maintenance	750	750		72	678
City Hall - Security	1,000	1,000		527	473
Park Maintenance & Utilities	39,250	39,250		31,459	7,791
Donations	1,700	1,700		1,700	-
Newsletter	7,000	7,000		5,582	1,418
Miscellaneous	6,000	6,000		715	5,285
Meals and Entertainment	750	750		584	166
Total Materials & Services	432,200	432,200	(1)	529,535	(97,335)
Contingencies	25,000	25,000	(1)	-	25,000
Total Disbursements	699,470	699,470		745,615	(46,145)
Excess of Receipts Over, (Under) Disbursements	(274,242)	(274,242)		(47,363)	226,879
Other Financing Sources, (Uses):					
Transfers In	95,750	95,750		86,450	(9,300)
Transfers Out	(750,000)	(750,000)	(1)	(750,000)	-
Total Other Financing Sources, (Uses)	(654,250)	(654,250)		(663,550)	(9,300)
Net Change in Cash Basis Fund Balance	(928,492)	(928,492)		(710,913)	217,579
Beginning Cash Basis Fund Balance	1,813,676	1,813,676		1,837,384	23,708
Ending Cash Basis Fund Balance	$ 885,184	$ 885,184		1,126,471	$ 241,287

(1) Appropriation Level

Reconciliation to Governmental Fund Balance as required by GASB #54
Ending Fund Balance:
Building Fund 782,494
$ 1,908,965

CITY OF DURHAM
WASHINGTON COUNTY, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2026

STATE TAX STREET FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
RECEIPTS:				
Intergovernmental:				
State Gas Tax	$ 142,753	$ 142,753	$ 162,376	$ 19,623
ODOT Grant	250,000	250,000	-	(250,000)
Washington County Gas Tax	3,778	3,778	-	(3,778)
Bike Path	1,523	1,523	-	(1,523)
County Vehicle Registration	25,000	25,000	31,802	6,802
Other Sources:				
Other Fees and ROW Permits	-	-	10,779	10,779
Miscellaneous	-	-	8	8
Interest	45,000	45,000	100,013	55,013
Total Receipts	468,054	468,054	304,978	(163,076)
DISBURSEMENTS:				
Materials and Services:				
Miscellaneous	2,500	2,500	32	2,468
Street Maintenance/Repair	50,000	50,000	9,435	40,565
Street Lights	25,000	25,000	14,314	10,686
Street Signs	2,500	2,500	123	2,377
Bike Paths	50,000	50,000	17,720	32,280
Planning Expense	65,000	65,000	44,587	20,413
Street Light Replacements	25,000	25,000	-	25,000
Total Materials & Services	220,000	220,000 (1)	86,211	133,789
Capital Outlay:				
Street Projects	450,000	450,000	-	450,000
Sidewalks & Paths	100,000	100,000	-	100,000
Total Capital Outlay	800,000	800,000 (1)	-	800,000
Total Disbursements	1,060,000	1,060,000	86,211	973,789
Excess of Receipts Over, (Under) Disbursements	(591,946)	(591,946)	218,767	810,713
Other Financing Sources, (Uses):				
Transfers Out	(86,450)	(86,450) (1)	(86,450)	-
Total Other Financing Sources, (Uses)	(86,450)	(86,450)	(86,450)	-
Net Change in Cash Basis Fund Balance	(678,396)	(678,396)	132,317	810,713
Beginning Cash Basis Fund Balance	2,327,662	2,327,662	2,350,653	22,991
Ending Cash Basis Fund Balance	$ 1,649,266	$ 1,649,266	$ 2,482,970	$ 833,704

(1) Appropriation Level

CITY OF DURHAM
WASHINGTON COUNTY, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2026

GREENSPACES FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
RECEIPTS:				
Local:				
Metro Bond Local Share	$ 310,665	$ 310,665	$ -	$ (310,665)
Interest	-	-	14	14
Miscellaneous	-	-	500	500
Total Receipts	310,665	310,665	514	(310,151)
DISBURSEMENTS:				
Capital Outlay	310,665	310,665 (1)	-	310,665
Total Disbursements	310,665	310,665	-	310,665
Net Change in Cash Basis Fund Balance	-	-	514	514
Beginning Cash Basis Fund Balance	-	-	-	-
Ending Cash Basis Fund Balance	$ 310,665	$ 310,665	$ 514	$ (310,151)

(1) Appropriation Level

CITY OF DURHAM
WASHINGTON COUNTY, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2026

PARK SYSTEMS DEVELOPMENT CHARGE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
RECEIPTS:				
Systems Development Charges	$ 23,760	$ 23,760	$ 14,518	$ (9,242)
Interest - Parks	5,000	5,000	8,571	3,571
Total Receipts	28,760	28,760	23,089	(5,671)
DISBURSEMENTS:				
Materials and Services	10,000	10,000 (1)	-	10,000
Contingencies	10,000	10,000 (1)	-	10,000
Total Disbursements	170,000	170,000	-	170,000
Excess of Receipts Over, (Under) Disbursements	(141,240)	(141,240)	23,089	164,329
Other Financing Sources, (Uses):				
Transfers Out	(7,600)	(7,600) (1)	-	7,600
Total Other Financing Sources, (Uses)	(7,600)	(7,600)	-	7,600
Net Change in Cash Basis Fund Balance	(148,840)	(148,840)	23,089	171,929
Beginning Cash Basis Fund Balance	181,701	181,701	199,681	17,980
Ending Cash Basis Fund Balance	$ 32,861	$ 32,861	$ 222,770	$ 189,909

(1) Appropriation Level

CITY OF DURHAM
WASHINGTON COUNTY, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2026

TRANSPORTATION SYSTEMS DEVELOPMENT CHARGE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
RECEIPTS:				
Systems Development Charges	$ 206,604	$ 206,604	$ 107,122	$ (99,482)
Interest	7,250	7,250	13,192	5,942
Total Receipts	213,854	213,854	120,314	(93,540)
DISBURSEMENTS:				
Capital Outlay	150,000	150,000 (1)	-	150,000
Total Disbursements	150,000	150,000	-	150,000
Excess of Receipts Over, (Under) Disbursements	63,854	63,854	120,315	56,461
Other Financing Sources, (Uses):				
Transfers Out	(1,700)	(1,700) (1)	-	1,700
Total Other Financing Sources, (Uses)	(1,700)	(1,700)	-	1,700
Net Change in Cash Basis Fund Balance	62,154	62,154	120,314	58,160
Beginning Cash Basis Fund Balance	259,770	259,770	274,045	14,275
Ending Cash Basis Fund Balance	$ 321,924	$ 321,924	$ 394,359	$ 72,435

(1) Appropriation Level

CITY OF DURHAM
WASHINGTON COUNTY, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2026

BUILDING FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
RECEIPTS:					
Interest	$ 22,500	$ 22,500		$ 32,494	$ 9,994
Total Receipts	22,500	22,500		32,494	9,994
Excess of Receipts Over, (Under) Disbursements	22,500	22,500		32,494	9,994
Other Financing Sources, (Uses):					
Transfers In	750,000	750,000	(1)	750,000	-
Total Other Financing Sources, (Uses)	750,000	750,000		750,000	-
Net Change in Cash Basis Fund Balance	772,500	772,500		782,494	9,994
Beginning Cash Basis Fund Balance	-	-		-	-
Ending Cash Basis Fund Balance	$ 772,500	$ 772,500		$ 782,494	$ 9,994

(1) Appropriation Level

Note: The Building Fund activities have been combined with the General Fund activities in accordance with GASB 54

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2026	0.0008 %	$ 179,322	$ 135,277	132.6 %	79.9 %
2025	0.0008	167,011	161,293	103.5	79.3
2024	0.0076	142,334	99,530	143.0	81.3
2023	0.0010	156,300	96,060	162.7	84.5
2022	0.0006	79,603	105,702	75.3	87.6
2021	0.0010	227,012	77,655	292.3	75.8
2020	0.0012	200,107	104,110	192.2	80.2
2019	0.0009	142,592	96,015	148.5	82.1
2018	0.0008	118,611	93,593	126.7	83.1
2017	0.001	120,986	86,586	139.7	80.5

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years.

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2026	$ 35,601	$ 35,601	$ -	$ 152,589	23.3 %
2025	29,105	29,105	-	135,277	21.5
2024	34,986	34,986	-	161,293	21.7
2023	23,989	23,989	-	99,530	24.1
2022	21,696	21,696	-	96,060	22.6
2021	24,623	24,623	-	105,702	23.3
2020	14,579	14,579	-	77,655	18.8
2019	11,621	11,621	-	104,110	11.2
2018	11,061	11,061	-	96,015	11.5
2017	5,094	5,094	-	93,593	5.4

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years.

OPEB RHIA

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB ASSET FOR RHIA

Year Ended June 30,	(a) Employer's proportion of the net OPEB asset (NOA)	(b) Employer's proportionate share of the net OPEB asset (NOA)	(c) Employer's covered payroll	(b/c) NOA as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB asset
2026	0.0007 %	$ 3,270	$ 135,277	2.417 %	239.9 %
2025	0.0007	2,735	161,293	1.696	220.6
2024	0.0000	-	99,530	-	201.6
2023	0.0000	-	96,060	-	194.6
2022	0.0000	-	105,702	-	183.9

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2026	$ N/A	$ N/A	$ -	$ 152,589	N/A %
2025	N/A	N/A	-	135,277	N/A
2024	N/A	N/A	-	161,293	N/A
2023	N/A	N/A	-	99,530	N/A
2022	N/A	N/A	-	96,060	N/A

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

CITY OF DURHAM

Notes to Supplementary Information

Budgetary Comparison

1. Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. The appropriated budget is prepared by fund, function, and object. Transfers of appropriations require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have outstanding encumbrances. As of June 30, 2026, there were no encumbrances at year end.

2. Excess of Expenditures over Appropriations

For the year ended June 30, 2026, there were no expenditures that exceeded authorized appropriations for funds reported as Supplementary Information, except for the following:

General Fund: Materials & Services actual expenditures were $97,335 above the final budget. The over-expended funds are primarily Passthrough Expenses that include State Surcharge, Tigard-Tualatin School District CET, Metro CET and City of Tualatin Building Permit fees (which equal 80% of Durham's collected building permit fee revenue). These charges are collected by the City on behalf of these other jurisdictions and dispersed quarterly.

3. General Fund Budgetary Highlights

Original Budget Compared to Final Budget

During the year ended June 30, 2026, there were no significant amendments to increase either the original estimated revenues or original budgeted appropriations.

Final Budget Compared to Actual Results

The most significant differences between estimated revenues/expenditures and actual revenues/ expenditures were as follows:

1) *State Tax Street Fund:* Actual expenditures were $973,789 below the final budget, primarily due to $800,000 in budgeted street and sidewalk capital improvement projects that were not expended during the fiscal year. Actual revenues were $163,076 below the final budget because anticipated ODOT grant funding was not received during the fiscal year.
2) *Greenspaces Fund:* Actual revenues were $310,151 below the final budget, primarily because the City did not receive the anticipated $310,665 in Metro Bond Local Share grant funding during the fiscal year.
3) *General Fund:* Actual revenues exceeded the final budget by $273,024, primarily due to higher-than-anticipated permit and license revenues, franchise fees, interest earnings, and additional pass-through and plan review revenues.

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Independent Auditors' Report Required by Oregon State Regulations

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October 15, 2026

Independent Auditors' Report Required by Oregon State Regulations

We have audited the cash basis basic financial statements of the City of Durham (the City) as of and for the year ended June 30, 2026, and have issued our report thereon dated October 15, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City's cash basis basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statues 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, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Programs funded by outside sources.**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, 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:

1. Expenditures of the various funds were within authorized appropriations, except as noted on page 36.

OAR 162-10-0230 Internal Control

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

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

Roy R Rogers

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.