

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022



12700 SW 72nd Ave.
Tigard, OR 97223

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

**2021-22
FINANCIAL REPORT**

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**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

| BOARD OF DIRECTORS | TERM EXPIRES |
|--------------------------------|----------------------|
| Carolyn McVicker, Chair | June 30, 2023 |
| Anne Price, Vice Chair | June 30, 2025 |
| Tom Donohue, Director | June 30, 2023 |
| Sean Carlton, Secretary | June 30, 2025 |
| Cameron Gogas, Director | June 30, 2025 |

All Directors receive mail at the Authority Office address listed below

REGISTERED AGENT

**John Wesely, Authority Manager
P.O. Box 520
34005 Cape Kiwanda Drive
Pacific City, Oregon 97135**

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**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

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PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT



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(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

August 2, 2023

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pacific City Joint Water-Sanitary Authority (the Authority)
Tillamook County, Oregon

Opinions

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Pacific City Joint Water-Sanitary Authority, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents. The prior year comparative information has been derived from the Pacific City Joint Water-Sanitary Authority financial statements and, in our report dated June 30, 2021, we expressed an unmodified opinion on the respective financial statements of the business-type activities, each major fund, and aggregate remaining fund information.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Pacific City Joint Water-Sanitary Authority, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Pacific City Joint Water-Sanitary Authority 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 Pacific City Joint Water-Sanitary Authority'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 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pacific City Joint Water-Sanitary Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pacific City Joint Water-Sanitary Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and required supplementary information, as listed in the table of contents, 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative

Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

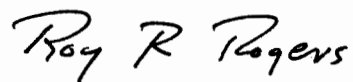
Management is responsible for the other information included in the annual report. The other information comprises the other information, as listed in the table of contents, and the listing of board members containing their term expiration dates, located before the table of contents, but does not include 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 *Government Auditing Standards*, we have also issued our report dated August 2, 2023 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated August 2, 2023, 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, CPA
PAULY, ROGERS AND CO., P.C.

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Pacific City Joint Water-Sanitary Authority Management's Discussion and Analysis FY 2022

As management of the Pacific City Joint Water-Sanitary Authority (Authority), we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our notes to the basic financial statements.

Financial Highlights

- Total assets of the Authority at June 30, 2022 were \$26,912,500 and include capital assets of \$21,139,216, restricted assets of \$5,154,545, and unrestricted current assets of \$618,739. Overall, total assets for the Authority decreased 0.39% from FY 2021.
- PCJWSA's assets exceeded its liabilities on June 30, 2022 by \$16,918,897 (net position). This amount reflects an increase of \$1,087,581 or 6.87% from FY 2021 and an increase of \$944,278 since FY 2020. For the fiscal year ended June 30, 2022, unrestricted net position in the amount of \$560,278 includes \$382,189 in cash and cash equivalents that may be used to meet the Authority's obligations. This represents a 7.64% increase in year-end unrestricted net position from FY 2021.
- At June 30, 2022, capital assets less related debt was \$11,221,311, a decrease of 0.35% from FY 2021. Long-term debts total \$9,380,402 showing a decrease of 5.59% from FY 2021. The decrease is primarily due to the Authority's principal payments on the Authority's outstanding debt.
- Operating revenues for FY 2022 were \$1,485,382, an increase of 7.4% from FY 2021 or \$102,362.
- Total operating expenses for FY 2022 were \$2,709,816 reflecting an overall decrease of 2.97%, \$83,036 from the previous year. Labor and benefits decreased 9.66%; materials and services costs decreased 1.84%.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Pacific City Water-Sanitary Authority's basic financial statements. The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the basic financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Authority's basic financial statements consists of the Statement of Net Position, the Statement of Activities, and the Statement of Cash Flows.

The Statement of Net Position presents the current and long-term portions of assets and liabilities separately and may provide a useful indicator of whether the financial position of the Authority is improving or deteriorating. This statement includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Authority's creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

The Statements of Activities present information showing profitability and credit worthiness as well as how the Authority's net position changed during the most recent fiscal year. This statement shows income and expenses from operations, non-operating revenues and expenses and reconciles the change from one fiscal year to the next. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered its costs through its user fees and other charges.

The Statement of Cash Flows is prepared using the direct method and is concerned solely with input and outlay of cash from operating activities, capital and related financing activities and investing activities. This statement also includes reconciliation to the Statements of Activities. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. It answers questions such as; "where did the cash come from, what was the cash used for, and what was the change in cash balance during the reporting period?"

The notes to the basic financial statements provide additional information that is essential to a complete understanding of the data provided in the financial statements.

Financial Analysis

Net Position

Over time, net position may serve as a useful indicator of the Authority's financial position. As shown in the following table, the Authority's assets exceeded liabilities by \$16.9 million on June 30, 2022 and reflect an increase of approximately \$1,087,581 or 6.87% over the Authority's net position at the close of FY 2021.

Investment in capital assets is by far the largest portion of the Authority's net position (\$11.2 million or 39.76% of total net position), and includes the Authority's investment in land, buildings, equipment, reservoirs, and pipelines. The Authority used these capital assets to provide water and wastewater services to customers; consequently, these assets are not available for future spending.

| Net Position | | | | | |
|---|----------------------|----------------------|---------------------------------|---------------------------|--------------------------|
| | <u>2022</u> | <u>2021</u> | <u>Difference 2022-2021</u> | <u>Percent Change</u> | <u>Restated 2020</u> |
| Assets: | | | | | |
| Current Assets | \$ 618,739 | \$ 608,632 | \$ 10,107 | 2% | \$ 676,827 |
| Current Restricted Assets | 5,154,545 | 4,627,257 | 527,288 | 11% | 4,960,557 |
| Capital Assets | <u>21,139,216</u> | <u>21,781,857</u> | <u>(642,641)</u> | -3% | <u>22,075,063</u> |
| Total Assets | <u>26,912,500</u> | <u>27,017,746</u> | <u>(105,246)</u> | 0% | <u>27,712,447</u> |
| Deferred Outflows of Resources | <u>78,557</u> | <u>2,320</u> | <u>76,237</u> | 3286% | <u>643</u> |
| Total Assets and Deferred Outflows | <u>\$ 26,991,057</u> | <u>\$ 27,020,066</u> | <u>\$ (29,009)</u> | 0% | <u>\$ 27,713,090</u> |
| Liabilities: | | | | | |
| Current Liabilities | 45,717 | 607,143 | (561,426) | -92% | 582,970 |
| Non-Current Liabilities | 108,538 | 60,412 | 48,126 | 80% | 43,464 |
| Long Term Debt | <u>9,917,905</u> | <u>10,521,195</u> | <u>(603,290)</u> | -6% | <u>11,111,394</u> |
| Total Liabilities | <u>10,072,160</u> | <u>11,188,750</u> | <u>(1,116,590)</u> | -10% | <u>11,737,828</u> |
| Net Position: | | | | | |
| Invested in Capital Asset | 11,221,311 | 11,260,662 | (39,351) | 0% | 10,963,669 |
| Reserved for Debt Service | 1,850,968 | 1,364,414 | 486,554 | 36% | 1,482,914 |
| Reserved for Capital Improvements | 3,286,340 | 2,685,716 | 600,624 | 22% | 2,909,348 |
| Unrestricted | <u>560,278</u> | <u>520,524</u> | <u>39,754</u> | 8% | <u>604,015</u> |
| Total Net Position | <u>16,918,897</u> | <u>15,831,316</u> | <u>1,087,581</u> | 7% | <u>15,959,946</u> |
| Total Liabilities and Net Position | <u>\$ 26,991,057</u> | <u>\$ 27,020,066</u> | <u>\$ (29,009)</u> | 0% | <u>\$ 27,697,774</u> |

Change in Net Position

As shown in the next table the Authority's operating, non-operating and capital activities increased total net position by \$1,087,581 from FY 2021 and \$945,663 since FY 2020.

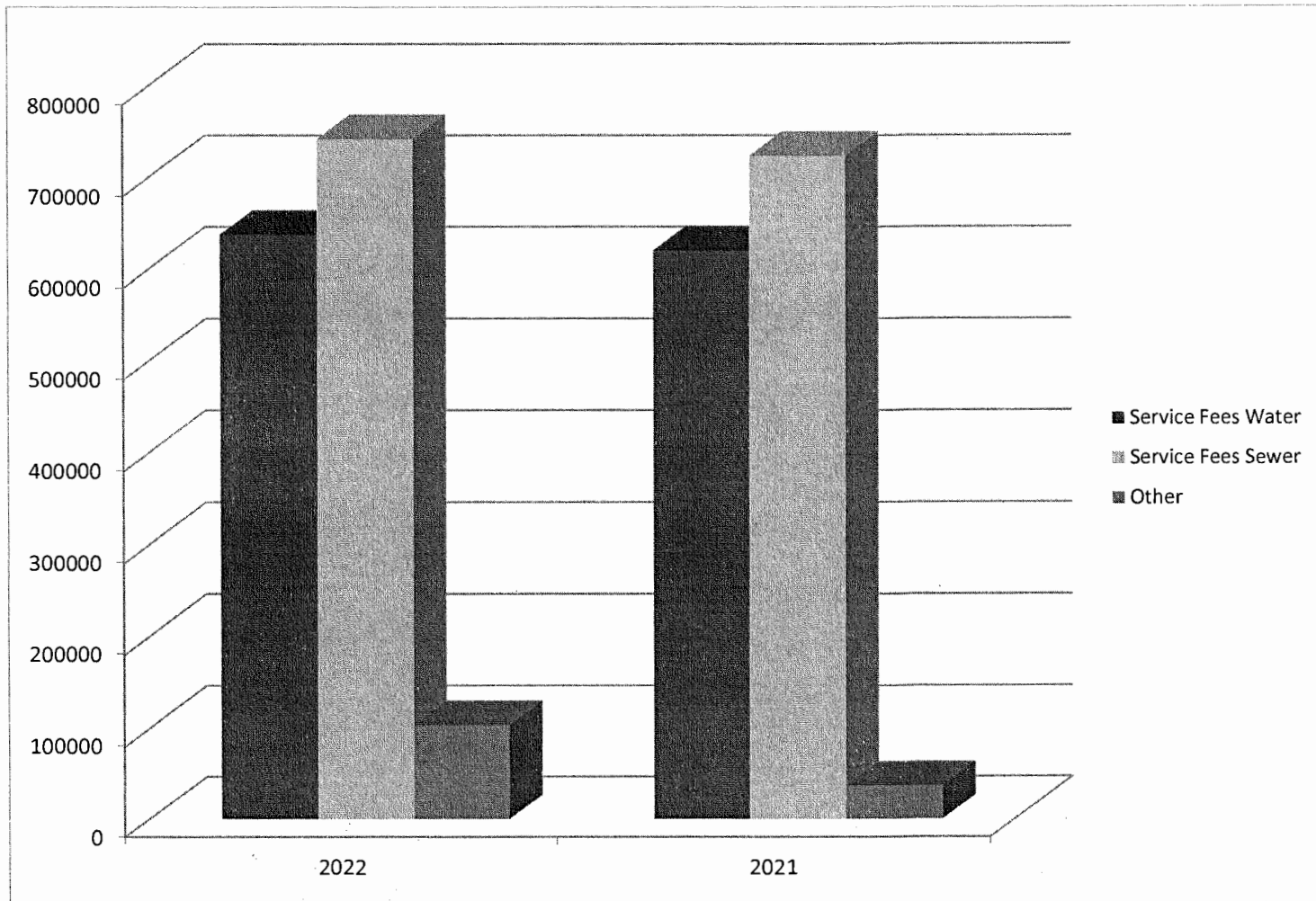
Change in Net Position

| | <u>2022</u> | <u>2021</u> | <u>Difference 2022-2021</u> | <u>Percent Change</u> | <u>Restated 2020</u> |
|------------------------------------|----------------------|----------------------|---------------------------------|---------------------------|--------------------------|
| Operating Revenue: | | | | | |
| Service Fees | \$ 1,381,419 | \$ 1,345,576 | \$ (35,843) | 3% | \$ 1,314,285 |
| Other Operating Revenues | <u>103,963</u> | <u>37,444</u> | <u>(66,519)</u> | 64% | <u>17,942</u> |
| Total Operating Revenues | <u>1,485,382</u> | <u>1,383,020</u> | <u>(102,362)</u> | 7% | <u>1,332,227</u> |
| Operating Expenses: | | | | | |
| Personal Services | 873,812 | 967,300 | 93,488 | -11% | 871,708 |
| Materials and Services | 625,218 | 636,947 | 11,729 | -2% | 547,419 |
| Depreciation and Amortization | <u>1,210,786</u> | <u>1,188,605</u> | <u>(22,181)</u> | 2% | <u>836,507</u> |
| Total Operating Expenses | <u>2,709,816</u> | <u>2,792,852</u> | <u>83,036</u> | -3% | <u>2,255,634</u> |
| Net Income, (Loss) From Operations | (1,224,434) | (1,409,832) | (185,398) | -15% | (923,407) |
| Non-Operating Revenue, (Expenses) | <u>1,695,664</u> | <u>1,281,202</u> | <u>(414,462)</u> | 24% | <u>1,334,584</u> |
| Change in Net Position | 471,230 | (128,630) | (599,860) | 127% | 411,177 |
| Beginning Net Position (Restated) | <u>16,447,667</u> | <u>15,959,946</u> | <u>(487,721)</u> | 3% | <u>15,548,769</u> |
| Ending Net Assets | <u>\$ 16,918,897</u> | <u>\$ 15,831,316</u> | <u>\$ (1,087,581)</u> | 6% | <u>\$ 15,959,946</u> |

Operating Revenues

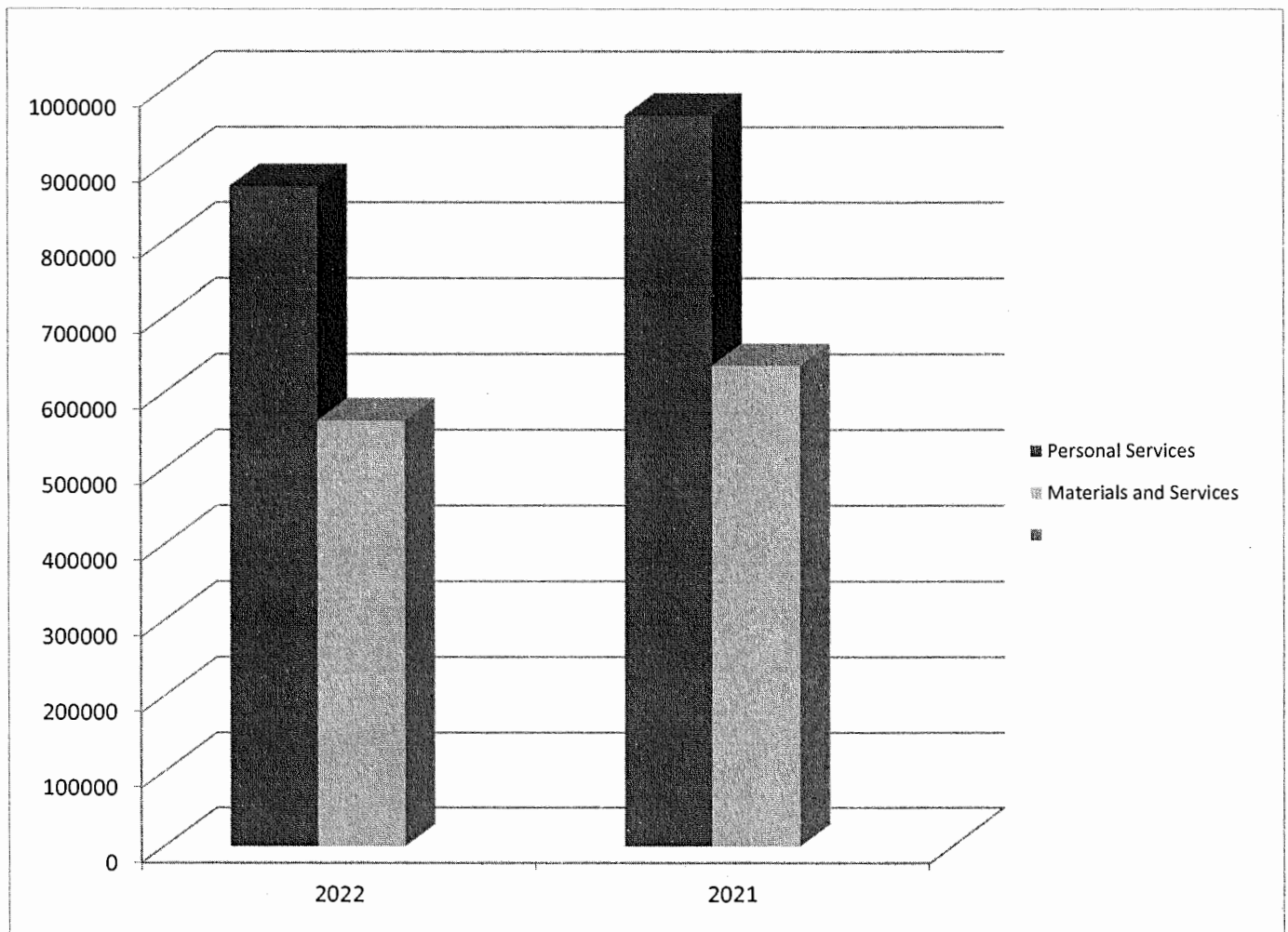
FY 2022 operating revenues increased \$102,362 or about 7% from FY 2021. The Authority sets rates annually and increases are based on cost of service and requirements needed to fund operations and capital improvements.

Other operating revenues are comprised of various miscellaneous fees and charges, including the monthly charge assessed for streetlights electricity, contracts for sludge hauling and laboratory testing, and sewer inspections.



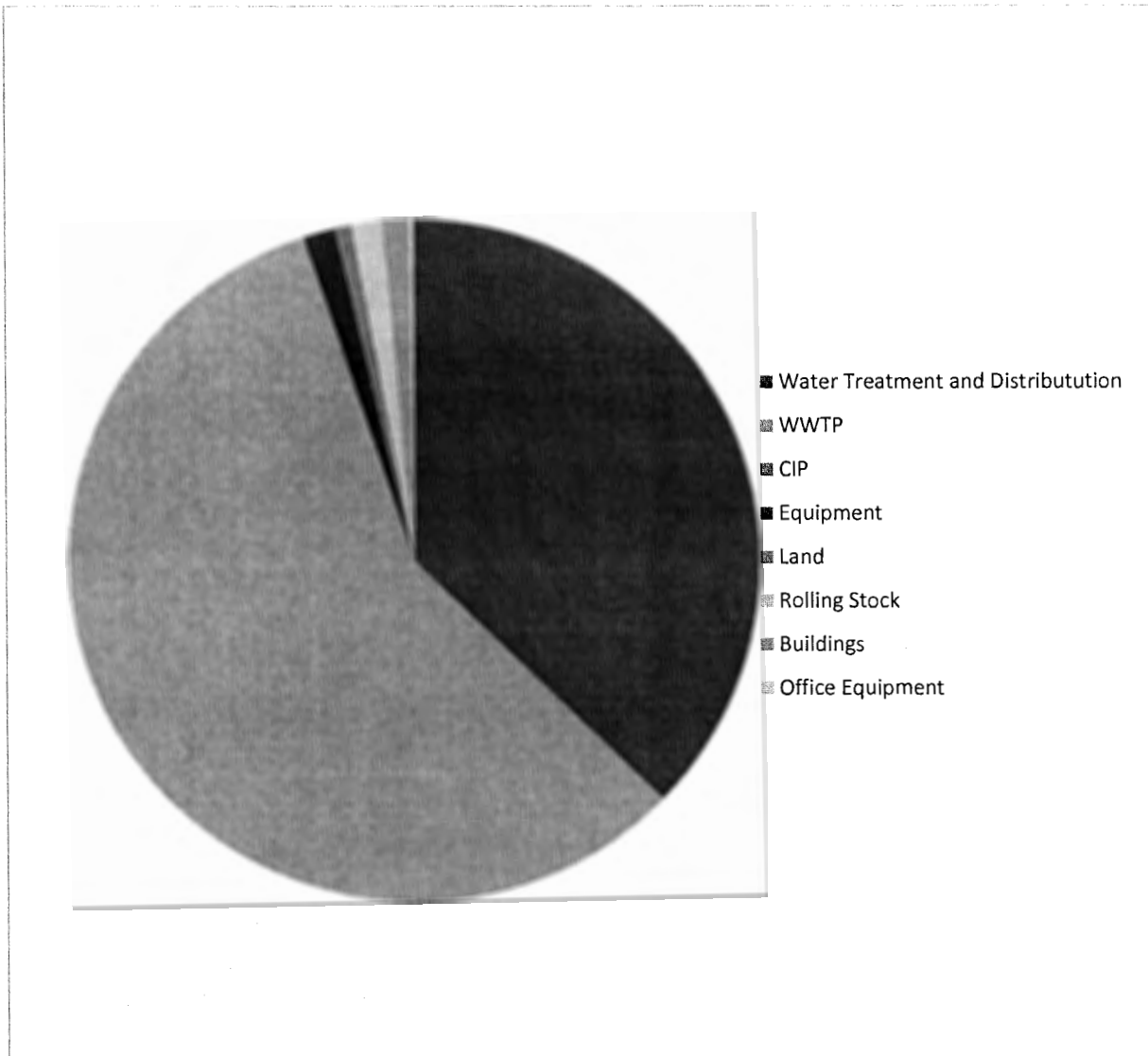
Operating Expenses

In the materials and supplies expenses portion of the budget, the cost of dues and subscriptions, employee training, liability insurance, transportation, and expected supplies were less than projected.



Capital Assets

As of June 30, 2022, the Authority had \$21,139,216 invested in a broad range of capital assets, including land, buildings, water treatment and water distribution systems, wastewater treatment and collection systems, and equipment. These amounts are net of depreciation. See the notes to the financial statements for additional information on capital assets.



Debt Administration

As of June 30, 2022, the Authority owed \$1,749,587 for a General Obligation Bond approved by voters in November 2007, \$103,135 for a line of credit approved in 2014 and \$8,065,183 for revenue financing of the WWPT upgrade.

Economic Factors and Next Year's Budget and Rates

The total amount of appropriations in the 2022-2023 Fiscal Year's budget is as follows:

| | |
|---------------------------------------|-------------------|
| Master Plan Appropriations: | \$ 0 |
| Debt Service Fund Appropriations: | \$ 2,407,143 |
| Water SDC/CIC Fund Appropriations: | \$ 1,957,108 |
| Sewer SDC/CIC Fund Appropriations: | \$ 1,272,391 |
| Water Enterprise Fund Appropriations: | \$ 808,476 |
| Sewer Enterprise Fund Appropriations: | <u>\$ 968,418</u> |
| For a total of | \$ 7,413,536 |

Requests for Information

This financial report is designed to provide a general overview of the Pacific City Joint Water-Sanitary Authority's finances for parties interested in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to John Wesely, Authority Manager P.O. Box 520, Pacific City, OR 97135.

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PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

**STATEMENTS OF NET POSITION
June 30, 2022 and 2021**

| | 2022 | 2021 |
|--|----------------------|----------------------|
| ASSETS: | | |
| Current | | |
| Cash and Equivalents | \$ 382,189 | \$ 409,786 |
| Utility Billing Accounts Receivable | 114,120 | 138,000 |
| Employee Receivable | 24,952 | - |
| Prepaid Expenses | 32,024 | - |
| Materials Inventory | 65,454 | 60,846 |
| Total Current Assets | 618,739 | 608,632 |
| Restricted Assets | | |
| Debt Service Fund | | |
| Cash and Investments | 1,808,150 | 151,129 |
| Accounts Receivable | 28,664 | - |
| Taxes Receivable | 14,167 | 39,571 |
| Master Plans Fund | | |
| Cash and Investments | - | 1,688,572 |
| Utility Billing Accounts Receivable | - | 32,667 |
| Water SDC/CIC Reserve Fund | | |
| Cash and Investments | 2,069,666 | 1,682,705 |
| Utility Billing Accounts Receivable | 4,259 | 5,291 |
| Sewer SDC/CIC Reserve Fund | | |
| Cash and Investments | 1,222,737 | 1,019,184 |
| Utility Billing Accounts Receivable | 6,902 | 8,138 |
| Total Restricted Assets | 5,154,545 | 4,627,257 |
| Non-Current | | |
| Unamortized Bond Issue Costs | | |
| Capital Assets | | |
| Non-Depreciable | 458,169 | 304,404 |
| Depreciable | 38,608,011 | 38,241,344 |
| Less: Accumulated Depreciation | (17,926,964) | (16,763,891) |
| Net Capital Assets | 21,139,216 | 21,781,857 |
| Total Assets | 26,912,500 | 27,017,746 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| OPEB Health Insurance related deferrals | 78,557 | 2,320 |
| TOTAL ASSETS AND RELATED DEFERRALS: | \$ 26,991,057 | \$ 27,020,066 |
| LIABILITIES AND NET POSITION: | | |
| Current Liabilities | | |
| Accounts Payable | \$ 45,717 | \$ 58,082 |
| Retainage Payable | - | 547,525 |
| Payroll Liabilities | - | 1,536 |
| Accrued Compensated Absences | 35,084 | 42,337 |
| Payable from Restricted Assets | | |
| Note, Bonds Payable - Current Portion | 610,957 | 603,290 |
| Total Current Liabilities | 691,758 | 1,252,770 |
| Noncurrent Liabilities | | |
| Other post-employment benefit (OPEB) obligation - Health Insurance | 73,454 | 18,075 |
| Note, Bonds Payable, Less Current Portion | 9,306,948 | 9,917,905 |
| Total Noncurrent Liabilities | 9,380,402 | 9,935,980 |
| Total Liabilities | 10,072,160 | 11,188,750 |
| Net Position | | |
| Net Investment in Capital Assets | 11,221,311 | 11,260,662 |
| Restricted for Debt Service | 1,850,968 | 1,364,414 |
| Restricted for Capital Improvements | 3,286,340 | 2,685,716 |
| Unrestricted | 560,278 | 520,524 |
| Total Net Position | 16,918,897 | 15,831,316 |
| Total Liabilities and Net Position | \$ 26,991,057 | \$ 27,020,066 |

See accompanying notes to basic financial statements.

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

**STATEMENTS OF ACTIVITIES
For the Years ended June 30, 2022 and 2021**

| | 2022 | 2021 |
|---|----------------------|----------------------|
| OPERATING REVENUES: | | |
| Service Fees - Sewer | \$ 742,915 | \$ 724,496 |
| Service Fees - Water | 638,504 | 621,080 |
| Streetlight Assessments | 7,807 | 7,734 |
| Miscellaneous Charges | 7,340 | 2,710 |
| Tap Fees/Inspections | 23,866 | 15,002 |
| Reimbursements | 64,950 | 11,998 |
| | <u>1,485,382</u> | <u>1,383,020</u> |
| OPERATING EXPENDITURES: | | |
| Personnel Services | 873,812 | 967,300 |
| Materials and Services | 625,218 | 636,947 |
| Depreciation | 1,210,786 | 1,188,605 |
| | <u>2,709,816</u> | <u>2,792,852</u> |
| Total Operating Expenses | <u>2,709,816</u> | <u>2,792,852</u> |
| Operating Income (Loss) | <u>(1,224,434)</u> | <u>(1,409,832)</u> |
| NON-OPERATING INCOME (EXPENDITURES): | | |
| Property Taxes | 388,913 | 381,202 |
| Earnings on Investments | (17,278) | 40,039 |
| Grant Proceeds | - | 444,695 |
| System Development Charges | 1,058,412 | 259,844 |
| Capital Improvements Charges | 487,411 | 479,552 |
| Interest Expense on Bonds and Leases | (221,794) | (234,130) |
| Short-Lived Assets | - | (90,000) |
| | <u>1,695,664</u> | <u>1,281,202</u> |
| Total Non-Operating Income | <u>1,695,664</u> | <u>1,281,202</u> |
| Change in Net Position | 471,230 | (128,630) |
| Beginning Net Position (restated for June 30, 2022) | <u>16,447,667</u> | <u>15,959,946</u> |
| Ending Net Position | <u>\$ 16,918,897</u> | <u>\$ 15,831,316</u> |

See accompanying notes to basic financial statements.

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

**STATEMENTS OF CASH FLOWS
For the Years ended June 30, 2022 and 2021**

| | 2022 | 2021 |
|---|----------------|----------------|
| Cash Flows from Operating Activities | | |
| Cash Received from Customers | \$ 1,484,869 | \$ 1,419,289 |
| Cash Paid to Suppliers | (549,321) | (675,615) |
| Cash Paid to Employees | (928,411) | (966,740) |
| Net Cash Provided (Used) by Operating Activities | 7,137 | (223,066) |
| Cash Flows From Investing Activities | | |
| Earnings on Investment | (17,278) | 40,039 |
| Net Cash Provided By Investing Activities | (17,278) | 40,039 |
| Cash Flows from Capital and Related Financing Activities | | |
| Purchase of Capital Assets | (568,145) | (895,399) |
| Purchase of Short-Lived Assets | - | (90,000) |
| Increase in Retainage Payable | - | 61,525 |
| Principal Payments on Long-term Debt (Net) | (603,290) | (590,199) |
| Interest Payments on Long-term Debt | (221,794) | (234,130) |
| Net Cash Used by Capital and Related Financing Activities | (1,393,229) | (1,748,203) |
| Cash Flows From Non-Capital Financing Activities | | |
| Property Tax Contributions/Sale of Assets | 388,913 | 381,202 |
| Grants | - | 444,695 |
| Capital Improvements Charges | 487,411 | 479,552 |
| System Development Fees | 1,058,412 | 259,844 |
| Net Cash Provided By Non-Capital Financing Activities | 1,934,736 | 1,565,293 |
| Net Increase (Decrease) in Cash | 531,366 | (365,937) |
| Cash and Cash Equivalents, Beginning of Year | 4,951,376 | 5,317,313 |
| Cash and Cash Equivalents, End of Year | \$ 5,482,742 | \$ 4,951,376 |
| Detail of Cash: | | |
| Unrestricted | \$ 382,189 | \$ 409,786 |
| Master Plans Fund | - | 1,688,572 |
| Debt Service Fund | 1,808,150 | 151,129 |
| Water SDC/CIC Reserve Fund | 2,069,666 | 1,682,705 |
| Sewer SDC/CIC Reserve Fund | 1,222,737 | 1,019,184 |
| Detail of Cash: Subtotal, End of Year | \$ 5,482,742 | \$ 4,951,376 |
| Cash Paid for Interest | \$ 221,794 | \$ 234,130 |
| Operating Loss | \$ (1,224,434) | \$ (1,409,832) |
| Noncash Items included in Income | | |
| Prior Period Adjustment | 616,351 | - |
| Depreciation Expense & Amortization | 1,210,786 | 1,188,605 |
| Decrease (Increase) In: | | |
| Accounts Receivable | 30,151 | 36,269 |
| Employee Receivable | (24,952) | - |
| Taxes Receivable | 25,404 | - |
| Prepays | (32,024) | - |
| Materials Inventory | (4,608) | (711) |
| Increase (Decrease) In: | | |
| Accounts Payable | (12,365) | (37,957) |
| Retainage Payable | (547,525) | - |
| Payroll Liabilities | (22,394) | 1,687 |
| Accrued Compensated Absences | (7,253) | (1,127) |
| Net Cash Provided By Operation | \$ 7,137 | \$ (223,066) |

See accompanying notes to basic financial statements.

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**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

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**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. 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 accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

Pacific City Joint Water-Sanitary Authority (the Authority), is a Municipal Corporation formed by the Tillamook County Board of Commissioners on July 1, 1998, under Oregon Revised Statutes Chapters 450 and 198. The Authority thereupon assumed the fixed assets, liabilities and fund balances of the Pacific City Water District and the Pacific City Sanitary District, both of which were legally and permanently dissolved at midnight on June 30, 1998.

The water system is comprised of approximately 30 miles of waterlines, three reservoirs with a total capacity of one million gallons of storage, a surface water source and six wells for emergency needs. The sewer system is comprised of a wastewater treatment plant that consists of: headworks; blowers; generator; tertiary filtration; and eight concrete holding tanks for flow equalizing, aerating, digesting, clarifying and ultra violet disinfecting. The sewerage collection interceptor system includes approximately 20 miles of sewer line, and nine lift stations.

All of the organizations (a.k.a. component units) for which the Authority is financially accountable have been considered for inclusion in the basic financial statements. Component units as established by the Governmental Accounting Standards Board (GASB) Statement 61 are separate organizations that are included in the basic financial statements because of the significance of their operational financial relationships with the Authority. Financial accountability may be evidenced by an entity's ability to appoint the voting majority of the governing bodies of the organizations, and is either able to impose its will on those organizations, or there is a potential for the organizations to either provide specific financial benefits or impose specific burdens on the entity, or there is a fiscal dependency or intergovernmental relationship so close that exclusion of those organizations from the basic financial statements of the entity would render them incomplete or misleading. There are no component units.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounting records are maintained on a fund accounting basis for budgetary and legal purposes. For financial reporting purposes, the financial statements are presented as a single enterprise operation in the Basic financial statements. Financial operations are accounted for in the following budgetary funds:

Enterprise Funds – These funds (water and wastewater) account for general operating revenues and expenditures. The funds' principal source of revenue is water and wastewater service user fees and other miscellaneous charges.

Master Plan Fund – This fund accounts for the resources and expenditures related to the Master Plans Fund. The principal source of revenue is Revenue Bonds. This fund was closed effective July 1, 2021 and its fund balance was transferred to the Debt Service Fund

Debt Service Fund – This fund accounts for the resources and expenditures related to payment of the Authority's General Obligation (GO) Bonds. The principal source of revenue is property taxes.

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION - FUND ACCOUNTING (CONTINUED)

Water SDC/CIC Reserve Fund – This fund accounts for water system projects and fixed asset purchases funded by system development charges (SDC) and capital improvement charges (CIC).

Sewer SDC/CIC Reserve Fund – This fund accounts for sewer system projects and fixed asset purchases funded by system development charges (SDC) and capital improvement charges (CIC).

C. BASIS OF ACCOUNTING

The government-wide basic financial statements are prepared on the accrual basis of accounting using the “economic resources” measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when liabilities are incurred, regardless of the timing of the related cash flows. Accordingly, all assets and liabilities are reflected within the Statement of Net Position with the equity section representing “total net position”.

Governmental fund basic financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. All revenues reported in the governmental funds are considered to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

Enterprise or proprietary fund basic financial statements distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund’s principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses that do not meet this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the policy to use restricted resources first, then unrestricted resources as they are needed. Enterprise activities are also known as business-type activities and are prepared on the accrual basis of accounting using the “economic resources” measurement focus.

D. BUDGET

A budget is prepared and legally adopted for each fund on the modified accrual basis of accounting in the main program categories required by Oregon Local Budget Law. The budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for the following:

- Property taxes receivable are accrued;
- Prepaid items are expensed when used rather than purchased;
- Inventory is expensed when used rather than purchased
- Capital outlay is recorded as expenses;
- Depreciation is not a budgeted expense;
- Interest, principal and bond issue costs on long-term debt are recorded as an expense when paid;

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Vested compensated absences are recorded as expenses only to the extent they are expected to be liquidated with expendable available financial resources;
- OPEB liabilities are not budgeted as expenses.

D. BUDGET (CONTINUED)

The budget process each fiscal year begins with the establishment of a budget committee. Generally, recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are usually published in early spring with a public hearing being held approximately three weeks later. The Board of Directors may amend the budget prior to adoption – however, budgeted expenditures for each fund may not be increased by more than ten percent (10%) without specific alternative procedures. The budget is adopted and appropriations are made for the new fiscal year no later than June 30th of the preceding fiscal year.

The expenditure budget for the Enterprise Funds (104 Sanitary Sewer) and (105 Water) are appropriated at the following levels:

- Personal Services
- Materials and Services
- Interfund Transfers
- Contingency

The expenditure for the Master Plans Fund (002) is appropriated at the following

- Material & Services
- Capital Outlay
- Debt Service

The expenditure budget for the Bonded Debt Fund (003) is appropriated at the following level:

- Debt Service: principal; interest; fees

The expenditure budgets for the Capital Funds 004 (Sanitary Sewer) and 005 (Water) are appropriated at the following levels:

- Debt Service
- Materials & Services
- Capital Outlay

Expenditures of the various funds were within authorized appropriations.

E. PROPERTY TAXES RECEIVABLE

Ad valorem property taxes are levied and become a lien on all taxable property as of July 1. Property taxes are payable on November 15. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are shown in the Statement of Net Position. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. INVENTORIES AND PREPAID EXPENSES

Inventories consisting of operating materials and supplies are reported at cost using the weighted average cost-pricing method, and increased when purchases are made and reduced when used for operations.

Prepaid expenses consist of business insurance policies with coverage dates that span multiple fiscal years.

G. CAPITAL ASSETS

Purchased capital assets are stated at cost where historical records are available and at estimated historical cost where no historical records exist. Maintenance and repairs are expensed as incurred. Replacements that improve or extend the lives of property are capitalized. Donated capital assets are stated at estimated fair value at the date of donation. Gains or losses realized from the sale of fixed assets are reflected in the statement of operations. Capital assets are defined as all individually purchased items and rehabilitation projects with an initial cost of \$10,000 or more, and an estimated useful life greater than one year. Depreciation of fixed assets has been recognized and reflected in the basic financial statements and is calculated using the straight-line method based upon the following estimated useful lives of the assets:

| | |
|---------------------------|----------------|
| Utility Plant and Systems | 33 to 50 years |
| Operations Equipment | 5 to 10 years |
| Office Equipment | 3 to 5 years |

H. COMPENSATED ABSENCES

Accumulated employee vacation leave is recorded as a liability and as an expense as the benefits accrue. Sick pay benefits are not recorded in the basic financial statements since they are not paid upon termination (non-vesting).

I. RETIREMENT PLANS

Employees participate in an IRC section 457 deferred compensation plan. Contributions to the plan are made on a current basis as required by the plan and are charged to expense as incurred. This is more fully discussed in Note 5.

J. CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, all highly liquid investments with an original maturity of three months or less when purchased and all amounts in pooled accounts are considered to be cash equivalents.

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

K. ESTIMATES

The preparation of the basic 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. OPERATING REVENUES AND EXPENSES

Enterprise, or proprietary, funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are water and sewer service user fees and miscellaneous charges. Water and sewer service revenues are recorded when the monthly utility billings are generated.

Operating expenses for the enterprise fund, which includes the cost of sales and services and administrative expenses, are recorded when expenditures are made. Depreciation of capital assets is recorded at the end of each fiscal year as an operating expense. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

M. RESTRICTED ASSETS

Certain assets have been restricted for specified purposes as required by Oregon Revised Statutes or bond indentures.

N. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair values, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

The cash management policies are governed by state statutes. Statutes authorized investments in bankers 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.

Cash and Investments (at fair value) at June 30, 2022 and 2021 consisted of:

| | 2022 | 2021 |
|---|--------------|--------------|
| Deposits with Financial Institutions | | |
| Petty Cash | \$ 300 | \$ 300 |
| Demand Deposits | 980,770 | 207,530 |
| Investments | 4,501,672 | 4,743,546 |
| Total Cash & Investments | \$ 5,482,742 | \$ 4,951,376 |
| Reported on Statement of Net Position as: | | |
| Current Cash and Equivalents | \$ 382,189 | \$ 409,786 |
| Restricted Master Plan Fund | - | 1,688,572 |
| Restricted Debt Service Cash | 1,808,150 | 151,129 |
| Restricted Water SDC/CIC Cash | 2,069,666 | 1,682,705 |
| Restricted Sewer SDC/CIC Cash | 1,222,737 | 1,019,184 |
| Total Cash & Investments | \$ 5,482,742 | \$ 4,951,376 |

Deposits with Financial Institutions

Deposits with financial institutions include bank demand deposits and certificates of deposit. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, deposits may not be returned. The total bank balance per the bank statements as of June 30, 2022 is \$1,057,425, of which \$250,006 was covered by federal depository insurance, and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP).

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a counterparty, the Authority will not be able to recover the value of its deposits that are in the possession of an outside party. At June 30, 2022, there was no exposure to custodial credit risk.

INVESTMENTS:

Investments are categorized as follows: (1) Insured or for which securities are held by us or our agent, (2) Uninsured for which the securities are held by the bank's trust department or agent in our name or (3) Uninsured for which securities are held by the bank in the bank or by its agent. The investments at year-end could not be placed in one of the three categories.

PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

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, 2022, the fair value of the position in the LGIP is 98.98% 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 Authority booked a fair market value loss of \$46,390, for the difference between the pool fair market value and the book value. The audited financial reports of the Oregon Short Term Fund can be found at:

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

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Oregon State Treasurer's Local Government Investment Pool, Variable Interest Rate | <u>\$ 4,501,672</u> | <u>\$ 4,743,546</u> |

Interest Rate Risk - Investments

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. There are no investments held that have a maturity date beyond 3 months.

Credit Risk – Investments

Oregon Revised Statutes do 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

At June 30, 2022, all of the investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

3. ACCOUNTS RECEIVABLE

Utility Billing (UB) Accounts Receivable represents earned but uncollected user fees and charges. Delinquent UB receivables follow the property to which the service was provided. Renters or lessees are not billed for services, only the property owners. If any UB account is not paid within a 30-day period from the time the notice of delinquency is issued by office staff, a \$100 lock-off fee is assessed against the delinquent account and the water meter is turned off and padlocked until the account balance is paid in full. Therefore, management has not established an allowance for bad debts.

Employee Receivable represents benefits provided to employees which must be refunded or repaid back to the Authority.

4. CHANGES IN CAPITAL ASSETS

The changes in Capital Assets for the year ended June 30, 2022 are summarized below:

| | Balance 7/1/2021 | Adjustments | Additions | (Deletions) | Balance 6/30/2022 |
|--|----------------------|----------------|------------------|-----------------|----------------------|
| Capital Assets Not Being Depreciated | | | | | |
| Land & Land Improvements | \$ 304,404 | \$ - | \$ - | \$ - | \$ 304,404 |
| Construction in Process | - | - | 153,765 | - | 153,765 |
| Total Capital Assets Not Depreciated | <u>304,404</u> | <u>-</u> | <u>153,765</u> | <u>-</u> | <u>458,169</u> |
| Capital Assets Being Depreciated | | | | | |
| Vehicles and Equipment | 1,033,863 | 7,314 | 271,564 | (47,713) | 1,265,028 |
| Buildings & Improvements | 378,696 | - | 90,569 | - | 469,265 |
| Water Distribution Systems | 14,499,048 # | - | - | - | 14,499,048 |
| WW Treatment & Collections Systems | 22,329,737 | - | 44,933 | - | 22,374,670 |
| Total Capital Assets Being Depreciated | <u>38,241,344</u> | <u>7,314</u> | <u>407,066</u> | <u>(47,713)</u> | <u>38,608,011</u> |
| Accumulated Depreciation | | | | | |
| Vehicles and Equipment | 954,101 | 828 | 63,863 | (47,713) | 971,079 |
| Buildings & Improvements | 158,921 | (5,442) | 15,643 | - | 169,122 |
| Water Distribution Systems | 7,896,073 | - | 471,848 | - | 8,367,921 |
| WW Treatment & Collections Systems | 7,754,796 | - | 664,046 | - | 8,418,842 |
| Total Accumulated Depreciation | <u>16,763,891</u> | <u>(4,614)</u> | <u>1,215,400</u> | <u>(47,713)</u> | <u>17,926,964</u> |
| Total Net Capital Assets | <u>\$ 21,781,857</u> | | | | <u>\$ 21,139,216</u> |

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

4. CHANGES IN CAPITAL ASSETS (CONTINUED)

The changes in Capital Assets for the year ended June 30, 2021 are summarized below:

| | Balance 7/1/2020 | Adjustments | Additions | (Deletions) | Balance 6/30/2021 |
|--|----------------------|--------------------|------------------|----------------|----------------------|
| Capital Assets Not Being Depreciated | | | | | |
| Land & Land Improvements | \$ 304,404 | \$ - | \$ - | \$ - | \$ 304,404 |
| Construction in Process | 9,547,315 | (9,547,315) | - | - | - |
| Total Capital Assets Not Depreciated | <u>9,851,719</u> | <u>(9,547,315)</u> | <u>-</u> | <u>-</u> | <u>304,404</u> |
| Capital Assets Being Depreciated | | | | | |
| Vehicles and Equipment | 994,593 | - | 46,270 | (7,000) | 1,033,863 |
| Buildings & Improvements | 342,303 | - | 36,393 | - | 378,696 |
| Water Distribution Systems | 14,144,443 | - | 354,605 | - | 14,499,048 |
| WW Treatment & Collections Systems | 12,324,291 | 9,547,315 | 458,131 | - | 22,329,737 |
| Total Capital Assets Being Depreciated | <u>27,805,630</u> | <u>9,547,315</u> | <u>895,399</u> | <u>(7,000)</u> | <u>38,241,344</u> |
| Accumulated Depreciation | | | | | |
| Vehicles and Equipment | 919,516 | - | 41,585 | (7,000) | 954,101 |
| Buildings & Improvements | 146,297 | - | 12,624 | - | 158,921 |
| Water Distribution Systems | 7,424,225 | - | 471,848 | - | 7,896,073 |
| WW Treatment & Collections Systems | 7,092,248 | - | 662,548 | - | 7,754,796 |
| Total Accumulated Depreciation | <u>15,582,286</u> | <u>-</u> | <u>1,188,605</u> | <u>(7,000)</u> | <u>16,763,891</u> |
| Total Net Capital Assets | <u>\$ 22,075,063</u> | | | | <u>\$ 21,781,857</u> |

5. DEFERRED COMPENSATION

The Authority does not participate the Oregon Public Employees Retirement Fund, which is a cost-sharing multiple employer defined benefit pension plan administered by the Oregon Public Employees Retirement System (PERS). In lieu, a deferred compensation plan has been made available to employees wherein they may execute an individual agreement for amounts earned by them to not be paid until a future date when certain circumstances are met. Additionally, employee contributions are matched up to 10% of their budgeted salary per year, Manager's contributions are matched up to 14.5% of their budgeted salary per year. The circumstances for withdrawal of contributions are: death, disability, resignation or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. All amounts of compensation deferred under the plan are held in trust by a separate plan administrator for the sole benefit of the participants. Therefore, these funds are not reflected in the financial statements. The contributions to the plan for the years ended June 30, 2022, 2021, and 2020 were \$58,881, \$44,631, and \$34,668, respectively, and were equal to the required contributions for each year for the District.

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFIT PLAN (HEALTH CARE)

Post-Employment Health Care Benefits

Plan Description:

The Authority maintains a single employer retiree benefit plan that provides post-employment health, dental, vision and life insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. Benefits and eligibility for members are established through the collective bargaining agreements. The plan does not issue separate basic financial statements.

The Authority's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contribution.

The Authority reports Other Postemployment Benefits under GASB Statement No. 75. This allows the Authority to report its liability for other post-employment benefits consistent with established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the basic financial statements.

Annual OPEB Cost and Total OPEB Liability – The annual other postemployment benefit (OPEB) cost is calculated based on the Total OPEB Liability, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. For detailed information and a table showing the components of the Authority's annual OPEB costs and liabilities, see page 22.

Total Other Post Employment Benefit Liability

The Authority's total pension liability and total other post-employment benefits were determined by an actuarial valuation as of July 1, 2019 and measured as of June 30, 2020 and June 30, 2021 as well as an actuarial valuation as of July 1, 2021 and measured as of June 30, 2022 and June 30, 2023.

Actuarial Methods and Assumptions - The total other post-employment benefit liability in the July 1, 2021 actuarial valuation was calculated based on the discount rate and actuarial assumptions below, and was then projected forward/backward to the measurement date. Discount Rate 3.5%, Inflation 2.40%, Salary Increases 3.4%, and Actuarial Cost Method is Entry Age Normal Level Percent of Pay. The annual premium increase was assumed to fluctuate between 5% to 6.6% until 2038 in accordance with the Society of Actuaries – Getzen Long Term Healthcare Trends Resource Model, updated 2017. Mortality rates are based on RP 2014, Employee/Healthy Annuitant, sex distinct, generational. Turnover, Disability and Retirement rate assumptions are based off the valuation of benefits under Oregon PERS.

The total other post-employment benefit liability in the July 1, 2019 actuarial valuation was calculated based on the discount rate and actuarial assumptions below, and was then projected forward/backward to the measurement date. Discount Rate 3.5%, Inflation 2.50%, Salary Increases 3.5%, and Actuarial Cost Method is Entry Age Normal Level Percent of Pay. The annual premium increase was assumed to fluctuate between 5% to 6.6% until 2038 in accordance with the Society of Actuaries – Getzen Long Term Healthcare Trends Resource Model, updated 2017. Mortality rates are based on RP 2014, Employee/Healthy Annuitant, sex distinct, generational. Turnover, Disability and Retirement rate assumptions are based off the valuation of benefits under Oregon PERS.

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFIT PLAN (HEALTH CARE) (CONTINUED)

Changes since Prior Valuation

Discount rates were updated to reflect the requirement of GASB 75 as well as economic conditions as of the measurement dates. Expected Claims and Premiums were updated to reflect changes in available benefits and premium levels. Expected retiree and dependent costs were updated to reflect current health cost guidelines. Health care cost trends were revised to reflect recent economic conditions, and is based on a model circulated by the Society of Actuaries. Mortality, retirement, and withdrawal rates were updated to reflect assumptions used in the Oregon PERS December 31, 2020 Actuarial Valuation. General inflation and annual salary increases were updated to reflect assumptions used in the Oregon December 31, 2020 Actuarial Valuation.

Changes in the Net Other Post-Employment Benefit Liability

| | | Increase (Decrease) Total OPEB Liability |
|---|----|---|
| Balance as of June 30, 2020 | \$ | 15,316 |
| Changes for the year: | | |
| Service cost | | 1,714 |
| Interest on total OPEB liability | | 589 |
| Effect of changes to benefit terms | | - |
| Effect of economic/demographic gain or losse: | | - |
| Effect of assumptions changes or inputs | | 842 |
| Benefit payments | | <u>(386)</u> |
| Balance as of June 30, 2021 | | <u>18,075</u> |
| | | |
| | | Increase (Decrease) Total OPEB Liability |
| Balance as of June 30, 2021 | \$ | 18,075 |
| Changes for the year: | | |
| Service cost | | 2,017 |
| Interest on total OPEB liability | | 429 |
| Effect of changes to benefit terms | | - |
| Effect of economic/demographic gain or losse: | | 29,855 |
| Effect of assumptions changes or inputs | | 24,441 |
| Benefit payments | | <u>(1,363)</u> |
| Balance as of June 30, 2022 | | <u>73,454</u> |

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFIT PLAN (HEALTH CARE) (CONTINUED)

Sensitivity of the Total Post-Employment Benefit Liability to changes in the discount and trend rates

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|----------------|--------------------------|----------------|
| Total OPEB Liability, as of June 30, 2021 | 18,981 | 18,075 | 17,191 |
| Total OPEB Liability, as of June 30, 2022 | 75,776 | 73,454 | 71,280 |

| | 1% Decrease | Current Trend Rate | 1% Increase |
|---|----------------|-----------------------|----------------|
| Total OPEB Liability, as of June 30, 2021 | 16,596 | 18,075 | 19,775 |
| Total OPEB Liability, as of June 30, 2022 | 70,734 | 73,454 | 76,713 |

As of June 30, 2021 Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Benefits will be as follows:

| | Deferred Inflows of Resources | Deferred Outflows of Resources |
|--|----------------------------------|-----------------------------------|
| Differences between expected and actual experience | \$ - | \$ - |
| Changes of assumptions or inputs | - | 957 |
| Subtotal amortized deferral | - | 957 |
| Benefit payments | - | 1,363 |
| Deferred (inflow) outflow of resources | \$ - | \$ 2,320 |

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability in the fiscal year ended June 30, 2022.

Subtotal amounts related to OPEB as deferred outflows of resources, \$2,320, and deferred inflows of resources (\$0) net to \$2,320, and will be recognized in pension expense as follows:

| Year ending June 30, | Amount |
|----------------------|--------|
| 2022 | \$ 142 |
| 2023 | 142 |
| 2024 | 142 |
| 2025 | 142 |
| 2026 | 142 |
| Thereafter | 247 |
| Total | \$ 957 |

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFIT PLAN (HEALTH CARE) (CONTINUED)

As of June 30, 2022 Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Benefits will be as follows:

| | Deferred Inflows of Resources | Deferred Outflows of Resources |
|--|----------------------------------|-----------------------------------|
| Differences between expected and actual experience | \$ - | \$ 26,383 |
| Changes of assumptions or inputs | - | 22,414 |
| Subtotal amortized deferral | - | 48,797 |
| Benefit payments | - | 29,760 |
| Deferred (inflow) outflow of resources | \$ - | \$ 78,557 |

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability in the fiscal year ended June 30, 2023.

Subtotal amounts related to OPEB as deferred outflows of resources, \$78,557, and deferred inflows of resources (\$0) net to \$78,557, and will be recognized in pension expense as follows:

| Year ending June 30, | Amount |
|----------------------|-----------|
| 2023 | \$ 6,456 |
| 2024 | 6,456 |
| 2025 | 6,456 |
| 2026 | 6,456 |
| 2027 | 6,456 |
| Thereafter | 16,517 |
| Total | \$ 48,797 |

As of the July 1, 2021 valuation date, the following employees were covered by the benefit terms:

| Number of Members | |
|--------------------------|----|
| Active | 8 |
| Retired | 2 |
| Total | 10 |

7. LONG-TERM OBLIGATIONS

In 2017, the Authority refinanced General Obligation Bonds issued in 2007 with a new General Obligation Bond of \$3,324,464, with interest of 2.10%. The Bond will mature in 2027.

On June 21, 2019, the Authority took on debt in the form of a Revenue Bond Payable to the Rural Development United States Department of Agriculture (RDUSDA) for \$8,710,000 with interest of 2.12% for Waste Water Improvement Construction. This Bond will mature in 2049.

On January 1, 2014, the Authority secured a loan in the amount of \$500,935 from the TLC Federal Credit Union with an interest rate of 1.75% and a term of 10 years.

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM OBLIGATIONS (CONTINUED)

A significant provision and/or assets pledged applicable to the Wastewater Revenue Bond is noted in the following: All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the Construction Account at any one time. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.

The RDUSDA loan required an annual deposit to a debt service reserve of \$39,570 for the first ten years of the loan term or until the debt service reserve for the loan equals \$395,696. As of June 30, 2022 the debt service reserve for the loan was fully funded. The loan's debt service reserve is for emergencies and is not to be used without prior approval from the RDUSDA. The loan's debt service reserve balance is included in the amount presented as Restricted Assets - Cash and Investments of the Debt Service Fund on the Statement of Net Position.

The RDUSDA loan also requires a short-lived asset reserve that is funded by wastewater program operating revenues which are derived from user rates. The RDUSDA requires funding the reserve with an annual deposit of \$89,609 to the reserve. For the year ended June 30, 2022 the Wastewater Enterprise Fund's net operating revenues were not sufficient to make the required deposit as evidenced by no transfer from the operating fund to the Sewer SDC/CIC Fund. The short-lived asset reserve funds may be used without prior approval from the RDUSDA as long as it is spent on wastewater assets that need to be replaced or repaired. During the year ended June 30, 2022 there was \$36,132 spent on short-lived assets. As of June 30, 2022 the short-lived asset reserve balance was \$151,525. The loan's short-lived asset replacement reserve is included in the amount presented as Restricted Assets - Cash and Investments of the Sewer SDC/CIC Reserve Fund on the Statement of Net Position.

General Obligation Bonds and Loans:

| Issue Date | Interest Rates | Original Issue | Outstanding 7/1/21 | Issued | Matured and Redeemed | Outstanding 6/30/22 |
|----------------------------|----------------|----------------|---------------------|----------------------------|----------------------|---------------------|
| GO Refund Bond 2017 | 2.10% | 3,324,464 | 2,080,515 | - | 330,928 | 1,749,587 |
| TLC Credit Union Note 2014 | 1.75% | 500,935 | 155,854 | - | 52,719 | 103,135 |
| Subtotal | | | 2,236,369 | - | 383,647 | 1,852,722 |
| USDA Loan | | | | | | |
| Wastewater Revenue Bond | 2.12% | 8,710,000 | 8,284,826 | - | 219,643 | 8,065,183 |
| | | | <u>\$10,521,195</u> | <u>\$ -</u> | <u>\$ 603,290</u> | <u>\$ 9,917,905</u> |
| | | | | | | Due Within One Year |
| | | | | Issue Date | | |
| | | | | GO Refund Bond 2017 | | 332,998 |
| | | | | TLC Credit Union Note 2014 | | 53,648 |
| | | | | Subtotal | | 386,646 |
| | | | | USDA Loan | | |
| | | | | Wastewater Revenue Bond | | 224,311 |
| | | | | | | <u>\$ 610,957</u> |

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM OBLIGATIONS (CONTINUED)

Principal and Interest Streams for Long-Term Obligations:

| For the Fiscal Year Ended June: | Principal | Interest | Total |
|---------------------------------------|---------------------|---------------------|----------------------|
| 2023 | 610,957 | 209,511 | 820,468 |
| 2024 | 622,259 | 197,264 | 819,523 |
| 2025 | 583,514 | 184,281 | 767,795 |
| 2026 | 598,306 | 171,969 | 770,275 |
| 2027 | 607,445 | 159,345 | 766,790 |
| 2026-2031 | 1,299,150 | 679,330 | 1,978,480 |
| 2032-2036 | 1,443,672 | 534,808 | 1,978,480 |
| 2037-2041 | 1,603,788 | 374,692 | 1,978,480 |
| 2042-2046 | 1,781,667 | 196,813 | 1,978,480 |
| 2047-2049 | 767,147 | 24,588 | 791,735 |
| Total | <u>\$ 9,917,905</u> | <u>\$ 2,732,601</u> | <u>\$ 12,650,506</u> |

8. RISK MANAGEMENT

There is exposure to various risks of loss during the usual course of business. To mitigate the risk of loss, insurance policies have been purchased from Special Districts Association of Oregon, Old Republic Surety, and Inland Marine. There have been no significant changes in coverage nor have any settlements exceeded insurance coverage in the past three fiscal years.

9. COMPENSATED ABSENCES

Activity for compensated absences, all of which are considered due within one year, for the year ended June 30, 2022 as follows:

| | | |
|-----------------------|-----------|---------------|
| Balance July 1, 2021 | \$ | 42,337 |
| Additions | | 37,060 |
| Deletions | | (44,313) |
| Balance June 30, 2022 | <u>\$</u> | <u>35,084</u> |

Activity for compensated absences, all of which are considered due within one year, for the year ended June 30, 2021 as follows:

| | | |
|-----------------------|-----------|---------------|
| Balance July 1, 2020 | \$ | 43,464 |
| Additions | | 42,696 |
| Deletions | | (43,823) |
| Balance June 30, 2021 | <u>\$</u> | <u>42,337</u> |

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

10. COMMITMENTS AND CONTINGENCIES

The COVID-19 outbreak in the United States has caused substantial disruption to business and local governments due to mandated and voluntary suspension of operations and stay at home orders. There is considerable uncertainty around the duration of the outbreak and the long-term impact to the overall economy. The ultimate impact on the Authority's finances is not determinable.

11. TAX ABATEMENTS

As of June 30, 2022, the Authority 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 basic financial statements, there were no material abatements disclosed by the county for the year ended June 30, 2022 for any program covered under GASB 77.

12. RESTATEMENT

A prior period adjustment was recorded in the budgetary statements to correct beginning fund balance for the year ended June 30, 2022.

| | |
|---|---------------------|
| Beginning Fund Balance - Beginning as previously reported | \$ 4,567,900 |
| Water Enterprise Fund | 50,877 |
| Wastewater Enterprise Fund | 41,993 |
| Debt Service Fund | 523,481 |
| Ending Fund Balance - Beginning as restated | <u>\$ 5,184,251</u> |

This prior period adjustment resulted in a \$616,351 increase to the Schedule of Revenues, Expenditures and Changes in Fund Balance as well as the Actual and Budget basic financial statements. This prior period adjustment also resulted in a \$616,351 increase to the Statements of Net Position and Statements of Activities.

| | |
|--|----------------------|
| Net Position - Beginning as previously reported | \$ 15,831,316 |
| To correct retainage payable, property tax receivable, and prepaid expense for the year ended June 30, 2021 | 616,351 |
| Net Position - Beginning as restated | <u>\$ 16,447,667</u> |

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

REQUIRED SUPPLEMENTARY INFORMATION

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PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OR
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
 OTHER POST EMPLOYMENT BENEFITS
 June 30, 2022

**OPEB: (HEALTH INSURANCE)
 SCHEDULE OF FUNDING PROGRESS**

| Year Ended June, 30 | OPEB Liability Beginning of Year | Total Other Changes | Benefit Payments | OPEB Liability End of Year | Estimated Covered Payroll | Net OPEB Liability as a % of Covered Payroll |
|---------------------------|--|---------------------------|---------------------|----------------------------------|---------------------------------|--|
| 2022 | \$ 18,075 | \$ 56,742 | \$ (1,363) | \$ 73,454 | \$ N/A * | N/A * |
| 2021 | 15,316 | 3,145 | (386) | 18,075 | N/A | N/A |
| 2020 | 13,288 | 2,394 | (366) | 15,316 | N/A | N/A |

Other Changes for the Year

| Year Ended June, 30 | Service Cost | Liability Interest | Changes of Benefit Terms | Differences Expected vs. Actual | Changes of Assumptions | Total Other Changes |
|---------------------------|-----------------|-----------------------|-----------------------------|---------------------------------------|------------------------------|---------------------------|
| 2022 | \$ 2,017 | \$ 429 | - | \$ 29,855 | \$ 24,441 | \$ 56,742 |
| 2021 | 1,714 | 589 | - | - | 842 | 3,145 |
| 2020 | 1,533 | 567 | - | - | 294 | 2,394 |

The above table presents the most recent calculation of the post-retirement health insurance under GASB 75 and it provides information about the total plan unfunded liability. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

* Information not available

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PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON

SUPPLEMENTARY INFORMATION

(Individual Fund and Other Financial Schedules)

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**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

**COMBINING BALANCE SHEET - ALL FUNDS (BUDGETARY BASIS)
June 30, 2022**

| | WATER ENTERPRISE FUND | WASTEWATER ENTERPRISE FUND | MASTER PLAN FUND | DEBT SERVICE FUND | WATER SDC/CIC RESERVE FUND | SEWER SDC/CIC RESERVE FUND | TOTAL |
|--|-----------------------------|----------------------------------|------------------------|-------------------------|-------------------------------------|-------------------------------------|---------------------|
| ASSETS: | | | | | | | |
| Cash and Investments | \$ 121,392 | \$ 260,797 | \$ - | \$ 1,808,150 | \$ 2,069,666 | \$ 1,222,737 | 5,482,742 |
| Accounts Receivable | 53,568 | 60,552 | - | 28,664 | 4,259 | 6,902 | 153,945 |
| Employee Receivable | 12,476 | 12,476 | - | - | - | - | 24,952 |
| Taxes Receivable | - | - | - | 14,167 | - | - | 14,167 |
| Prepaid | 16,012 | 16,012 | - | - | - | - | 32,024 |
| Inventory | 37,505 | 27,949 | - | - | - | - | 65,454 |
| Total Assets | \$ 240,953 | \$ 377,786 | \$ - | \$ 1,850,981 | \$ 2,073,925 | \$ 1,229,639 | \$ 5,773,284 |
| LIABILITIES AND FUND BALANCE: | | | | | | | |
| Current Liabilities: | | | | | | | |
| Accounts Payable | \$ 19,759 | \$ 8,721 | \$ - | \$ 13 | \$ 10,695 | \$ 6,529 | \$ 45,717 |
| Total Liabilities | 19,759 | 8,721 | - | 13 | 10,695 | 6,529 | 45,717 |
| Fund Balance: | | | | | | | |
| Nonspendable | 37,505 | 27,949 | - | - | - | - | 65,454 |
| Restricted for Debt Service | - | - | - | 1,850,968 | - | - | 1,850,968 |
| Restricted for Capital Projects | - | - | - | - | 2,063,230 | 1,223,110 | 3,286,340 |
| Unassigned | 183,689 | 341,116 | - | - | - | - | 524,805 |
| Total Fund Balance | 221,194 | 369,065 | - | 1,850,968 | 2,063,230 | 1,223,110 | 5,727,567 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | \$ 240,953 | \$ 377,786 | \$ - | \$ 1,850,981 | \$ 2,073,925 | \$ 1,229,639 | \$ 5,773,284 |

Reconciliation to Net Position:

| | |
|--|----------------------|
| Fund Balances Above | \$ 5,727,567 |
| Less: | |
| Accrued Compensated Absences | (35,084) |
| Bond Payable & Line of Credit | (9,917,905) |
| OPEB Health Insurance Liability | (73,454) |
| Plus: | |
| Net Capital Assets | 21,139,216 |
| Deferred Outflow - OPEB Health Insurance | 78,557 |
| Total Net Position | \$ 16,918,897 |

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ALL FUNDS (BUDGETARY BASIS)
For the year ended June 30, 2022**

| | WATER ENTERPRISE FUND | WASTEWATER ENTERPRISE FUND | MASTER PLAN FUND | DEBT SERVICE FUND | WATER SDC/CIC RESERVE FUND | SEWER SDC/CIC RESERVE FUND | TOTAL |
|--|-----------------------------|----------------------------------|------------------------|-------------------------|-------------------------------------|-------------------------------------|--------------|
| REVENUES: | \$ 657,732 | \$ 749,827 | \$ - | \$ 733,123 | \$ 745,346 | \$ 516,812 | \$ 3,402,840 |
| EXPENDITURES: | | | | | | | |
| Personnel Services | 424,716 | 477,207 | - | - | - | - | 901,923 |
| Materials and Services | 258,128 | 267,889 | - | - | 2,223 | 36,132 | 564,372 |
| Capital Outlay | - | - | - | - | 351,747 | 216,398 | 568,145 |
| Debt Service | - | - | - | 770,050 | - | 55,034 | 825,084 |
| Total Expenditures | 682,844 | 745,096 | - | 770,050 | 353,970 | 307,564 | 2,859,524 |
| Excess of Revenues Over, (Under) Expenditures | (25,112) | 4,731 | - | (36,927) | 391,376 | 209,248 | 543,316 |
| Other Financing Sources (Uses) | | | | | | | |
| Transfer In | - | - | - | 1,173,714 | - | - | 1,173,714 |
| Transfer Out | - | - | (1,173,714) | - | - | - | (1,173,714) |
| Net Change in Fund Balance | (25,112) | 4,731 | (1,173,714) | 1,136,787 | 391,376 | 209,248 | 543,316 |
| Beginning Fund Balance (restated) | 246,306 | 364,334 | 1,173,714 | 714,181 | 1,671,854 | 1,013,862 | 5,184,251 |
| Ending Fund Balance | \$ 221,194 | \$ 369,065 | \$ - | \$ 1,850,968 | \$ 2,063,230 | \$ 1,223,110 | \$ 5,727,567 |

Reconciliation to Changes in Net Position:

| | |
|---|-------------------|
| Change in Fund Balances Above | \$ 543,316 |
| Plus: | |
| Capital Additions | 568,145 |
| Accrued Compensated Absences change | 7,253 |
| Long-Term Debt Paid | 603,290 |
| Change in OPEB Health Insurance Deferred Outflows | 20,858 |
| Less: | |
| Depreciation (Net) | (1,210,786) |
| Inventory Adjustment | (60,846) |
| Change in Net Position | <u>\$ 471,230</u> |

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**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the year ended June 30, 2022**

| <u>WATER ENTERPRISE FUND</u> | | | | |
|---------------------------------|----------------------------|-------------------------|----------------|---|
| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE TO FINAL BUDGET</u> |
| REVENUES: | | | | |
| User Fees - Water | \$ 644,000 | \$ 644,000 | \$ 637,296 | \$ (6,704) |
| Streetlight Assessments | 8,000 | 8,000 | 7,807 | (193) |
| Miscellaneous/Lab Charges | 5,000 | 5,000 | 6,220 | 1,220 |
| Service Mapping | 1,200 | 1,200 | 1,875 | 675 |
| Fire Hydrant/Water | 1,000 | 1,000 | 1,208 | 208 |
| Reimbursements | 4,500 | 4,500 | 2,559 | (1,941) |
| Customer Assistance Program | 2,000 | 2,000 | - | (2,000) |
| Earnings on Investments | 2,000 | 2,000 | 767 | (1,233) |
| Total Revenues | 667,700 | 667,700 | 657,732 | (9,968) |
| EXPENDITURES: | | | | |
| Personnel Services: | | | | |
| Authority Manager | 70,000 | 70,000 | 66,635 | 3,365 |
| Executive Assistant | 28,500 | 28,500 | 36,991 | (8,491) |
| Office Assistant | 17,500 | 17,500 | 19,069 | (1,569) |
| Operations Supervisor | - | - | 19,226 | (19,226) |
| Assistant Manager | 37,500 | 37,500 | - | 37,500 |
| Operator III | 22,000 | 22,000 | 16,986 | 5,014 |
| Operator II | 50,000 | 50,000 | 23,740 | 26,260 |
| Operator I | 11,000 | 11,000 | 24,481 | (13,481) |
| OIT | 65,000 | 65,000 | 71,391 | (6,391) |
| Overtime Allowance | 10,000 | 10,000 | 4,675 | 5,325 |
| On Call Pay | 4,500 | 4,500 | 4,334 | 166 |
| Payroll Taxes | 25,000 | 25,000 | 25,692 | (692) |
| Medical Insurance | 90,000 | 90,000 | 93,782 | (3,782) |
| Workers Compensation | 10,000 | 10,000 | 2,128 | 7,872 |
| Deferred Compensation | 20,000 | 20,000 | 15,586 | 4,414 |
| Total Personnel Services | 461,000 | 461,000 | 424,716 | 36,284 |
| Materials and Services: | | | | |
| Accounting/Auditing | 12,500 | 12,500 | 7,425 | 5,075 |
| Advertising | 1,500 | 1,500 | 803 | 697 |
| Administrative Meetings | 1,000 | 1,000 | - | 1,000 |
| Contract Services | 20,000 | 20,000 | 20,639 | (639) |
| Bank Expense | 5,500 | 5,500 | 6,525 | (1,025) |
| Bond Expense | 400 | 400 | - | 400 |
| Director Fees/Training | 3,000 | 3,000 | 1,948 | 1,052 |
| Dues & Subscriptions | 10,000 | 10,000 | 2,878 | 7,122 |
| Employee Training | 10,000 | 10,000 | 2,383 | 7,617 |
| Elections | 1,000 | 1,000 | 104 | 896 |
| Electricity | 35,000 | 35,000 | 30,769 | 4,231 |
| Streetlights electricity | 7,500 | 7,500 | 7,658 | (158) |
| Insurance | 30,000 | 30,000 | 31,743 | (1,743) |
| Legal Fees | 15,000 | 15,000 | 14,446 | 554 |
| Miscellaneous | 2,000 | 2,000 | 646 | 1,354 |
| Newsletter | 600 | 600 | - | 600 |
| Office Equipment R & M | 7,500 | 7,500 | 7,699 | (199) |
| Office Expense | 3,000 | 3,000 | 1,626 | 1,374 |
| Postage/Freight | 1,500 | 1,500 | 1,484 | 16 |

(1) Appropriation level

Continued on page 25b

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the year ended June 30, 2022**

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE TO FINAL BUDGET |
|--|--------------------|-----------------|------------|--------------------------------|
| EXPENDITURES (CONT.): | | | | |
| Materials and Services (Cont.): | | | | |
| Telephone | \$ 9,000 | \$ 9,000 | \$ 9,519 | \$ (519) |
| Uniforms | 3,000 | 3,000 | 1,076 | 1,924 |
| Water Telemetry System | 1,000 | 1,000 | 2,971 | (1,971) |
| Monitoring | 3,000 | 3,000 | 2,189 | 811 |
| Lab Supplies | 1,000 | 1,000 | 146 | 854 |
| Chemicals | 32,800 | 32,800 | 26,130 | 6,670 |
| Testing | 6,000 | 6,000 | 3,156 | 2,844 |
| Solid Waste Disposal | 1,000 | 1,000 | 730 | 270 |
| Water District/Trans R & M | 30,000 | 30,000 | 24,096 | 5,904 |
| Backflow Prevention | 5,000 | 5,000 | 2,613 | 2,387 |
| Water Pumping R & M | 5,000 | 5,000 | - | 5,000 |
| Water Treatment R & M | 20,000 | 20,000 | 10,298 | 9,702 |
| Water Conservation | 1,500 | 1,500 | 2,450 | (950) |
| Horn Creek Lease | 7,500 | 7,500 | 7,000 | 500 |
| Building R & M | 10,000 | 10,000 | 7,784 | 2,216 |
| Grounds R & M | 7,000 | 7,000 | 2,638 | 4,362 |
| Generator R & M | 8,000 | 8,000 | 6,435 | 1,565 |
| Backhoe R & M | 3,000 | 3,000 | - | 3,000 |
| Transportation | 7,500 | 7,500 | 10,121 | (2,621) |
| Community Events | 1,000 | 1,000 | - | 1,000 |
| Customer Assist Pymt Program | 2,000 | 2,000 | - | 2,000 |
| | - | - | - | - |
| Total Materials and Services | 331,300 | 331,300 (1) | 258,128 | 73,172 |
| Operating Contingency | 40,000 | 40,000 (1) | - | 40,000 |
| Total Expenditures | 832,300 | 832,300 | 682,844 | 149,456 |
| Excess of Revenues Over, (Under) Expenditures | (164,600) | (164,600) | (25,112) | 139,488 |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | (27,000) | (27,000) (1) | - | 27,000 |
| Net Change in Fund Balance | (191,600) | (191,600) | (25,112) | 166,488 |
| Beginning Fund Balance (restated) | 191,600 | 191,600 | 246,306 | 54,706 |
| Ending Fund Balance | \$ - | \$ - | \$ 221,194 | \$ 221,194 |

(1) Appropriation level

Continued from page 25a

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the year ended June 30, 2022**

WASTEWATER ENTERPRISE FUND

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE TO FINAL BUDGET |
|---------------------------------|--------------------|-----------------|----------------|--------------------------------|
| REVENUES: | | | | |
| User Fees - Sewer | \$ 725,000 | \$ 725,000 | \$ 742,915 | \$ 17,915 |
| Lab Testing | 500 | 500 | 1,120 | 620 |
| Miscellaneous Charges | 1,000 | 1,000 | - | (1,000) |
| Service Mapping | 900 | 900 | 1,800 | 900 |
| Contract Sludge Hauling | 500 | 500 | - | (500) |
| Reimbursements | 1,000 | 1,000 | 2,559 | 1,559 |
| Inspections | 1,000 | 1,000 | 2,500 | 1,500 |
| Customer Assistance Program | 2,000 | 2,000 | - | (2,000) |
| Earnings on Investments | 2,000 | 2,000 | (1,067) | (3,067) |
| Total Revenues | 733,900 | 733,900 | 749,827 | 15,927 |
| EXPENDITURES: | | | | |
| Personnel Services: | | | | |
| Authority Manager | 70,000 | 70,000 | 66,635 | 3,365 |
| Executive Assistant | 28,500 | 28,500 | 37,035 | (8,535) |
| Office Assistant | 17,500 | 17,500 | 19,082 | (1,582) |
| Operations Supervisor | - | - | 19,226 | (19,226) |
| Assistant Manager | 37,500 | 37,500 | - | 37,500 |
| Operator III | 55,000 | 55,000 | 42,210 | 12,790 |
| Operator II | 25,000 | 25,000 | 14,945 | 10,055 |
| Operator I | 35,000 | 35,000 | 46,747 | (11,747) |
| OIT | 80,000 | 80,000 | 68,446 | 11,554 |
| Overtime Allowance | 10,000 | 10,000 | 2,856 | 7,144 |
| On Call Pay | 4,500 | 4,500 | 4,334 | 166 |
| Payroll Taxes | 30,000 | 30,000 | 28,739 | 1,261 |
| Medical Insurance | 110,000 | 110,000 | 108,285 | 1,715 |
| Workers Compensation | 10,000 | 10,000 | 2,128 | 7,872 |
| Deferred Compensation | 20,000 | 20,000 | 16,539 | 3,461 |
| Total Personnel Services | 533,000 | 533,000 | 477,207 | 55,793 |
| Materials and Services: | | | | |
| Access Fees | 1,000 | 1,000 | - | 1,000 |
| Accounting/Auditing | 12,500 | 12,500 | 7,425 | 5,075 |
| Advertising | 6,000 | 6,000 | 803 | 5,197 |
| Administrative Meetings | 1,000 | 1,000 | - | 1,000 |
| Contract Services | 18,000 | 18,000 | 18,034 | (34) |
| Bank/Bond Expense | 6,400 | 6,400 | 6,525 | (125) |
| Director Fees/Training | 3,000 | 3,000 | 1,948 | 1,052 |
| Dues & Subscriptions | 3,000 | 3,000 | 700 | 2,300 |
| Employee Training | 15,000 | 15,000 | 3,515 | 11,485 |
| Elections | 1,000 | 1,000 | 104 | 896 |
| Electricity | 45,000 | 45,000 | 47,491 | (2,491) |
| Insurance | 40,000 | 40,000 | 31,743 | 8,257 |
| Legal Fees | 10,000 | 10,000 | 1,934 | 8,066 |
| Miscellaneous | 5,000 | 5,000 | 1,029 | 3,971 |
| Newsletter | 600 | 600 | - | 600 |
| Office Equipment R & M | 7,000 | 7,000 | 7,535 | (535) |
| Office Supplies | 3,000 | 3,000 | 1,673 | 1,327 |
| Postage/Freight | 1,500 | 1,500 | 1,550 | (50) |

(1) Appropriation level

Continued on page 26b

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ACTUAL AND BUDGET (BUDGETARY BASIS)**

For the year ended June 30, 2022

| | ORIGINAL BUDGET | FINAL BUDGET | | ACTUAL | VARIANCE TO FINAL BUDGET |
|--|--------------------|-----------------|-----|-------------------|--------------------------------|
| EXPENDITURES (CONT.): | | | | | |
| Materials and Services (Cont.): | | | | | |
| Telephone | \$ 9,000 | \$ 9,000 | | \$ 8,632 | \$ 368 |
| Uniforms | 3,000 | 3,000 | | 1,076 | 1,924 |
| Wastewater Telemetry System | - | - | | 1,606 | (1,606) |
| Monitoring | 3,000 | 3,000 | | 2,353 | 647 |
| Lab Supplies | 15,000 | 15,000 | | 7,211 | 7,789 |
| Chemicals | 45,000 | 45,000 | | 47,543 | (2,543) |
| Testing | 6,500 | 6,500 | | 8,946 | (2,446) |
| WWT Plant R & M | 25,000 | 25,000 | | 5,851 | 19,149 |
| WW Collection System R & M | 20,000 | 20,000 | | 1,692 | 18,308 |
| Wastewater Pumping | 18,145 | 18,145 | | - | 18,145 |
| Solid Waste Disposal | 6,000 | 6,000 | | 1,248 | 4,752 |
| Bio-Solids Management | 15,000 | 15,000 | | 4,352 | 10,648 |
| Step System Pumping | 6,000 | 6,000 | | 4,464 | 1,536 |
| Step System R & M | 10,000 | 10,000 | | 11,604 | (1,604) |
| Building R & M | 20,000 | 20,000 | | 4,963 | 15,037 |
| Generator R & M | 8,000 | 8,000 | | 9,604 | (1,604) |
| Backhoe R & M | 5,000 | 5,000 | | - | 5,000 |
| NPDES Permit | 4,000 | 4,000 | | 3,579 | 421 |
| Transportation | 7,000 | 7,000 | | 10,250 | (3,250) |
| Grounds R & M | 7,000 | 7,000 | | 906 | 6,094 |
| Customer Assist Pymt Program | 2,000 | 2,000 | | - | 2,000 |
| | <u>413,645</u> | <u>413,645</u> | (1) | <u>267,889</u> | <u>145,756</u> |
| Total Materials and Services | | | | | |
| Operating Contingency | <u>40,000</u> | <u>40,000</u> | (1) | <u>-</u> | <u>40,000</u> |
| Total Expenditures | <u>986,645</u> | <u>986,645</u> | | <u>745,096</u> | <u>241,549</u> |
| Excess of Revenues Over, (Under) Expenditures | (252,745) | (252,745) | | 4,731 | 257,476 |
| Other Financing Sources (Uses): | | | | | |
| Transfers Out | <u>(75,255)</u> | <u>(75,255)</u> | (1) | <u>-</u> | <u>75,255</u> |
| Net Change in Fund Balance | (328,000) | (328,000) | | 4,731 | 332,731 |
| Beginning Fund Balance (restated) | <u>328,000</u> | <u>328,000</u> | | <u>364,334</u> | <u>36,334</u> |
| Ending Fund Balance | <u>\$ -</u> | <u>\$ -</u> | | <u>\$ 369,065</u> | <u>\$ 369,065</u> |

(1) Appropriation level

Continued from page 26a

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the year ended June 30, 2022**

MASTER PLAN FUND

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE TO FINAL BUDGET</u> |
|--------------------------------|----------------------------|-------------------------|---------------|---|
| Other Financing Sources (Uses) | | | | |
| Transfer Out | (1,703,600) | (1,703,600) (1) | (1,173,714) | 529,886 |
| Total Other Financing | (1,703,600) | (1,703,600) | (1,173,714) | 529,886 |
| Net Change in Fund Balance | (1,703,600) | (1,703,600) | (1,173,714) | 529,886 |
| Beginning Fund Balance | 1,703,600 | 1,703,600 | 1,173,714 | (529,886) |
| Ending Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

(1) Appropriation level

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the year ended June 30, 2022**

| <u>DEBT SERVICE FUND</u> | | | | |
|-----------------------------------|----------------------------|-------------------------|---------------------|---|
| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE TO FINAL BUDGET</u> |
| REVENUES: | | | | |
| Property Taxes | \$ 369,000 | \$ 369,000 | \$ 388,913 | \$ 19,913 |
| Capital Imp Charge:WWTP | 343,000 | 343,000 | 350,439 | 7,439 |
| Interest Earned : LGIP | 2,000 | 2,000 | (148) | (2,148) |
| Earnings on Investments | 17,000 | 17,000 | (6,081) | (23,081) |
| Total Revenues | 731,000 | 731,000 | 733,123 | 2,123 |
| EXPENDITURES: | | | | |
| Debt Service: | | | | |
| GO Bond Principal Payments | 331,000 | 331,000 | 330,928 | 72 |
| GO Bond Interest Payments | 44,000 | 44,000 | 43,426 | 574 |
| Revenue Bond Principal Payments | 396,000 | 396,000 | 219,643 | 176,357 |
| Revenue Bond Interest Payments | - | - | 176,053 | (176,053) |
| Bond Reserve | 1,577,600 | 1,577,600 | - | 1,577,600 |
| Short Lived Asset Reserve | 90,000 | 90,000 | - | 90,000 |
| Total Expenditures | 2,438,600 | 2,438,600 (1) | 770,050 | 1,668,550 |
| Other Financing Sources (Uses) | | | | |
| Transfers In - Master Plan Fund | 1,703,600 | 1,703,600 | 1,173,714 | (529,886) |
| Total Other Financing | 1,703,600 | 1,703,600 | 1,173,714 | (529,886) |
| Net Change in Fund Balance | (4,000) | (4,000) | 1,136,787 | 1,140,787 |
| Beginning Fund Balance (restated) | 124,000 | 124,000 | 714,181 | 590,181 |
| Ending Fund Balance | <u>\$ 120,000</u> | <u>\$ 120,000</u> | <u>\$ 1,850,968</u> | <u>\$ 1,730,968</u> |

(1) Appropriation level

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the year ended June 30, 2022**

WATER SDC/CIC RESERVE FUND

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE TO FINAL BUDGET |
|--|--------------------|----------------------|---------------------|--------------------------------|
| REVENUES: | | | | |
| Tap Fees | \$ 8,500 | \$ 8,500 | \$ 17,691 | \$ 9,191 |
| Capital Improvement Charges | 53,000 | 53,000 | 51,985 | (1,015) |
| System Development Charges | 174,830 | 174,830 | 681,107 | 506,277 |
| Reimbursements | 10,000 | 10,000 | 1,200 | (8,800) |
| Earnings on Investments | 15,000 | 15,000 | (6,637) | (21,637) |
| Total Revenues | 261,330 | 261,330 | 745,346 | 484,016 |
| EXPENDITURES: | | | | |
| Materials and Services | 40,000 | 40,000 (1) | 2,223 | 37,777 |
| Capital Outlay: | | | | |
| Equipment | 305,000 | 305,000 | 35,977 | 269,023 |
| Construction | 416,330 | 416,330 | 72,019 | 344,311 |
| New Construction/Improvement | 655,000 | 655,000 | 13,108 | 641,892 |
| Office Building | 25,000 | 25,000 | 12,132 | 12,868 |
| Computer /Office Equipment | 40,000 | 40,000 | 61,373 | (21,373) |
| Engineering/Legal | 325,000 | 325,000 | 56,570 | 268,430 |
| Service Installations | 10,000 | 10,000 | - | 10,000 |
| Rolling Stock | 115,000 | 115,000 | 100,568 | 14,432 |
| Total Capital Outlay | 1,891,330 | 1,891,330 (1) | 351,747 | 1,539,583 |
| Total Expenditures | 1,931,330 | 1,931,330 | 353,970 | 1,577,360 |
| Excess of Revenues Over, (Under) Expenditures | (1,670,000) | (1,670,000) | 391,376 | 2,061,376 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 27,000 | 27,000 | - | (27,000) |
| Total Other Financing | 27,000 | 27,000 | - | 27,000 |
| Net Change in Fund Balance | (1,643,000) | (1,643,000) | 391,376 | 2,034,376 |
| Beginning Fund Balance | 1,643,000 | 1,643,000 | 1,671,854 | 28,854 |
| Ending Fund Balance | \$ - | \$ - | \$ 2,063,230 | \$ 2,063,230 |

(1) Appropriation level

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ACTUAL AND BUDGET (BUDGETARY BASIS)**

For the year ended June 30, 2022

SEWER SDC/CIC RESERVE FUND

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE TO FINAL BUDGET |
|---|--------------------|----------------------|---------------------|--------------------------------|
| REVENUES: | | | | |
| Capital Improvement Charges | \$ 87,600 | \$ 87,600 | \$ 84,987 | \$ (2,613) |
| System Development Charges | 94,460 | 94,460 | 377,305 | 282,845 |
| Grants | 15,000 | 15,000 | - | (15,000) |
| Reimbursements/Refunds | 5,000 | 5,000 | 58,632 | 53,632 |
| Earnings on Investments | 8,000 | 8,000 | (4,112) | (12,112) |
| Total Revenues | 210,060 | 210,060 | 516,812 | 306,752 |
| EXPENDITURES: | | | | |
| Materials and Services | 40,000 | 40,000 (1) | 36,132 * | 3,868 |
| Capital Outlay: | | | | |
| Equipment | 150,000 | 150,000 | 9,578 | 140,422 |
| Safety Equip | 5,000 | 5,000 | 1,327 | 3,673 |
| Service Installations | 5,000 | 5,000 | 2,146 | 2,854 |
| New Construction/Improv | 478,715 | 478,715 | 24,921 | 453,794 |
| Lift Station Improvements | 120,000 | 120,000 | 42,136 | 77,864 |
| Office/Lab Remodel | 25,000 | 25,000 | 12,132 | 12,868 |
| Engineering | 155,000 | 155,000 | 23,551 | 131,449 |
| Computer/Office Equip | 15,000 | 15,000 | 39 | 14,961 |
| Step System Improvement | 80,000 | 80,000 | - | 80,000 |
| Rolling Stock | 115,000 | 115,000 | 100,568 | 14,432 |
| Inflow and Infiltration | 40,000 | 40,000 | - | 40,000 |
| Total Capital Outlay | 1,188,715 | 1,188,715 (1) | 216,398 | 972,317 |
| Debt Service: | | | | |
| Loan Re-Payment | 57,000 | 57,000 | 55,034 | 1,966 |
| Total Debt Service | 57,000 | 57,000 (1) | 55,034 | 1,966 |
| Total Expenditures | 1,285,715 | 1,285,715 | 307,564 | 978,151 |
| Excess of Revenues Over (Under) Expenditures | (1,075,655) | (1,075,655) | 209,248 | 1,284,903 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 75,255 | 75,255 | - | (75,255) |
| Total Other Financing | 75,255 | 75,255 | - | (75,255) |
| Net Change in Fund Balance | (1,000,400) | (1,000,400) | 209,248 | 1,209,648 |
| Beginning Fund Balance | 1,000,400 | 1,000,400 | 1,013,862 | 13,462 |
| Ending Fund Balance | \$ - | \$ - | \$ 1,223,110 | \$ 1,223,110 |

* Includes expenditures of \$36,132 towards the replacement of short lived assets as identified by RDUSDA Loan.

(1) Appropriation level

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED - DEBT SERVICE FUND
For the year ended June 30, 2022**

| Tax Year | Original Levy or Balance Uncollected 7/1/21 | Deduct Discounts | Adjustments to Rolls | Add Interest | Cash Collections by County Treasurer | Balance Uncollected 6/30/22 |
|--------------|--|--------------------|-------------------------|-----------------|---|-----------------------------------|
| Current: | | | | | | |
| 2021-22 | \$ 394,854 | \$ (10,192) | \$ (208) | \$ 227 | \$ 377,153 | \$ 7,528 |
| Prior Years: | | | | | | |
| 2020-21 | 7,449 | - | (348) | 339 | 4,116 | 3,324 |
| 2019-20 | 3,651 | - | (413) | 407 | 2,052 | 1,593 |
| 2018-19 | 1,844 | - | (425) | 421 | 1,385 | 455 |
| 2017-18 | 836 | - | (274) | 268 | 685 | 145 |
| Prior Years | 1,748 | - | (424) | 377 | 579 | 1,122 |
| Total Prior | 15,528 | - | (1,883) | 1,813 | 8,817 | 6,639 |
| Total | <u>\$ 410,382</u> | <u>\$ (10,192)</u> | <u>\$ (2,091)</u> | <u>\$ 2,040</u> | <u>\$ 385,970</u> | <u>\$ 14,167</u> |

RECONCILIATION TO REVENUE:

| | |
|--|-------------------|
| Cash Collections by County Treasurer Above | \$ 385,970 |
| Accrued at 6/30/21 | (3,656) |
| Accrued at 6/30/22 | 2,927 |
| Payments in Lieu of Taxes | 3,672 |
| Total Receipts | <u>\$ 388,913</u> |

RECONCILIATION TO RECEIVABLES:

| | |
|--|------------------|
| Balance Uncollected Above | \$ 14,167 |
| Unposted adjustments | - |
| As reported on Statement of Net Position | <u>\$ 14,167</u> |

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

**SCHEDULE OF BOND TRANSACTIONS AND BALANCES
For the year ended June 30, 2022**

| DATE OF ISSUE | ORIGINAL AMOUNT | MATURED BONDS & LINE OF CREDIT OUTSTANDING 7/1/2021 | BONDS & LINE OF CREDIT ADDED DURING THE YEAR | BONDS & LINE OF CREDIT MATURING DURING THE YEAR | BONDS REDEEMED AND LINE OF CREDIT PAID DURING THE YEAR | MATURED BONDS & LINE OF CREDIT OUTSTANDING 6/30/2022 |
|---------------------|--------------------|---|--|---|---|--|
| 05/12/17 | \$ 3,324,464 | \$ 2,080,515 | \$ - | \$ 330,928 | \$ 330,928 | \$ 1,749,587 |
| 06/21/19 | 8,710,000 | 8,284,826 | - | 219,643 | 219,643 | 8,065,183 |
| Credit Union Note | 500,000 | 155,854 | - | 52,719 | 52,719 | 103,135 |
| | | <u>\$ 10,521,195</u> | <u>\$ -</u> | <u>\$ 603,290</u> | <u>\$ 603,290</u> | <u>\$ 9,917,905</u> |

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2022**

| <u>Federal Grantor / Program Title</u> | <u>Pass Through Entity</u> | <u>Activity Listing Number</u> | <u>Pass Through Entity Number</u> | <u>Period Covered</u> | <u>Expenditures</u> | <u>Passed Through to Subrecipients</u> |
|---|----------------------------|--------------------------------|-----------------------------------|-----------------------|---------------------|--|
| GRANTS | | | | | | |
| <u>US Department of Agriculture</u> | | | | | | |
| Water & Waste Disposal Loan & Grant Program | Rural Development | 10.760 | | 07/01/21-06/30/22 | \$ - | \$ - |
| LOANS | | | | | | |
| <u>Federal Grantor / Program Title</u> | <u>Pass Through Entity</u> | <u>Activity Listing Number</u> | <u>Pass Through Entity Number</u> | <u>Period Covered</u> | <u>Expenditures</u> | <u>Loan Balance at Beginning of Period</u> |
| <u>US Department of Agriculture</u> | | | | | | |
| Water & Waste Disposal Loan & Grant Program | Rural Development | 10.760 | | 07/01/21-06/30/22 | \$ - | \$ 8,284,826 |
| Total Federal Financial Assistance | | | | | <u>\$ -</u> | |

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

INDEPENDANT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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August 2, 2023

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Pacific City Joint Water and Sanitary Authority as of and for the year ended June 30, 2022, and have issued our report thereon dated August 2, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of 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)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Schedule of Accountability of Elected Officials**

In connection with our testing nothing came to our attention that caused us to believe the Pacific City Joint Water and Sanitary Authority 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 except as follows:

1. The budget committee was originally scheduled for May 17, 2022 but at the last minute was rescheduled to May 24, 2022 because the Budget Officer was unavailable but there was no newspaper publication to advertise the rescheduled meeting. Also there are no time stamps to show a website notice ran for ten continuous days prior to the scheduled/rescheduled meeting dates and the published newspaper notice for the original meeting did not contain the internet website address at which the online notice was posted.

OAR 162-10-0230 Internal Control

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

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

A handwritten signature in cursive script that reads "Roy R Rogers".

Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

GRANT COMPLIANCE REVIEW

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August 2, 2023

To the Board of Directors
Pacific City Joint Water-Sanitary Authority (the Authority)
Tillamook County, Oregon

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Pacific City Joint Water-Sanitary Authority as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated August 2, 2023.

Report on Internal Control over Financial Reporting

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.



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August 2, 2023

To the Board of Directors
Pacific City Joint Water-Sanitary Authority (the Authority)
Tillamook County, Oregon

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pacific City Joint Water-Sanitary Authority's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2022. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Pacific City Joint Water-Sanitary Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Pacific City Joint Water-Sanitary Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery,

intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.

PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

yes no

Significant deficiency(s) identified that are not considered to be material weaknesses?

yes none reported

Noncompliance material to financial statements noted?

yes no

Any GAGAS audit findings disclosed that are required to be reported reported in accordance with section 515(d)(2) of the Uniform Guidance?

yes no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?

yes no

Significant deficiency(s) identified that are not considered to be material weaknesses?

yes none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516(a) of the Uniform Guidance?

yes no

IDENTIFICATION OF MAJOR PROGRAMS

AL NUMBER

NAME OF FEDERAL PROGRAM CLUSTER

10.760

Water & Wastewater Disposal Loan & Grant Program

Dollar threshold used to distinguish between type A and B programs

\$750,000

Auditee qualified as low-risk auditee?

yes no

PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL EXPENDITURES

1. **BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity.