

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

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2017**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223



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

**2016 - 2017  
FINANCIAL REPORT**

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

<u>BOARD OF DIRECTORS</u>	<u>TERM EXPIRES</u>
Carolyn McVicker, Chair	June 30, 2019
Anne Price, Vice Chair	June 30, 2017
Sean Lambert, Secretary	June 30, 2019
Kayla Long, Director	June 30, 2017
Sean Carlton, Director	June 30, 2017

All Directors receive mail at the Authority Office address listed below

REGISTERED AGENT

Tony Owen, 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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PAULY, ROGERS AND Co., P.C.  
12700 SW 72<sup>nd</sup> Ave. ♦ Tigard, OR 97223  
(503) 620-2632 ♦ (503) 684-7523 FAX  
www.paulyrogersandcpcpas.com

September 15, 2017

## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying basic financial statements of Pacific City Joint Water-Sanitary Authority, Tillamook County, Oregon, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic financial statements 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of Pacific City Joint Water-Sanitary Authority, as of June 30, 2017 and 2016, and the respective changes in financial position and where applicable, cash flows thereof for the years ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

The Authority adopted the provisions of GASB Statement No. 77, *Tax Abatement Disclosures* for the year ended June 30, 2017. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, be presented to supplement the basic financial statements. Such information, 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 management's discussion and analysis 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, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis 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, and is not a required part of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

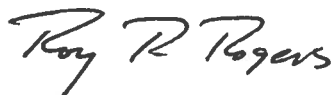
### *Other Information*

The listing of board members containing their term expiration dates, located before the table of contents, and the other information, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Report on Other Legal and Regulatory Requirements**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated September 15, 2017, 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.

In accordance with *Government Auditing Standards*, we have also issued our reports September 15, 2017 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 the reports 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 internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Roy R. Rogers". The signature is written in a cursive, flowing style.

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

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# **Pacific City Joint Water-Sanitary Authority Management's Discussion and Analysis FY 2017**

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, 2017. 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, 2017 were \$18,873,892 and include capital assets of \$15,688,091 and current assets of \$436,172. Overall, total assets for the Authority increased 5.3% from FY 2016.
- PCJWSA's assets exceeded its liabilities on June 30, 2017 by \$13,939,241 (net position). This amount reflects an increase of \$205,596 or 1.5% from FY 2016 and an increase of \$397,665 since FY 2015. For the fiscal year ended June 30 2017, unrestricted net position in the amount of \$363,539 includes \$266,371 in cash and investments that may be used to meet the Authority's obligations. This represents a 21% increase in year-end unrestricted net position of FY 2016.
- At June 30, 2017, capital assets less related debt were \$11,105,566, a decrease of 4.7% from FY 2016. Long-term debt total \$4,760,525 showing an increase of 20.6% from FY 2016 and an increase of 12.3% since FY 2015. The increase is primarily due to the Authority's schedule debt payment service payments on the Authority's outstanding debt and new debt for the WWTP upgrade.
- Operating revenues for FY 2017 were \$1,167,270, a decrease of .5% from FY 2016 or \$6,704.
- Total operating expenses for FY 2017 were \$2,238,040, reflecting an overall increase of 14.7%, \$286,204 from the previous year. Labor and benefits decreased 9.2% due to a decrease in employees and an increase in wages and fringe benefit costs; materials and services costs increased 82.3%.

## **Overview of the Financial Statements**

This discussion and analysis is 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 financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Authority's annual report 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 \$14 million on June 30, 2017 and reflect an increase of approximately \$205,596 or 1.5% over the Authority's net position at the close of FY 2016.

Investment in capital assets is by far the largest portion of the Authority's net position (\$11.1 million or 79.7% 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.

	<b>Net Position</b>				
	<u>2017</u>	<u>2016</u>	<u>Difference 2017-2016</u>	<u>Percent Change</u>	<u>2015</u>
<b>Assets:</b>					
Current Assets	\$ 436,172	\$ 372,240	\$ 63,932	17%	\$501,977
Current Restricted Assets	2,571,629	1,950,526	621,103	32%	1,323,076
Capital Assets	<u>15,866,091</u>	<u>15,599,290</u>	<u>266,801</u>	2%	<u>16,031,552</u>
<b>Total Assets</b>	<u>18,873,892</u>	<u>17,922,056</u>	<u>951,836</u>		<u>17,856,605</u>
<b>Liabilities:</b>					
Current Liabilities	113,927	189,918	(75,991)	-40%	24,747
Non-Current Liabilities	60,199	100,804	(40,605)	-40%	99,287
Long Term Debt	<u>4,760,525</u>	<u>3,897,689</u>	<u>862,836</u>	22%	<u>4,190,995</u>
<b>Total Liabilities</b>	<u>4,934,651</u>	<u>4,188,411</u>	<u>746,240</u>		<u>4,315,029</u>
<b>Net Position:</b>					
Invested in Capital Asset	11,105,566	11,653,295	(547,729)	-5%	11,793,110
Reserved for Debt Service	576,998	178,426	398,572	223%	168,202
Reserved for Capital Improvements	1,893,138	1,601,364	291,774	18%	1,119,256
Unrestricted	<u>363,539</u>	<u>300,560</u>	<u>62,979</u>	21%	<u>461,008</u>
<b>Total Net Position</b>	<u>13,939,241</u>	<u>13,733,645</u>	<u>205,596</u>		<u>13,541,576</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 18,873,892</u>	<u>\$ 17,922,056</u>	<u>\$ 951,836</u>	5%	<u>\$17,856,605</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 \$205,596, an increase of 1.5% from FY 2016 and 2.9% or \$397,665 since FY 2015.

### Change in Net Position

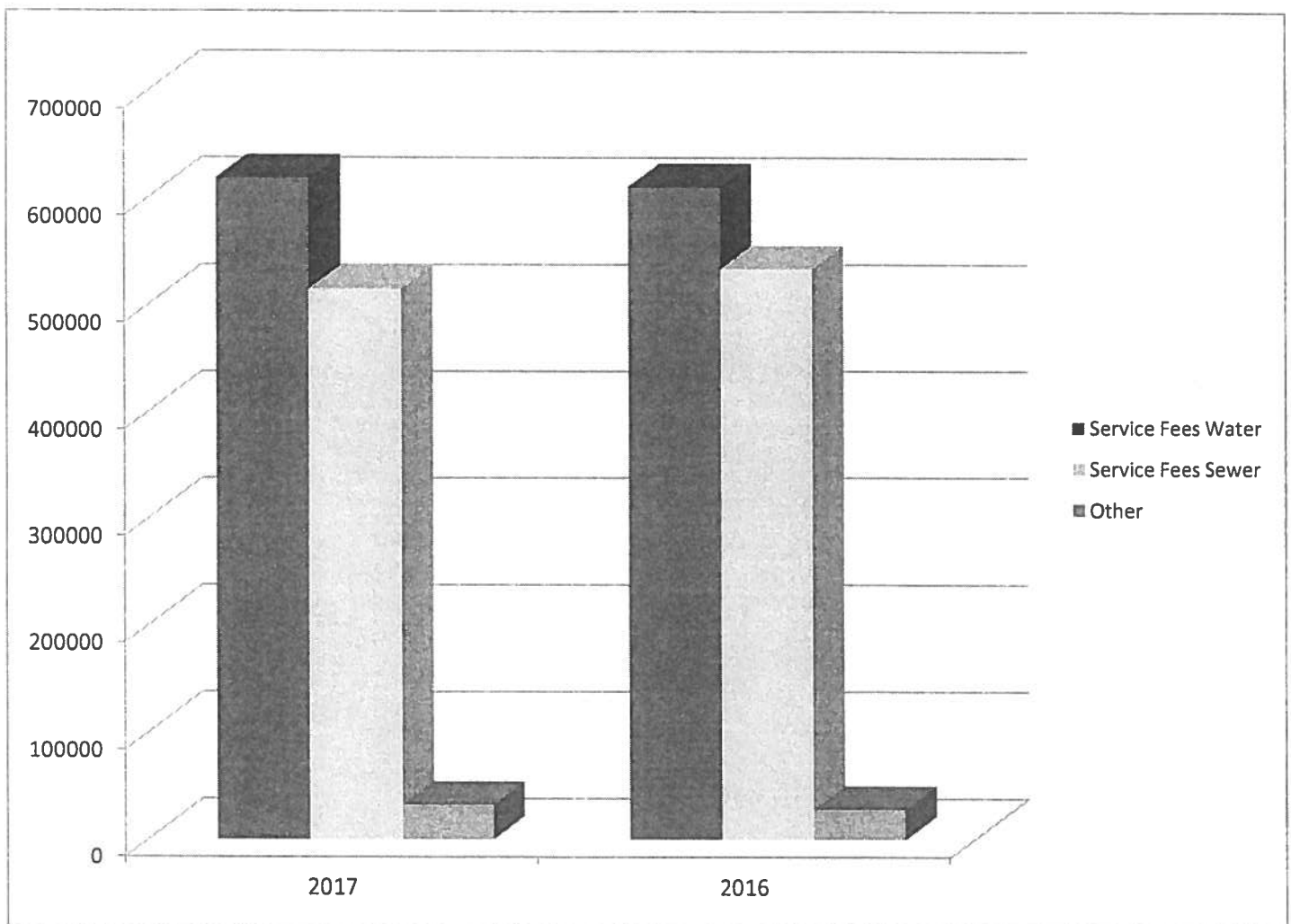
	<u>2017</u>	<u>2016</u>	<u>Difference 2016-2017</u>	<u>Percent Change</u>	<u>2015</u>
Operating Revenue:					
Service Fees	\$ 1,134,467	\$ 1,145,516	\$ 11,049	1%	\$ 1,131,841
Other Operating Revenues	<u>32,803</u>	<u>28,458</u>	<u>(4,345)</u>	-13%	<u>28,873</u>
Total Operating Revenues	<u>1,167,270</u>	<u>1,173,974</u>	<u>6,704</u>	1%	<u>1,160,714</u>
Operating Expenses:					
Personal Services	596,526	657,167	60,641	10%	646,778
Materials and Services	817,683	448,587	(369,096)	-45%	385,415
Depreciation and Amortization	<u>823,831</u>	<u>846,082</u>	<u>22,251</u>	3%	<u>853,724</u>
Total Operating Expenses	<u>2,238,040</u>	<u>1,951,836</u>	<u>(286,204)</u>	-13%	<u>1,885,917</u>
Net Income, (Loss) From Operations	(1,070,770)	(777,862)	292,908	-27%	(725,203)
Non-Operating Revenue, (Expenses)	<u>1,276,366</u>	<u>969,931</u>	<u>(306,435)</u>	-24%	<u>650,021</u>
Change in Net Position	205,596	192,069	(13,527)	-7%	(75,182)
Beginning Net Position	<u>13,733,645</u>	<u>13,541,576</u>	<u>(192,069)</u>	-1%	<u>13,616,758</u>
Ending Net Assets	<u>13,939,241</u>	<u>\$ 13,733,645</u>	<u>\$ (205,596)</u>	-1%	<u>\$ 13,541,576</u>



## Operating Revenues

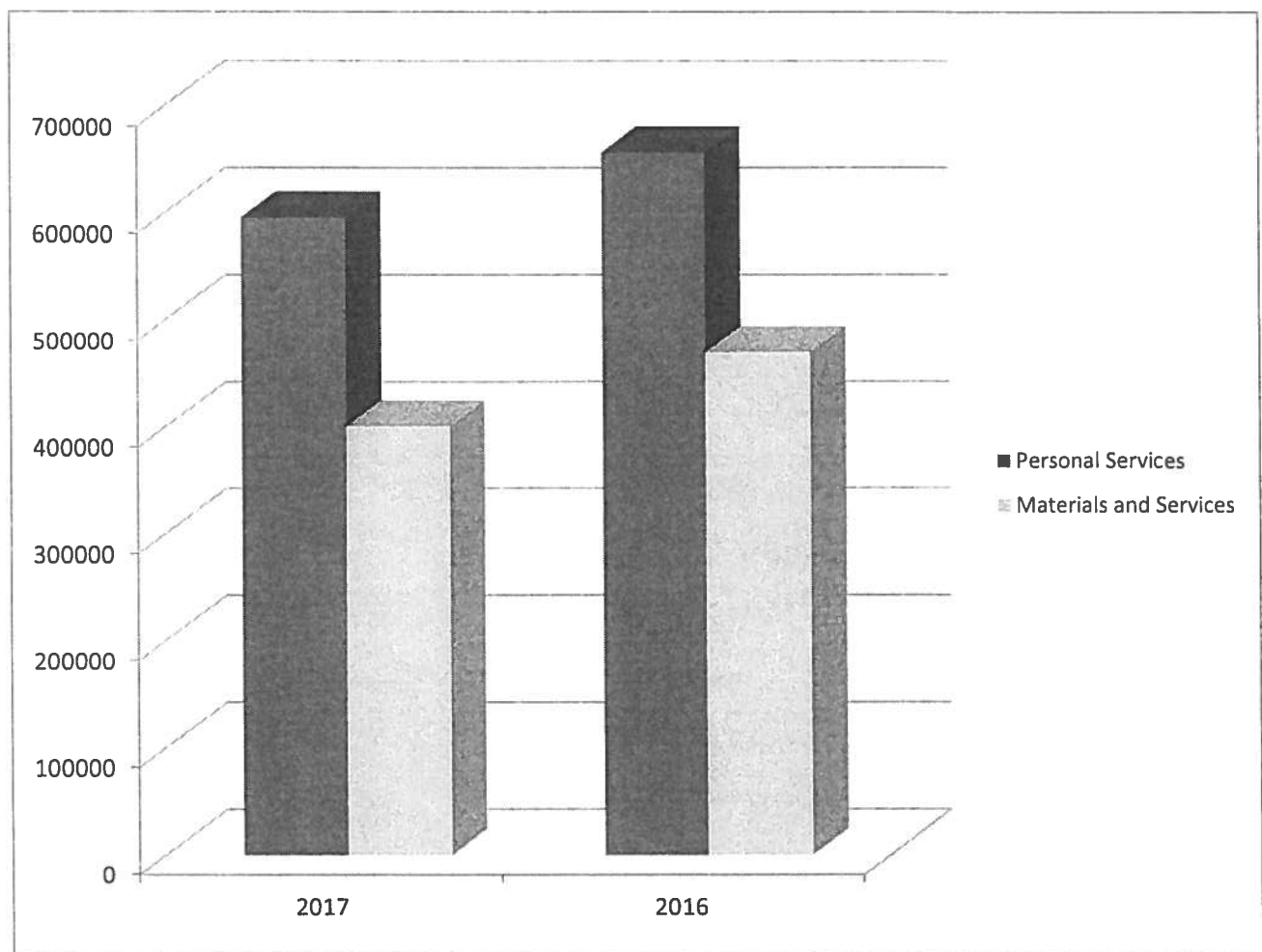
FY 2017 operating revenues decreased \$6,704 or about 1% from FY 2016. The Authority sets rates annually and increases are based on cost of service and requirements needed to fund operations and capital improvements.

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

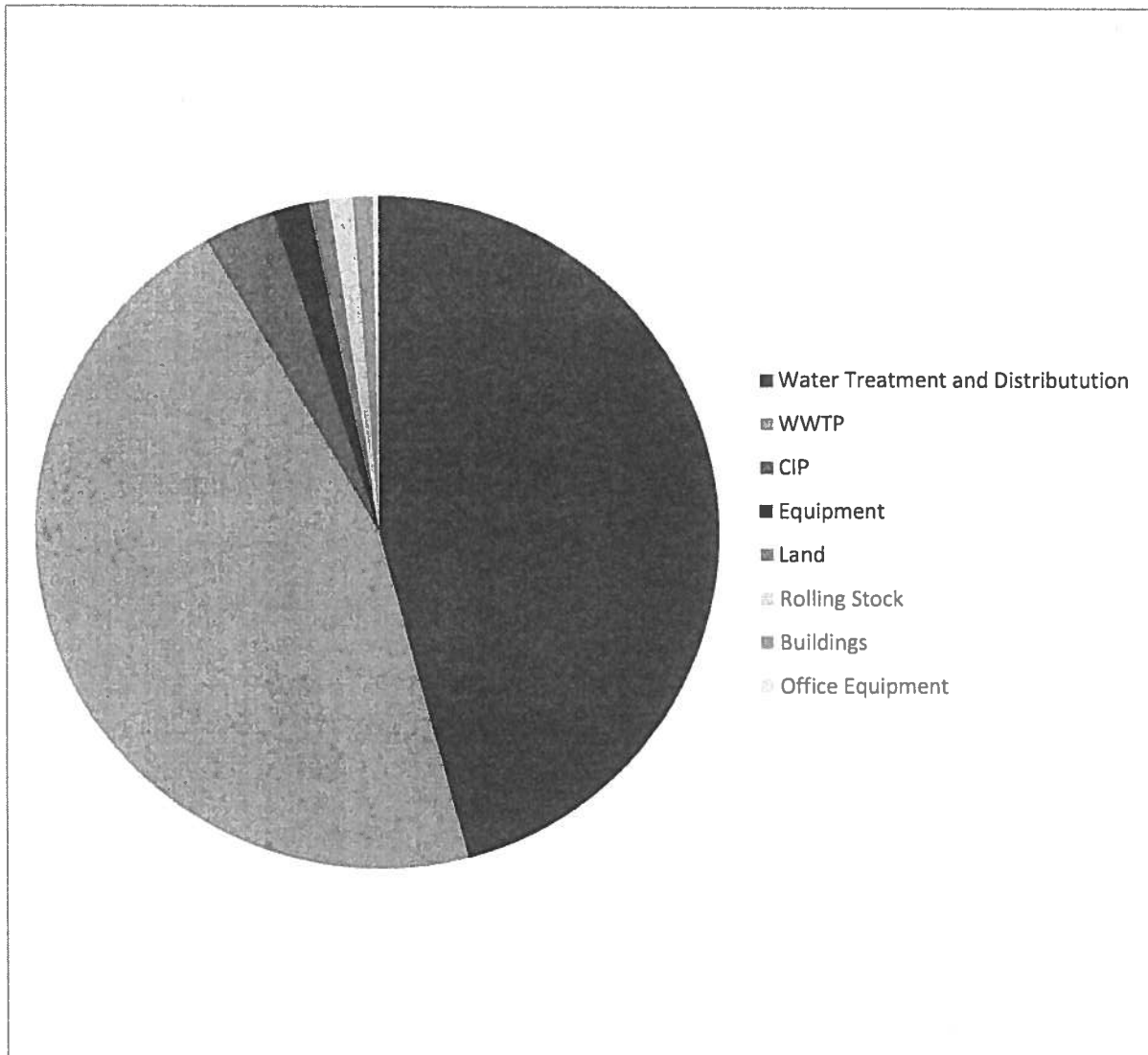
In the materials and supplies expenses portion of the budget, the cost of dues and subscriptions, employee training, liability insurance, legal fees, and expected equipment maintenance was less than projected. Expenditures were less than budgeted by 36% in 2017.



## Capital Assets

As of June 30, 2017, the Authority had \$15,866,091 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.

There were no major capital events during the current fiscal year.



### **Debt Administration**

As of June 30, 2017, the Authority owed \$3,285,000 for a General Obligation Bond approved by voters in November 2007, \$361,979 for a line of credit approved in 2014 and \$1,113,546 for interim financing of the WWPT upgrade.

### **Economic Factors and Next Year's Budget and Rates**

The total amount of appropriations in the 2017-2018 Fiscal Year's budget is as follows:

Master Plan Appropriations:	\$12,155,000
Debt Service Fund Appropriations:	\$ 425,000
Water SDC/CIC Fund Appropriations:	\$ 2,244,865
Sewer SDC/CIC Fund Appropriations:	\$ 1,525,054
Water Enterprise Fund Appropriations:	\$ 657,000
Sewer Enterprise Fund Appropriations:	<u>\$ 786,250</u>
For a total of	\$ 17,793,169

### **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 Tony Owen, Authority Manager P.O. Box 520, Pacific City, OR 97135.

**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, 2017 and 2016**

	2017	2016
<b>ASSETS:</b>		
Current		
Cash and Equivalents	\$ 266,371	\$ 205,662
Utility Billing Accounts Receivable	117,224	107,478
Materials Inventory	52,577	59,100
Total Current Assets	436,172	372,240
Restricted Assets		
Debt Service Fund		
Cash and Investments	149,528	145,729
Taxes Receivable	39,571	39,571
Master Plans Fund		
Cash and Investments	446,627	149,522
Utility Billing Accounts Receivable	41,942	8
Water SDC/CIC Reserve Fund		
Cash and Investments	1,185,742	1,129,873
Utility Billing Accounts Receivable	4,583	7,992
Sewer SDC/CIC Reserve Fund		
Cash and Investments	696,576	450,194
Utility Billing Accounts Receivable	7,060	27,637
Total Restricted Assets	2,571,629	1,950,526
Capital Assets		
Non-Depreciable	1,333,908	304,404
Depreciable	27,604,082	27,542,953
Less: Accumulated Depreciation	(13,071,899)	(12,248,067)
Net Capital Assets	15,866,091	15,599,290
Total Assets	\$ 18,873,892	\$ 17,922,056
<b>LIABILITIES AND NET POSITION:</b>		
Current Liabilities		
Accounts Payable	\$ 113,927	\$ 189,918
Accrued Compensated Absences	60,199	52,498
Bonds Payable - Current Portion	1,162,703	48,306
Total Current Liabilities	1,336,829	290,722
Noncurrent Liabilities		
Note, Bonds Payable, Less Current Portion	3,597,822	3,897,689
Total Noncurrent Liabilities	3,597,822	3,897,689
Total Liabilities	4,934,651	4,188,411
Net Position		
Net Investment in Capital Assets	11,105,566	11,653,295
Restricted for Debt Service	576,998	178,426
Restricted for Capital Improvements	1,893,138	1,601,364
Unrestricted	363,539	300,560
Total Net Position	13,939,241	13,733,645
Total Liabilities and Net Position	\$ 18,873,892	\$ 17,922,056

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, 2017 and 2016**

	2017	2016
<b>OPERATING REVENUES:</b>		
Service Fees - Sewer	\$ 619,046	\$ 611,140
Service Fees - Water	515,421	534,376
Streetlight Assessments	7,395	9,615
Miscellaneous Charges	6,093	4,684
Tap Fees/Inspections	11,023	8,009
Reimbursements	8,292	6,150
<b>Total Operating Revenues</b>	<b>1,167,270</b>	<b>1,173,974</b>
<b>OPERATING EXPENDITURES:</b>		
Personnel Services	596,526	657,167
Materials and Services	817,683	448,587
Depreciation	823,831	846,082
<b>Total Operating Expenses</b>	<b>2,238,040</b>	<b>1,951,836</b>
<b>Operating Income (Loss)</b>	<b>(1,070,770)</b>	<b>(777,862)</b>
<b>NON-OPERATING INCOME (EXPENDITURES):</b>		
Property Taxes	453,751	404,861
Earnings on Investments	28,482	13,312
System Development Charges	295,369	268,378
Capital Improvements Charges	530,586	410,024
Interest Expense on Bonds and Leases	(31,822)	(126,644)
<b>Total Non-Operating Income</b>	<b>1,276,366</b>	<b>969,931</b>
<b>Change in Net Position</b>	<b>205,596</b>	<b>192,069</b>
<b>Beginning Net Position</b>	<b>13,733,645</b>	<b>13,541,576</b>
<b>Ending Net Position</b>	<b>\$ 13,939,241</b>	<b>\$ 13,733,645</b>

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, 2017 and 2016**

	2017	2016
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 1,139,569	\$ 1,164,002
Cash Paid to Suppliers	(887,151)	(277,618)
Cash Paid to Employees	(588,817)	(656,501)
Net Cash Provided (Used) by Operating Activities	<u>(336,399)</u>	<u>229,883</u>
Cash Flows From Investing Activities		
Earnings on Investment	28,482	13,312
Net Cash Provided By Investing Activities	<u>28,482</u>	<u>13,312</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets (Net)	(1,090,633)	(413,828)
Principal Payments on Long-term Debt (Net)	814,530	(292,447)
Interest Payments on Long-term Debt	(31,822)	(126,644)
Net Cash Used by Capital and Related Financing Activities	<u>(307,925)</u>	<u>(832,919)</u>
Cash Flows From Non-Capital Financing Activities		
Property Tax Contributions/Sale of Assets	453,751	404,861
Capital Improvements Charges	530,586	410,024
System Development Fees	295,369	268,378
Net Cash Provided By Non-Capital Financing Activities	<u>1,279,706</u>	<u>1,083,263</u>
Net Increase (Decrease) in Cash	663,864	493,539
Cash and Cash Equivalents, Beginning of Year	2,080,980	1,587,441
Cash and Cash Equivalents, End of Year	<u>\$ 2,744,844</u>	<u>\$ 2,080,980</u>
Detail of Cash:		
Unrestricted	\$ 266,371	\$ 205,662
Master Plans Fund	446,627	149,522
Debt Service Fund	149,528	145,729
Water SDC/CIC Reserve Fund	1,185,742	1,129,873
Sewer SDC/CIC Reserve Fund	696,576	450,194
	<u>\$ 2,744,844</u>	<u>\$ 2,080,980</u>
Cash Paid for Interest	<u>\$ 31,822</u>	<u>\$ 126,644</u>
Operating Loss	\$ (1,070,770)	\$ (777,862)
Noncash Items included in Income		
Depreciation Expense & Amortization (Net)	823,832	846,082
Decrease (Increase) In:		
Accounts Receivable	(27,694)	(18,817)
Prepays	-	8,853
Materials Inventory	6,523	5,798
Increase (Decrease) In:		
Accounts Payable	(75,991)	165,171
Accrued Compensated Absences	7,701	658
Net Cash Provided By Operation	<u>\$ (336,399)</u>	<u>\$ 229,883</u>

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**

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**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**

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 account for general operating revenues and expenditures. The fund's 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.

**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.

**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).

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. BASIS OF PRESENTATION - FUND ACCOUNTING (CONTINUED)**

**Sewer SDC/CIC Reserve Fund** – This capital 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 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 “net total position”.

The budgetary 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.

**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:

- Depreciation is not a budgeted expense;
- Interest, principal and bond issue costs on long-term debt are recorded as an expense when paid;
- Vested compensated absences are recorded as expenses only to the extent they are expected to be liquidated with expendable available financial resources;
- Capital outlay is recorded as expenses;
- Uncollected Property Taxes (Taxes Receivable) are not accrued;
- Inventory and insurance are expensed when purchased rather than when used;
- Prepaid expenses are expensed when paid rather than when used.

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 30<sup>th</sup> of the preceding fiscal year.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. BUDGET (CONTINUED)**

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

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 Outlay 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.

**F. INVENTORIES**

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. In the budgetary statements inventory is expensed as purchased.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 \$1,000 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 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**

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**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.

**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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**2. CASH AND INVESTMENTS (CONTINUED)**

Cash and Investments (at fair value) at June 30, 2017 and 2016 consisted of:

	2017	2016
Deposits with Financial Institutions		
Petty Cash	\$ 300	\$ 300
Demand Deposits	303,224	374,078
Investments	2,441,320	1,706,602
Total Cash & Investments	\$ 2,744,844	\$ 2,080,980
Reported on Statement of Net Position as:		
Current Cash and Equivalents	\$ 266,371	\$ 205,662
Restricted Master Plan Fund	446,627	149,522
Restricted Debt Service Cash	149,528	145,729
Restricted Water SDC/CIC Cash	1,185,742	1,129,873
Restricted Sewer SDC/CIC Cash	696,576	450,194
Total Cash & Investments	\$ 2,744,844	\$ 2,080,980

**DEPOSITS:**

Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. The total bank balance per the bank statements as of June 30, 2017 is \$312,411 of which \$62,411 is not covered by federal depository insurance. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. As of June 30, 2017, all deposits were deposited at an approved depository.

**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. The carrying amount of investments approximates market value at June 30, 2017 and 2016 as follows:

	2017	2016
Oregon State Treasurer's Local Government Investment Pool, Variable Interest Rate	\$ 2,441,320	\$ 1,706,602

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**2. CASH AND INVESTMENTS (CONTINUED)**

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. We intend to measure these investments at book value since it approximates fair value. 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. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

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

**Interest Rate Risk**

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. 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, 2017, all of the investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

**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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. CHANGES IN CAPITAL ASSETS**

The changes in Capital Assets for the year ended June 30, 2017 are summarized below:

	BALANCE 07/01/16	ADDITIONS	DELETIONS	BALANCE 06/30/17
Capital Assets Not Being Depreciated				
Land	\$ 304,404	\$ -	\$ -	\$ 304,404
Construction in Process	-	1,029,504	-	1,029,504
Total Capital Assets Not Being Depreciated	<u>304,404</u>	<u>1,029,504</u>	<u>-</u>	<u>1,333,908</u>
Capital Assets Being Depreciated				
Vehicles & Equipment	878,582	96,359	35,230	939,711
Buildings & Improvements	289,922	-	-	289,922
Treatment Plant & Water Distribution	14,100,855	-	-	14,100,855
WW Treatment & Collection Systems	12,273,594	-	-	12,273,594
Total Capital Assets Being Depreciated	<u>27,542,953</u>	<u>96,359</u>	<u>35,230</u>	<u>27,604,082</u>
Accumulated Depreciation				
Vehicles & Equipment	784,772	46,827	33,602	797,997
Buildings & Improvements	104,148	9,665	-	113,813
Treatment Plant & Water Distribution	5,587,750	458,571	-	6,046,321
WW Treatment & Collection Systems	5,771,397	342,371	-	6,113,768
Less: Accumulated Depreciation	<u>12,248,067</u>	<u>857,434</u>	<u>33,602</u>	<u>13,071,899</u>
Capital Assets, Net	<u>\$ 15,599,290</u>			<u>\$ 15,866,091</u>

The changes in Capital Assets for the year ended June 30, 2016 are summarized below:

	BALANCE 07/01/15	ADDITIONS	DELETIONS	BALANCE 06/30/16
Capital Assets Not Being Depreciated				
Land	\$ 304,404	\$ -	\$ -	304,404
Capital Assets Being Depreciated				
Vehicles & Equipment	864,085	14,497	-	878,582
Buildings & Improvements	289,922	-	-	289,922
Treatment Plant & Water Distribution	14,088,770	12,085	-	14,100,855
WW Treatment & Collection Systems	11,886,356	387,238	-	12,273,594
Total Capital Assets Being Depreciated	<u>27,129,133</u>	<u>413,820</u>	<u>-</u>	<u>27,542,953</u>
Accumulated Depreciation				
Vehicles & Equipment	754,203	30,569	-	784,772
Buildings & Improvements	89,042	15,106	-	104,148
Treatment Plant & Water Distribution	5,129,713	458,037	-	5,587,750
WW Treatment & Collection Systems	5,429,027	342,370	-	5,771,397
Less: Accumulated Depreciation	<u>11,401,985</u>	<u>846,082</u>	<u>-</u>	<u>12,248,067</u>
Capital Assets, Net	<u>\$ 16,031,552</u>			<u>\$ 15,599,290</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**5. DEFERRED COMPENSATION**

The Authority has decided not to 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 8% 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, 2017, 2016 and 2015 were \$51,015, \$51,356 and \$49,597, respectively, equal to the required contributions for each year for both employer and employee contributions.

Employees are able to purchase post-employment insurance coverage through the Authority, until age 65. However, the Authority has no liability as the employees are responsible for all premiums. The Actuary has determined, based upon the Authority's small impact on the total insurance pool, that no material implicit rate subsidy exists and therefore there is no OPEB obligation for implicit post-employment benefits.

**6. LONG-TERM DEBT**

**General Obligation Bonds:**

<u>Issue Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding 7/1/16</u>	<u>Issued</u>	<u>Matured and Redeemed</u>	<u>Outstanding 6/30/17</u>
October 4, 2007	3.85-4.8%	5,485,000	3,540,000	-	255,000 (1)	3,285,000
Cashmere Bank Loan	2.19%	1,113,546	-	1,113,546	-	1,113,546
TLC Line of Credit	1.75%	500,000	405,995	-	44,016	361,979
			<u>\$ 3,945,995</u>	<u>\$ 1,113,546</u>	<u>\$ 299,016</u>	<u>\$ 4,760,525</u>

**General Obligation Principal and Interest Streams for Long-Term Debt:**

<u>For the Fiscal Year Ended June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	1,162,703	5,876	1,168,579 (2)
2019	315,023	154,348	469,371
2020	325,896	140,920	466,816
2021	341,805	126,876	468,681
2022	357,719	112,127	469,846
2023-27	1,857,379	315,505	2,172,884
2028	400,000	9,600	409,600
Total	<u>\$ 4,760,525</u>	<u>\$ 865,252</u>	<u>\$ 5,625,777</u>

(1) The principal payment due in 2017-18 was paid in 2016-17.

(2) Principal and interest streams for 2017-18 are for the Line of Credit and Bank Loan only since 2017-18 bond payment was made in 2016-17.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**6. LONG-TERM DEBT (CONTINUED)**

In 2016, the Authority was approved for a loan through Cashmere Bank totaling \$1,250,000 for interim financing of the WWPT upgrades. As of June 30, 2017, \$1,113,546 had been distributed to the Authority.

**7. 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 years.

**8. COMPENSATED ABSENCES**

Activity for compensated absences, all of which are considered due within one year, for the year ended June 30, 2017 as follows:

Balance July 1, 2016	\$ 52,948
Additions	42,166
Deletions	<u>(34,915)</u>
Balance June 30, 2017	\$ <u>60,199</u>

Activity for compensated absences for the year ended June 30, 2016 is shown as follows:

Balance July 1, 2015	\$ 51,840
Additions	8,975
Deletions	<u>(9,317)</u>
Balance June 30, 2016	\$ <u>52,498</u>

**9. TAX ABATEMENTS**

As of June 30, 2017, 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, 2017 for any program covered under GASB 77.

**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, 2017

	WATER ENTERPRISE FUND	WASTEWATER ENTERPRISE FUND	MASTER PLAN FUND	DEBT SERVICE FUND	WATER SDC/CIC RESERVE FUND	SEWER SDC/CIC RESERVE FUND	TOTAL
<b>ASSETS:</b>							
Cash and Investments	\$ 105,574	\$ 160,797	\$ 446,627	\$ 149,528	\$ 1,185,742	\$ 696,576	\$ 2,744,844
Utility Billing A/R	62,609	54,615	41,942	-	4,583	7,060	170,809
Taxes Receivable	-	-	-	39,571	-	-	39,571
<b>Total Assets</b>	<b>\$ 168,183</b>	<b>\$ 215,412</b>	<b>\$ 488,569</b>	<b>\$ 189,099</b>	<b>\$ 1,190,325</b>	<b>\$ 703,636</b>	<b>\$ 2,955,224</b>
<b>LIABILITIES AND FUND BALANCE:</b>							
<b>Current Liabilities:</b>							
Accounts Payable/Retainage Payable	\$ 6,532	\$ 5,902	\$ 100,670	\$ -	\$ 823	\$ -	\$ 113,927
<b>Fund Balance:</b>							
Restricted for Debt Service	-	-	387,899	189,099	-	-	576,998
Restricted for Capital Projects	-	-	-	-	1,189,502	703,636	1,893,138
Unassigned	161,651	209,510	-	-	-	-	371,161
<b>Total Fund Balance</b>	<b>161,651</b>	<b>209,510</b>	<b>387,899</b>	<b>189,099</b>	<b>1,189,502</b>	<b>703,636</b>	<b>2,841,297</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 168,183</b>	<b>\$ 215,412</b>	<b>\$ 488,569</b>	<b>\$ 189,099</b>	<b>\$ 1,190,325</b>	<b>\$ 703,636</b>	<b>\$ 2,955,224</b>

Reconciliation to Net Position:

Fund Balances Above	\$ 2,841,297
Less:	
Accrued Compensated Absences	(60,199)
Bond Payable & Line of Credit	(4,760,525)
Plus:	
Net Capital Assets	15,866,091
Inventory	52,577
<b>Total Net Position</b>	<b>\$ 13,939,241</b>

**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, 2017**

	WATER ENTERPRISE FUND	WASTEWATER ENTERPRISE FUND	MASTER PLAN FUND	DEBT SERVICE FUND	WATER SDC/CIC RESERVE FUND	SEWER SDC/CIC RESERVE FUND	TOTAL
REVENUES:	\$ 542,601	\$ 629,769	\$ 486,310	\$ 457,083	\$ 110,152	\$ 333,180	\$ 2,559,095
EXPENDITURES:							
Personnel Services	276,234	320,373	-	-	-	-	596,607
Materials and Services	195,704	195,021	10,444	-	-	-	401,169
Capital Outlay	-	-	1,103,292	-	91,196	113,163	1,307,651
Debt Service	-	-	12,000	421,462	-	55,034	488,496
Total Expenditures	471,938	515,394	1,125,736	421,462	91,196	168,197	2,793,923
Excess of Revenues Over, (Under) Expenditures	70,663	114,375	(639,426)	35,621	18,956	164,983	(234,828)
Other Financing Sources (Uses)	(34,511)	(73,324)	1,034,199	-	34,511	73,324	1,034,199
Net Change in Fund Balance	36,152	41,051	394,773	35,621	53,467	238,307	799,371
Beginning Fund Balance	125,499	168,459	(6,874)	153,478	1,136,035	465,329	2,041,926
Ending Fund Balance	\$ 161,651	\$ 209,510	\$ 387,899	\$ 189,099	\$ 1,189,502	\$ 703,636	\$ 2,841,297

Reconciliation to Changes in Net Position:

Change in Fund Balances Above	\$ 799,371
Additions:	
Capital Additions/Deletions (Net)	1,090,633
Bond Paid	299,016
Inventory	(6,523)
Deletions:	
Depreciation (Net)	(823,832)
Accrued Compensated Absences	(7,701)
Property Taxes	
Bond Interest Expense	(31,822)
Loan	(1,113,546)
Change in Net Position	<u>\$ 205,596</u>

**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, 2017**

WATER ENTERPRISE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
<b>REVENUES:</b>				
User Fees - Water	\$ 552,000	\$ 552,000	\$ 515,421	\$ (36,579)
Streetlight Assessments	8,000	8,000	7,395	(605)
Miscellaneous/Lab Charges	2,000	2,000	3,740	1,740
Inspections	1,000	1,000	2,535	1,535
Service Mapping	500	500	300	(200)
Fire Hydrant/Water	1,000	1,000	7,263	6,263
Reimbursements	2,500	2,500	2,315	(185)
Customer Assistance Program	500	500	-	(500)
Earnings on Investments	2,500	2,500	3,632	1,132
<b>Total Revenues</b>	<b>570,000</b>	<b>570,000</b>	<b>542,601</b>	<b>(27,399)</b>
<b>EXPENDITURES:</b>				
<b>Personnel Services:</b>				
Authority Manager	48,511	48,511	48,512	(1)
Executive Assistant	31,896	31,896	32,731	(835)
Office Assistant	15,000	15,000	7,340	7,660
Operator I	63,000	63,000	45,708	17,292
OIT	34,000	34,000	28,334	5,666
Utility Worker	15,000	15,000	14,499	501
Grounds Maintenance	3,100	3,100	955	2,145
Overtime Allowance	3,000	3,000	3,498	(498)
Merit Reserves	2,500	2,500	-	2,500
Medical Insurance	80,000	80,000	59,033	20,967
Workers Compensation	7,632	7,632	4,512	3,120
Deferred Compensation	15,000	15,000	12,756	2,244
Payroll Taxes	22,000	22,000	18,356	3,644
<b>Total Personnel Services</b>	<b>340,639</b>	<b>340,639</b>	<b>276,234</b>	<b>64,405</b>
<b>Materials and Services:</b>				
Access Fees	300	300	-	300
Accounting/Auditing	7,500	7,500	7,350	150
Advertising	1,000	1,000	662	338
Contract Services	10,000	10,000	9,826	174
Bank/Bond Expense	4,100	4,100	5,487	(1,387)
Director Fees/Training	850	850	634	216
Dues & Subscriptions	2,750	2,750	2,569	181
Employee Training	2,000	2,000	1,517	483
Elections	1,500	1,500	-	1,500
Electricity	28,000	28,000	27,159	841
Streetlights electricity	7,200	7,200	5,930	1,270
Insurance	25,000	25,000	22,083	2,917
Legal Fees	7,500	7,500	2,053	5,447
Miscellaneous	500	500	395	105
Newsletter	1,400	1,400	-	1,400
Office Equipment R & M	5,000	5,000	8,622	(3,622)
Office Supplies	2,000	2,000	1,242	758
Postage/Freight	1,500	1,500	711	789

(1) Appropriation level

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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, 2016**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
<b>EXPENDITURES (CONT.):</b>				
<b>Materials and Services (Cont.):</b>				
Telephone	\$ 6,000	\$ 6,000	\$ 4,480	\$ 1,520
Uniforms	1,500	1,500	2,174	(674)
Water Telemetry System	1,000	1,000	576	424
Monitoring	1,750	1,750	1,227	523
Lab Supplies	1,000	1,000	-	1,000
Chemicals	26,000	26,000	24,862	1,138
Testing	5,000	5,000	7,070	(2,070)
Water District/Trans R & M	25,000	25,000	16,689	8,311
Backflow Prevention	900	900	1,221	(321)
Water Pumping R & M	5,000	5,000	2,311	2,689
Water Treatment R & M	25,000	25,000	17,996	7,004
Water Conservation	2,000	2,000	-	2,000
Horn Creek Lease	7,500	7,500	7,000	500
Building R & M	8,000	8,000	2,149	5,851
Grounds R & M	3,200	3,200	1,780	1,420
Generator R & M	4,000	4,000	3,856	144
Backhoe R & M	2,400	2,400	112	2,288
Transportation	7,500	7,500	5,961	1,539
Customer Assist Pymt Program	1,000	1,000	-	1,000
<b>Total Materials and Services</b>	<b>241,850</b>	<b>241,850</b>	<b>195,704</b>	<b>46,146</b>
Operating Contingency	40,000	40,000	-	40,000
<b>Total Expenditures</b>	<b>622,489</b>	<b>622,489</b>	<b>471,938</b>	<b>150,551</b>
Excess of Revenues Over, (Under) Expenditures	(52,489)	(52,489)	70,663	123,152
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(34,511)	(34,511)	(34,511)	-
<b>Net Change in Fund Balance</b>	<b>(87,000)</b>	<b>(87,000)</b>	<b>36,152</b>	<b>123,152</b>
Beginning Fund Balance	87,000	87,000	125,499	38,499
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 161,651</b>	<b>\$ 161,651</b>

(1) Appropriation level

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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, 2017**

WASTEWATER ENTERPRISE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
<b>REVENUES:</b>				
User Fees - Sewer	\$ 630,000	\$ 630,000	\$ 619,046	\$ (10,954)
Miscellaneous/Lab Charges	2,500	2,500	1,785	(715)
Service Mapping	500	500	450	(50)
Contract Sludge Hauling	1,000	1,000	568	(432)
Reimbursements	2,500	2,500	5,977	3,477
Inspections	1,000	1,000	475	(525)
Customer Assistance Program	500	500	-	(500)
Earnings on Investments	1,250	1,250	1,468	218
<b>Total Revenues</b>	<b>639,250</b>	<b>639,250</b>	<b>629,769</b>	<b>(9,481)</b>
<b>EXPENDITURES:</b>				
<b>Personnel Services:</b>				
Authority Manager	48,512	48,512	48,512	-
Executive Assistant	31,896	31,896	32,700	(804)
Office Assistant	15,000	15,000	7,315	7,685
Operator I	80,000	80,000	58,818	21,182
OIT	38,000	38,000	42,330	(4,330)
Utility Worker/Grounds	17,000	17,000	17,211	(211)
Grounds Maintenance	5,000	5,000	5,426	(426)
Overtime Allowance	3,500	3,500	4,346	(846)
Merit Reserves	5,000	5,000	-	5,000
Medical Insurance	88,000	88,000	64,091	23,909
Workers Compensation	8,368	8,368	4,518	3,850
Deferred Compensation	16,500	16,500	13,354	3,146
Payroll Taxes	25,000	25,000	21,752	3,248
<b>Total Personnel Services</b>	<b>381,776</b>	<b>381,776</b>	<b>320,373</b>	<b>61,403</b>
<b>Materials and Services:</b>				
Access Fees	700	700	-	700
Accounting/Auditing	10,000	10,000	7,350	2,650
Advertising	1,000	1,000	770	230
Contract Services	10,000	10,000	12,343	(2,343)
Bank/Bond Expense	3,900	3,900	5,148	(1,248)
Director Fees/Training	850	850	634	216
Dues & Subscriptions	2,750	2,750	2,397	353
Employee Training	2,000	2,000	2,005	(5)
Elections	1,500	1,500	-	1,500
Electricity	39,000	39,000	33,599	5,401
Insurance	25,000	25,000	22,083	2,917
Legal Fees	7,500	7,500	3,111	4,389
Miscellaneous	500	500	395	105
Newsletter	600	600	-	600
Office Equipment R & M	5,000	5,000	10,016	(5,016)
Office Supplies	2,000	2,000	1,152	848
Postage/Freight	1,500	1,500	650	850

(1) Appropriation level

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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, 2016**

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
<b>EXPENDITURES (CONT.):</b>					
<b>Materials and Services (Cont.):</b>					
Telephone	\$ 6,000	\$ 6,000		\$ 5,992	\$ 8
Uniforms	1,500	1,500		2,251	(751)
Water Telemetry System	-	-		64	(64)
Monitoring	1,750	1,750		1,165	585
Lab Supplies	11,000	11,000		8,879	2,121
Chemicals	4,000	4,000		-	4,000
Testing	3,000	3,000		2,948	52
WWT Plant R & M	25,000	25,000		19,633	5,367
WW Collection System R & M	30,000	30,000		10,898	19,102
Wastewater Pumping	20,000	20,000		8,804	11,196
Solid Waste Disposal	5,500	5,500		4,487	1,013
Bio-Solids Management	15,000	15,000		8,174	6,826
Step System Pumping	5,000	5,000		1,146	3,854
Step System R & M	8,500	8,500		1,666	6,834
Building R & M	10,000	10,000		496	9,504
Generator R & M	5,000	5,000		3,856	1,144
Backhoe R & M	1,600	1,600		664	936
NPDES Permit	3,500	3,500		3,086	414
Transportation	15,000	15,000		8,036	6,964
Grounds R & M	5,000	5,000		1,123	3,877
Customer Assist Pymt Program	1,000	1,000		-	1,000
<b>Total Materials and Services</b>	<b>291,150</b>	<b>291,150</b>	(1)	<b>195,021</b>	<b>96,129</b>
Operating Contingency	40,000	40,000	(1)	-	40,000
<b>Total Expenditures</b>	<b>712,926</b>	<b>712,926</b>		<b>515,394</b>	<b>197,532</b>
Excess of Revenues Over, (Under) Expenditures	(73,676)	(73,676)		114,375	188,051
<b>Other Financing Sources (Uses):</b>					
Transfers Out	(73,324)	(73,324)	(1)	(73,324)	-
<b>Net Change in Fund Balance</b>	<b>3,348</b>	<b>3,348</b>		<b>41,051</b>	<b>37,703</b>
Beginning Fund Balance	(3,348)	(3,348)		168,459	171,807
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ 209,510</b>	<b>\$ 209,510</b>

(1) Appropriation level

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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, 2017**

	<u>MASTER PLAN FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
<b>REVENUES:</b>				
Capital Improvement Charges	502,000	502,000	484,351	(17,649)
Earnings on Investments	-	-	1,959	1,959
<b>Total Revenues</b>	<b>502,000</b>	<b>502,000</b>	<b>486,310</b>	<b>(15,690)</b>
<b>EXPENDITURES:</b>				
Materials and Services	100,000	100,000 (1)	-	100,000
Capital Outlay:				
Equipment	1,049,000	1,049,000	18,448	1,030,552
Construction	9,200,000	9,200,000	9,160	9,190,840
Engineering/Legal	1,200,000	1,200,000	1,086,128	113,872
<b>Total Capital Outlay</b>	<b>11,449,000</b>	<b>11,449,000 (1)</b>	<b>1,113,736</b>	<b>10,335,264</b>
Debt Service:				
Interim Financing Interest	606,000	606,000 (1)	12,000	594,000
<b>Total Expenditures</b>	<b>12,155,000</b>	<b>12,155,000</b>	<b>1,125,736</b>	<b>11,029,264</b>
Excess of Revenues Over, (Under) Expenditures	(11,653,000)	(11,653,000)	(639,426)	11,013,574
Other Financing Sources (Uses)				
Bond Proceeds	11,500,000	11,500,000	1,034,199	(10,465,801)
<b>Total Other Financing</b>	<b>11,500,000</b>	<b>11,500,000</b>	<b>1,034,199</b>	<b>(10,465,801)</b>
<b>Net Change in Fund Balance</b>	<b>(153,000)</b>	<b>(153,000)</b>	<b>394,773</b>	<b>547,773</b>
Beginning Fund Balance	153,000	153,000	(6,874)	(159,874)
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 387,899</u>	<u>\$ 387,899</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, 2017**

<u>DEBT SERVICE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
<b>REVENUES:</b>				
Property Taxes	\$ 402,500	\$ 402,500	\$ 453,751	\$ 51,251
Earnings on Investments	500	500	3,332	2,832
<b>Total Revenues</b>	<u>403,000</u>	<u>403,000</u>	<u>457,083</u>	<u>54,083</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Bond Principal Payments	255,000	255,000	255,000	-
Bond Interest Payments	170,000	170,000	166,462	3,538
<b>Total Expenditures</b>	<u>425,000</u>	<u>425,000 (1)</u>	<u>421,462</u>	<u>3,538</u>
<b>Net Change in Fund Balance</b>	(22,000)	(22,000)	35,621	57,621
<b>Beginning Fund Balance</b>	<u>142,000</u>	<u>142,000</u>	<u>153,478</u>	<u>11,478</u>
<b>Ending Fund Balance</b>	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 189,099</u>	<u>\$ 69,099</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, 2017

WATER SDC/CIC RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Tap Fees	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Capital Improvement Charges	162,000	162,000	49,228	(112,772)
System Development Charges	163,310	163,310	49,087	(114,223)
Reimbursements	1,000	1,000	-	(1,000)
Earnings on Investments	2,000	2,000	11,837	9,837
<b>Total Revenues</b>	<b>330,310</b>	<b>330,310</b>	<b>110,152</b>	<b>(220,158)</b>
EXPENDITURES:				
Capital Outlay:				
Equipment	55,000	55,000	29,309	25,691
Construction	1,850,205	1,850,205	4,407	1,845,798
Office/Lab Remodel	10,000	10,000	1,106	8,894
Computer Upgrades	15,000	15,000	11,790	3,210
Engineering/Legal	264,660	264,660	25,874	238,786
Service Installations	10,000	10,000	-	10,000
Rolling Stock	40,000	40,000	18,710	21,290
<b>Total Capital Outlay</b>	<b>2,244,865</b>	<b>2,244,865</b>	<b>91,196</b>	<b>2,153,669</b>
<b>Total Expenditures</b>	<b>2,244,865</b>	<b>2,244,865</b>	<b>91,196</b>	<b>2,153,669</b>
Excess of Revenues Over, (Under) Expenditures	(1,914,555)	(1,914,555)	18,956	1,933,511
Other Financing Sources (Uses)				
Flex Lease Loan	1,000,000	1,000,000	-	(1,000,000)
Transfers In	34,511	34,511	34,511	-
<b>Total Other Financing</b>	<b>1,034,511</b>	<b>1,034,511</b>	<b>34,511</b>	<b>(1,000,000)</b>
<b>Net Change in Fund Balance</b>	<b>(880,044)</b>	<b>(880,044)</b>	<b>53,467</b>	<b>933,511</b>
Beginning Fund Balance	880,044	880,044	1,136,035	255,991
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,189,502</b>	<b>\$ 1,189,502</b>

(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, 2017**

SEWER SDC/CIC RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
<b>REVENUES:</b>				
Capital Improvement Charges	\$ 162,000	\$ 162,000	\$ 80,644	\$ (81,356)
System Development Charges	88,230	88,230	246,282	158,052
Loans	750,000	750,000	-	(750,000)
Earnings on Investments	500	500	6,254	5,754
<b>Total Revenues</b>	<b>1,000,730</b>	<b>1,000,730</b>	<b>333,180</b>	<b>(667,550)</b>
<b>EXPENDITURES:</b>				
Materials and Services	40,000	40,000 (1)	-	40,000
<b>Capital Outlay:</b>				
Equipment	167,230	167,230	40,168	127,062
Service Installations	5,000	5,000	-	5,000
Construction	836,324	836,324	25,146	811,178
Lift Station Improvements	76,500	76,500	5,975	70,525
Office/Lab Remodel	-	-	1,105	(1,105)
Engineering	250,000	250,000	10,269	239,731
Computer Upgrades	10,000	10,000	11,790	(1,790)
Rolling Stock	30,000	30,000	18,710	11,290
Inflow and Infiltration	10,000	10,000	-	10,000
<b>Total Capital Outlay</b>	<b>1,385,054</b>	<b>1,385,054 (1)</b>	<b>113,163</b>	<b>1,271,891</b>
<b>Debt Service:</b>				
Loan Re-Payment	100,000	100,000	55,034	44,966
<b>Total Debt Service</b>	<b>100,000</b>	<b>100,000 (1)</b>	<b>55,034</b>	<b>44,966</b>
<b>Total Expenditures</b>	<b>1,525,054</b>	<b>1,525,054</b>	<b>168,197</b>	<b>1,356,857</b>
Excess of Revenues Over (Under) Expenditures	(524,324)	(524,324)	164,983	689,307
<b>Other Financing Sources (Uses):</b>				
Transfers In	73,324	73,324	73,324	-
<b>Total Other Financing</b>	<b>73,324</b>	<b>73,324</b>	<b>73,324</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(451,000)</b>	<b>(451,000)</b>	<b>238,307</b>	<b>689,307</b>
Beginning Fund Balance	451,000	451,000	465,329	14,329
Ending Fund Balance	\$ -	\$ -	\$ 703,636	\$ 703,636

(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, 2017

Tax Year	Original Levy or Balance Uncollected 7/1/16	Deduct Discounts	Adjustments to Rolls	Add Interest	Cash Collections by County Treasurer	Balance Uncollected 6/30/17
Current:						
2016-17	\$ 431,739	\$ 10,654	\$ (626)	\$ 274	\$ 408,803	\$ 11,930
Prior Years:						
2015-16	12,480	7	(35)	495	6,083	6,850
2014-15	6,815	-	(22)	421	2,063	5,151
2013-14	10,911	-	(17)	691	2,196	9,389
2012-13	4,578	-	(15)	405	1,073	3,895
Prior Years	4,787	-	(58)	106	158	4,677
Total Prior	39,571	7	(147)	2,118	11,573	29,962
Total	<u>\$ 471,310</u>	<u>\$ 10,661</u>	<u>\$ (773)</u>	<u>\$ 2,392</u>	<u>\$ 420,376</u>	<u>\$ 41,892</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 420,376
Accrued at 6/30/16	(4,281)
Accrued at 6/30/17	6,546
Payments in Lieu of Taxes	31,110
Total Receipts	<u>\$ 453,751</u>

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2017**

<u>Federal Grantor / Program Title</u>	<u>Pass Through Entity</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Number</u>	<u>Period Covered</u>	<u>Expenditures</u>
<b>Loans</b>					
<u>US Department of Agriculture</u>					
WasteWater Treatment Plant Update	Rural Development	10.760		07/01/16 - 6/30/17	<u>\$ 1,034,199</u>
<b>Total</b>					<u><u>\$ 1,034,199</u></u>

**Reconciliation to Revenue**

Federal Awards per Schedule Above	<u>1,034,199</u>
Federal Revenue Recognized (Master Plan Fund - Other Financing Sources)	<u><u>1,034,199</u></u>

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

**OTHER INFORMATION**

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

**SCHEDULE OF BOND AND INTEREST TRANSACTIONS AND BALANCES  
For the Year Ended June 30, 2017**

DATE OF ISSUE	ORIGINAL AMOUNT	BONDS & LINE OF CREDIT OUTSTANDING 7/1/2016	BONDS & LINE OF CREDIT MATURING DURING THE YEAR	BONDS REDEEMED AND LINE OF CREDIT PAID DURING THE YEAR	BONDS & LINE OF CREDIT OUTSTANDING 6/30/2017
10/4/2007	\$ 5,485,000	\$ 3,540,000	\$ 255,000	\$ 255,000	\$ 3,285,000
Cashmere Bank	\$ 1,113,546	\$ -	\$ -	\$ -	\$ 1,113,546
Line of Credit	\$ 500,000	405,995	44,016	44,016	361,979
		<u>\$ 3,945,995</u>	<u>\$ 299,016</u>	<u>\$ 299,016</u>	<u>\$ 4,760,525</u>

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

**SCHEDULE OF BOND REDEMPTION AND INTEREST REQUIREMENTS  
June 30, 2017**

ISSUE OF 10/4/07			LINE OF CREDIT		
YEAR	Due July 1st	Interest	YEAR	Due 30th of each month	Interest
2017-2018	\$ -	(1) \$ -	2017-2018	\$ 49,157	\$ 5,876
2018-2019	265,000	149,337	2018-2019	50,023	5,011
2019-2020	275,000	136,782	2019-2020	50,896	4,138
2020-2021	290,000	123,645	2020-2021	51,805	3,231
2021-2026	1,670,000	395,051	2021-2026	160,098	4,141
2026-2031	785,000	38,040	2026-2031	-	-
<b>TOTALS</b>	<b><u>\$ 3,285,000</u></b>	<b><u>\$ 842,855</u></b>	<b>TOTALS</b>	<b><u>\$ 361,979</u></b>	<b><u>\$ 22,397</u></b>

BANK LOAN			ALL ISSUES		
YEAR	Due November 1st	Interest	YEAR	Principal	Interest
2017-2018	\$ 1,113,546	\$ -	2017-2018	\$ 1,162,703	\$ 5,876
			2018-2019	315,023	154,348
<b>TOTALS</b>	<b><u>\$ 1,113,546</u></b>	<b><u>\$ -</u></b>	2019-2020	325,896	140,920
			2020-2021	341,805	126,876
			2021-2026	1,830,098	399,192
			2026-2031	785,000	38,040
			<b>TOTALS</b>	<b><u>\$ 4,760,525</u></b>	<b><u>\$ 865,252</u></b>

(1) The District prepaid the July 1, 2017 GO Bond principal and interest payment in June of 2017.



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

**Independent Auditors' Report Required by Oregon State Regulations**

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PAULY, ROGERS AND CO., P.C.  
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September 15, 2017

### Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Pacific City Joint Water-Sanitary Authority as of and for the year ended June 30, 2017, and have issued our report thereon dated September 15, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

#### Compliance

As part of obtaining reasonable assurance about whether the 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 the basic 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.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing, nothing came to our attention that caused us to believe the Pacific City Joint Water-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.

#### OAR 162-10-0230 Internal Control

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

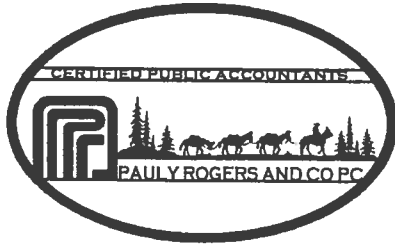
A handwritten signature in black ink that reads "Roy R. Rogers". The signature is written in a cursive style with a large, stylized 'R' at the beginning.

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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September 15, 2017

To the Board of Directors  
Pacific City Joint Water-Sanitary 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 basic financial statements of Pacific City Joint Water-Sanitary Authority as of and for the year ended June 30, 2017, and the related notes to the basic financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated September 15, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the basic financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic 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 basic 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 may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the basic 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 determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

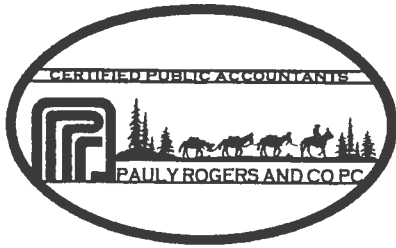
## Purpose of this Report

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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September 15, 2017

To the Board of Directors  
Pacific City Joint Water-Sanitary 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**

We have audited Pacific City Joint Water-Sanitary Authority's compliance with the types of compliance requirements described 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, 2017. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of compliance.

**Opinion on Each Major Federal Program**

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, 2017.

## Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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, we do not express an opinion on the effectiveness of 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2017

**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(ies) identified that are not considered to be material weaknesses  Yes  No

Noncompliance material to financial statements noted?  Yes  No

Any GAGAS findings disclosed that are required to be reported in accordance with the Uniform Guidance?  Yes  No

***Federal Awards***

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) 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 the Uniform Guidance?  Yes  No

Identification of major programs

CFDA Number(s):  
10.760

Name of Federal Program:  
Water and Waste Loan and Grant Program

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?  Yes  No

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

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### **SECTION II – FINANCIAL STATEMENT FINDINGS**

None

### **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

### **NOTES TO THE SCHEDULE OF FEDERAL AWARDS**

#### **1. BASIS OF PRESENTATION**

The schedule of expenditures of federal awards included in this report includes the federal grant activity and is presented on the modified accrual basis of accounting. The information in the schedule of expenditures of federal awards 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.