

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

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021



**12700 SW 72nd Ave.
Tigard, OR 97223**

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

**2020-21
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, 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, Manager
P.O. Box 520
34005 Cape Kiwanda Drive
Pacific City, Oregon 97135

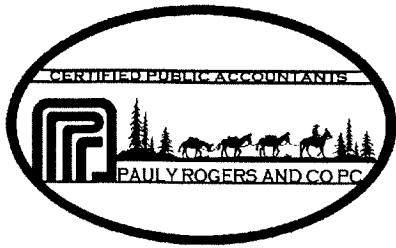
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**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON**

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(503) 620-2632 (503) 684-7523 FAX
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March 22, 2022

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 (the Authority), Tillamook County, Oregon, as of and for the years ended June 30, 2021 and 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2021 and 2020, 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.

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 on it.

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, 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.

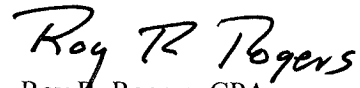
Other Information

The listing of board members containing their term expiration dates, located before the table of contents has 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 it.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated March 22, 2022, 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 March 22, 2022 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 style with a large, prominent "R" in the middle.

Roy R. Rogers, CPA

PAULY, ROGERS AND CO., P.C.

Pacific City Joint Water-Sanitary Authority Management's Discussion and Analysis FY 2021

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, 2021. 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, 2021 were \$27,020,066 and include capital assets of \$21,781,857 and current assets of \$608,632. Overall, total assets for the Authority decreased 2.5% from FY 2020.
- PCJWSA's assets and deferred outflows of resources exceeded its liabilities on June 30, 2021 by \$15,831,316 (net position). This amount reflects a decrease of \$128,630 or .81% from FY 2020 and an increase of \$269,259 since FY 2019. For the fiscal year ended June 30, 2021, unrestricted net position in the amount of \$520,524 includes \$409,786 in cash and investments that may be used to meet the Authority's obligations. This represents a 13.82% decrease in year-end unrestricted net position from FY 2020.
- At June 30, 2021, capital assets less related debt was \$11,260,662, an increase of 2.7% from FY 2020. Long-term debts total \$9,935,980 showing a decrease of 5.69% from FY 2020. The decrease is primarily due to the Authority's schedule debt payment service payments on the Authority's outstanding debt.
- Operating revenues for FY 2021 were \$1,383,020, an increase of 3.81% from FY 2020 or \$50,793.
- Total operating expenses for FY 2021 were \$2,792,852 reflecting an overall increase of 23.82%, \$537,218 from the previous year. Labor and benefits increased 9.8% due to an increase in wages and fringe benefit costs; materials and services costs increased 14.05%.

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 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 \$15.8 million on June 30, 2021 and reflect a decrease of approximately \$128,630 or 0.8% under 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 71.13% of total net position), and includes the Authority's investment in land, buildings, equipment, reservoirs, and pipelines, net related debt. 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		Difference	Percent	
	<u>2021</u>	<u>2020</u>	<u>2020-2019</u>	<u>Change</u>	<u>2019</u>
Assets:					
Current Assets	\$ 608,632	\$ 676,827	\$ (68,195)	-10%	\$ 590,427
Current Restricted Assets	4,627,257	4,960,557	(333,300)	-7%	4,702,974
Capital Assets	<u>21,781,857</u>	<u>22,075,063</u>	<u>(293,206)</u>	-1%	<u>22,081,374</u>
Total Assets	<u>27,017,746</u>	<u>27,712,447</u>	<u>(694,701)</u>	-3%	<u>27,374,775</u>
Deferred Outflows of Resources	<u>2,320</u>	<u>643</u>	<u>1,677</u>	261%	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 27,020,066</u>	<u>\$ 27,713,090</u>	<u>\$ (693,024)</u>	-3%	<u>\$ 27,374,775</u>
Liabilities:					
Current Liabilities	\$ 1,252,770	\$ 1,216,633	\$ 36,137	3%	\$ 697,080
Non-Current Liabilities	<u>9,935,980</u>	<u>10,536,511</u>	<u>(600,531)</u>	-6%	<u>11,115,638</u>
Total Liabilities	<u>11,188,750</u>	<u>11,753,144</u>	<u>(564,394)</u>	-5%	<u>11,812,718</u>
Net Position:					
Invested in Capital Asset	11,260,662	10,963,669	296,993	3%	10,389,552
Reserved for Debt Service	1,364,414	1,482,914	(118,500)	-8%	1,938,547
Reserved for Capital Improvements	2,685,716	2,909,348	(223,632)	-8%	2,728,648
Unrestricted	<u>520,524</u>	<u>604,015</u>	<u>(83,491)</u>	-14%	<u>505,310</u>
Total Net Position	<u>15,831,316</u>	<u>15,959,946</u>	<u>(128,630)</u>	-1%	<u>15,562,057</u>
Total Liabilities and Net Position	<u>\$ 27,020,066</u>	<u>\$ 27,713,090</u>	<u>\$ (693,024)</u>	-3%	<u>\$ 27,374,775</u>

Change in Net Position

As shown in the next table the Authority's operating, non-operating and capital activities decreased total net position by \$128,630 from FY 2020 and \$269,259 since FY 2019.

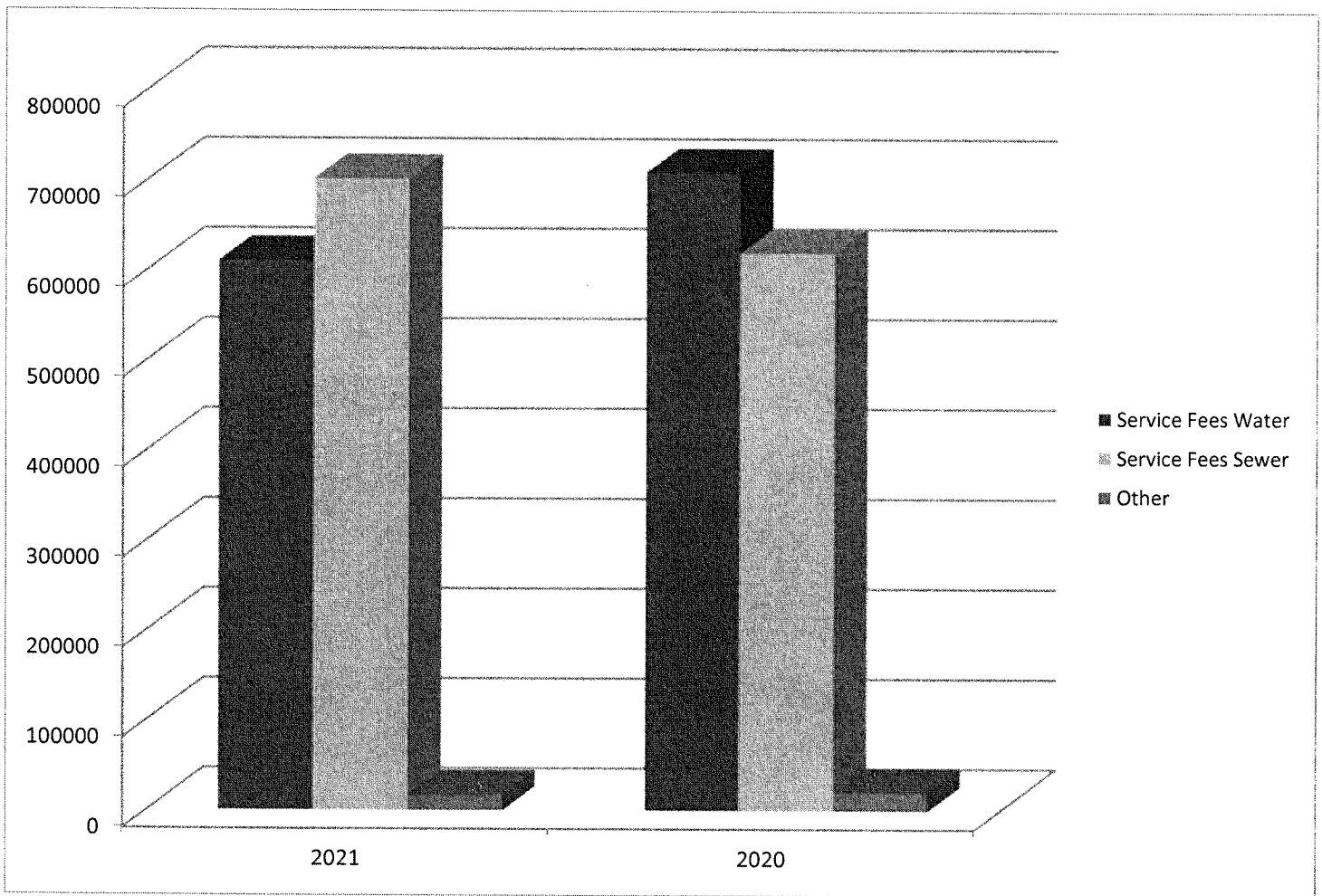
Change in Net Position

	<u>2021</u>	<u>2020</u>	<u>Difference 2021-2020</u>	<u>Percent Change</u>	<u>2019</u>
Operating Revenue:					
Service Fees	\$ 1,345,576	\$ 1,314,285	\$ (31,291)	2%	\$ 1,331,322
Other Operating Revenues	<u>37,444</u>	<u>17,942</u>	<u>(19,502)</u>	109%	<u>21,553</u>
Total Operating Revenues	<u>1,383,020</u>	<u>1,332,227</u>	<u>(50,793)</u>	4%	<u>1,352,875</u>
Operating Expenses:					
Personal Services	967,300	871,708	(95,592)	11%	758,943
Materials and Services	636,947	547,419	(89,528)	16%	453,435
Depreciation and Amortization	<u>1,188,605</u>	<u>836,507</u>	<u>(352,098)</u>	42%	<u>847,690</u>
Total Operating Expenses	<u>2,792,852</u>	<u>2,255,634</u>	<u>(537,218)</u>	24%	<u>2,060,068</u>
Net Income, (Loss) From Operations	(1,409,832)	(923,407)	486,425	53%	(707,193)
Non-Operating Revenue, (Expenses)	<u>1,281,202</u>	<u>1,334,584</u>	<u>53,382</u>	-4%	<u>1,673,186</u>
Change in Net Position	(128,630)	411,177	539,807	-131%	965,993
Beginning Net Position (Restated)	<u>15,959,946</u>	<u>15,548,769</u>	<u>(411,177)</u>	3%	<u>14,596,064</u>
Ending Net Assets	<u><u>15,831,316</u></u>	<u><u>15,959,946</u></u>	<u><u>\$ 128,630</u></u>	-1%	<u><u>15,562,057</u></u>

Operating Revenues

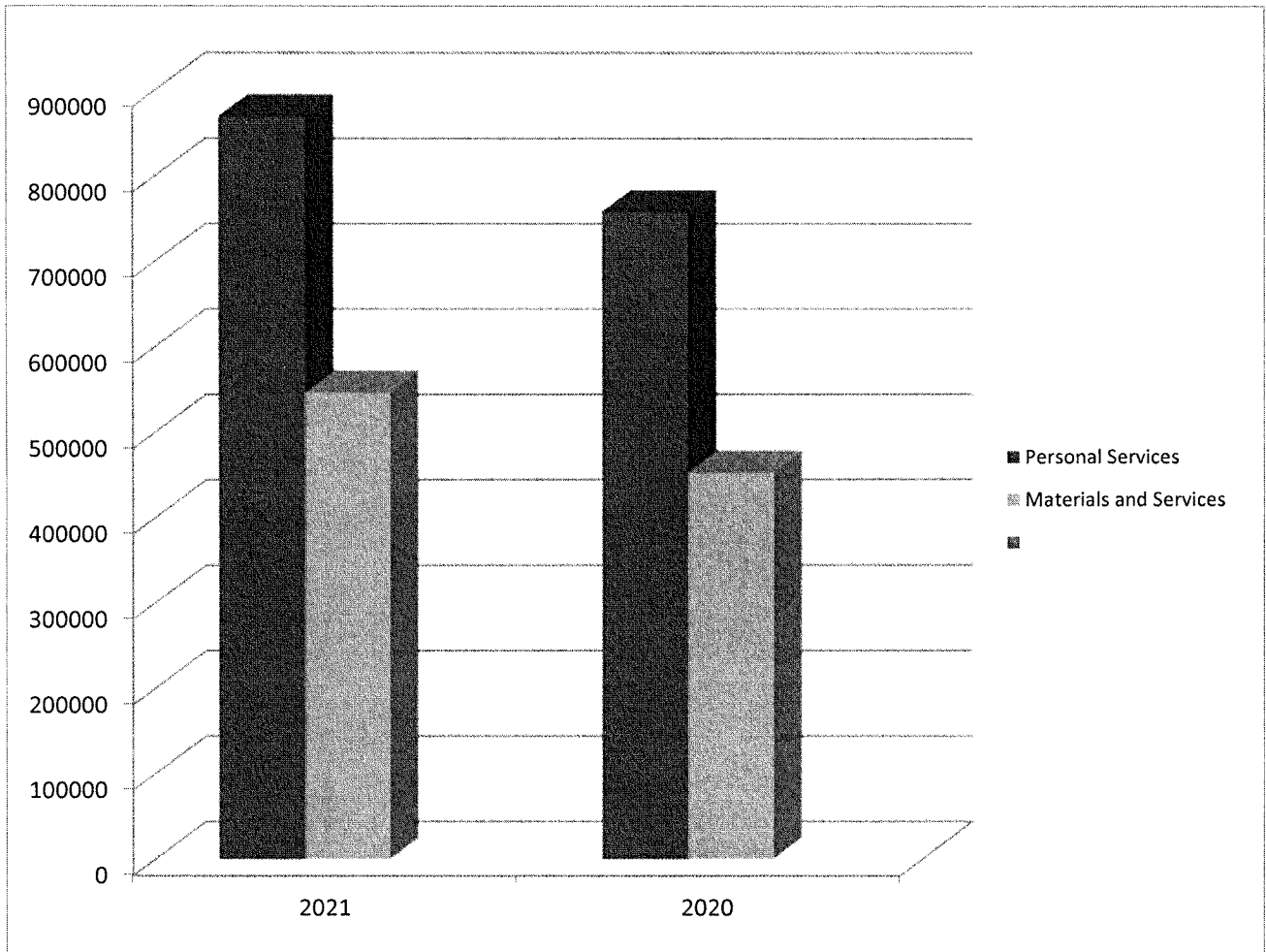
FY 2021 operating revenues increased \$50,793 or about 4% from FY 2020. The Authority sets rates annually and increases are based on cost of service and requirements needed to fund operations and capital improvements.

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.



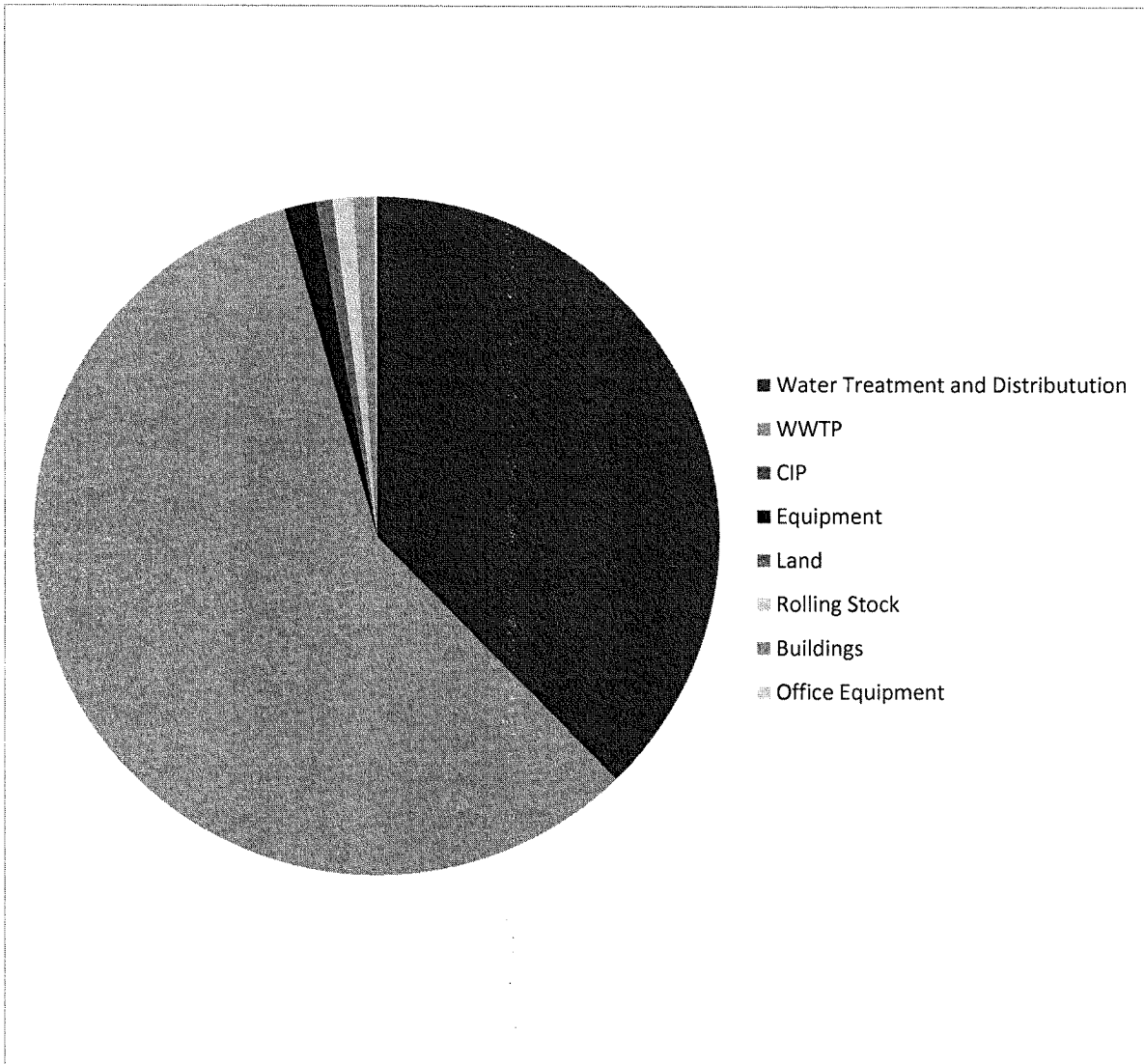
Operating Expenses

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, 2021, the Authority had \$21,781,857 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, 2021, the Authority owed \$2,080,515 for a General Obligation Bond approved by voters in November 2007, \$155,854 for a line of credit approved in 2014, and \$8,284,826 for revenue financing of the WWPT upgrade.

Economic Factors and Next Year's Budget and Rates

The total amount of appropriations in the 2021-2022 Fiscal Year's budget is as follows:

Master Plan Appropriations:	\$ 1,703,600
Debt Service Fund Appropriations:	\$ 2,558,600
Water SDC/CIC Fund Appropriations:	\$ 1,931,330
Sewer SDC/CIC Fund Appropriations:	\$ 1,285,715
Water Enterprise Fund Appropriations:	\$ 859,300
Sewer Enterprise Fund Appropriations:	<u>\$ 1,061,900</u>
For a total of	\$ 9,400,445

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, 2021 and 2020

	2021	Restated 2020
ASSETS:		
Current		
Cash and Equivalents	\$ 409,786	\$ 504,137
Utility Billing Accounts Receivable	138,000	112,555
Materials Inventory	60,846	60,135
Total Current Assets	608,632	676,827
Restricted Assets		
Debt Service Fund		
Cash and Investments	151,129	141,320
Taxes Receivable	39,571	39,571
Master Plans Fund		
Cash and Investments	1,688,572	1,738,258
Utility Billing Accounts Receivable	32,667	96,298
Water SDC/CIC Reserve Fund		
Cash and Investments	1,682,705	1,928,549
Utility Billing Accounts Receivable	5,291	4,362
Sewer SDC/CIC Reserve Fund		
Cash and Investments	1,019,184	1,005,049
Utility Billing Accounts Receivable	8,138	7,150
Total Restricted Assets	4,627,257	4,960,557
Capital Assets		
Non-Depreciable	304,404	9,851,719
Depreciable	38,241,344	27,805,630
Less: Accumulated Depreciation	(16,763,891)	(15,582,286)
Net Capital Assets	21,781,857	22,075,063
Total Assets	27,017,746	27,712,447
DEFERRED OUTFLOWS OF RESOURCES		
OPEB Health Insurance related deferrals	2,320	643
TOTAL ASSETS AND RELATED DEFERRALS:	\$ 27,020,066	\$ 27,713,090
LIABILITIES AND NET POSITION:		
Current Liabilities		
Accounts Payable	\$ 58,082	\$ 96,039
Retainage Payable	547,525	486,000
Payroll Liabilities	1,536	931
Accrued Compensated Absences	42,337	43,464
Note, Bonds Payable - Current Portion	603,290	590,199
Total Current Liabilities	1,252,770	1,216,633
Noncurrent Liabilities		
Other post-employment benefit (OPEB) obligation - Health Insurance	18,075	15,316
Note, Bonds Payable, Less Current Portion	9,917,905	10,521,195
Total Noncurrent Liabilities	9,935,980	10,536,511
Total Liabilities	11,188,750	11,753,144
Net Position		
Net Investment in Capital Assets	11,260,662	10,963,669
Restricted for Debt Service	1,364,414	1,482,914
Restricted for Capital Improvements	2,685,716	2,909,348
Unrestricted	520,524	604,015
Total Net Position	15,831,316	15,959,946
Total Liabilities and Net Position	\$ 27,020,066	\$ 27,713,090

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, 2021 and 2020

	2021	Restated 2020
OPERATING REVENUES:		
Service Fees - Sewer	\$ 724,496	\$ 702,988
Service Fees - Water	621,080	611,297
Streetlight Assessments	7,734	7,677
Miscellaneous Charges	2,710	3,737
Tap Fees/Inspections	15,002	6,528
Reimbursements	11,998	-
Total Operating Revenues	<u>1,383,020</u>	<u>1,332,227</u>
OPERATING EXPENDITURES:		
Personnel Services	967,300	871,708
Materials and Services	636,947	547,419
Depreciation	1,188,605	836,507
Total Operating Expenses	<u>2,792,852</u>	<u>2,255,634</u>
Operating Income (Loss)	<u>(1,409,832)</u>	<u>(923,407)</u>
NON-OPERATING INCOME (EXPENDITURES):		
Property Taxes	381,202	360,621
Earnings on Investments	40,039	107,157
Grants	444,695	939,435
System Development Charges	259,844	221,337
Capital Improvements Charges	479,552	434,623
Interest Expense on Bonds and Leases	(234,130)	(242,589)
Bond Reserve	-	(396,000)
Short-Lived Assets	(90,000)	(90,000)
Total Non-Operating Income	<u>1,281,202</u>	<u>1,334,584</u>
Change in Net Position	(128,630)	411,177
Beginning Net Position (restated)	<u>15,959,946</u>	<u>15,548,769</u>
Ending Net Position	<u>\$ 15,831,316</u>	<u>\$ 15,959,946</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, 2021 and 2020**

	2021	Restated 2020
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 1,419,289	\$ 1,300,519
Cash Paid to Suppliers	(675,615)	(511,303)
Cash Paid to Employees	(966,740)	(888,412)
Net Cash Provided (Used) by Operating Activities	(223,066)	(99,196)
Cash Flows From Investing Activities		
Earnings on Investment	40,039	107,157
Net Cash Provided By Investing Activities	40,039	107,157
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(895,399)	(830,196)
Purchase of Short-Lived Assets	(90,000)	(90,000)
Increase in Retainage Payable	61,525	486,000
Bond Reserve	-	(396,000)
Principal Payments on Long-term Debt (Net)	(590,199)	(580,428)
Interest Payments on Long-term Debt	(234,130)	(242,589)
Net Cash Used by Capital and Related Financing Activities	(1,748,203)	(1,653,213)
Cash Flows From Non-Capital Financing Activities		
Property Tax Contributions/Sale of Assets	381,202	360,621
Grants	444,695	939,435
Capital Improvements Charges	479,552	434,623
System Development Fees	259,844	221,337
Net Cash Provided By Non-Capital Financing Activities	1,565,293	1,956,016
Net Increase (Decrease) in Cash	(365,937)	310,764
Cash and Cash Equivalents, Beginning of Year	5,317,313	5,006,549
Cash and Cash Equivalents, End of Year	\$ 4,951,376	\$ 5,317,313
Detail of Cash:		
Unrestricted	\$ 409,786	\$ 504,137
Master Plans Fund	1,688,572	1,738,258
Debt Service Fund	151,129	141,320
Water SDC/CIC Reserve Fund	1,682,705	1,928,549
Sewer SDC/CIC Reserve Fund	1,019,184	1,005,049
	\$ 4,951,376	\$ 5,317,313
Cash Paid for Interest	\$ 234,130	\$ 242,589
Operating Loss	\$ (1,409,832)	\$ (923,407)
Noncash Items included in Income		
Depreciation Expense & Amortization	1,188,605	836,507
Decrease (Increase) In:		
Accounts Receivable	36,269	(31,708)
Materials Inventory	(711)	(1,511)
Increase (Decrease) In:		
Accounts Payable	(37,957)	37,627
Payroll Liabilities	1,687	2,316
Accrued Compensated Absences	(1,127)	(19,020)
Net Cash Provided By Operation	\$ (223,066)	\$ (99,196)

*FY2020 cash flows from capital and related financing activities are presented differently than prior year for current year presentation.

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.

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

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 “total net 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.
- OPEB liabilities are not budgeted as expenses.

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.

**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
- 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 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, except for the following:

- The Master Plan Capital Outlay Appropriation Line Item was over spent by \$44,053.

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

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 \$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.

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, 2021 and 2020 consisted of:

	2021	2020
Deposits with Financial Institutions		
Petty Cash	\$ 300	\$ 300
Demand Deposits	207,530	394,637
Investments	4,743,546	4,922,376
Total Cash & Investments	\$ 4,951,376	\$ 5,317,313
Reported on Statement of Net Position as:		
Current Cash and Equivalents	\$ 409,786	\$ 504,137
Restricted Master Plan Fund	1,688,572	1,738,258
Restricted Debt Service Cash	151,129	141,320
Restricted Water SDC/CIC Cash	1,682,705	1,928,549
Restricted Sewer SDC/CIC Cash	1,019,184	1,005,049
Total Cash & Investments	\$ 4,951,376	\$ 5,317,313

DEPOSITS:

Deposits with financial institutions are comprised of 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. The total bank balance per the bank statements as of June 30, 2021 is \$278,824 of which \$250,006 was covered by federal depository insurance, and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP).

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, 2021 and 2020 as follows:

	2021	2020
Oregon State Treasurer's Local Government Investment Pool, Variable Interest Rate	\$ 4,743,546	\$ 4,922,376

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

**PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
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NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

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. 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 - 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, 2021, 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, 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>

The changes in Capital Assets for the year ended June 30, 2020 are summarized below:

	Balance 7/1/2019	Additions	(Deletions)	Balance 6/30/2020
Capital Assets Not Being Depreciated				
Land & Land Improvements	\$ 304,404	\$ -	\$ -	\$ 304,404
Construction in Process	8,747,713	799,602	-	9,547,315
Total Capital Assets Not Depreciated	<u>9,052,117</u>	<u>799,602</u>	<u>-</u>	<u>9,851,719</u>
Capital Assets Being Depreciated				
Vehicles and Equipment	994,593	-	-	994,593
Buildings & Improvements	342,303	-	-	342,303
Water Distribution Systems	14,113,849	30,594	-	14,144,443
WW Treatment & Collections Systems	12,324,291	-	-	12,324,291
Total Capital Assets Being Depreciated	<u>27,775,036</u>	<u>30,594</u>	<u>-</u>	<u>27,805,630</u>
Accumulated Depreciation				
Vehicles and Equipment	881,581	37,935	-	919,516
Buildings & Improvements	134,887	11,410	-	146,297
Water Distribution Systems	6,964,198	460,027	-	7,424,225
WW Treatment & Collections Systems	6,765,113	327,135	-	7,092,248
Total Accumulated Depreciation	<u>14,745,779</u>	<u>836,507</u>	<u>-</u>	<u>15,582,286</u>
Total Net Capital Assets	<u>\$ 22,081,374</u>			<u>\$ 22,075,063</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2021, 2020 and 2019 were \$44,631, \$34,668, and \$39,220, respectively, equal to the required contributions for each year for the District.

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 21.

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

Actuarial Methods and Assumptions - 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.

Changes in the Net Other Post-Employment Benefit Liability

	Increase (Decrease) Total OPEB Liability
Balance as of June 30, 2019	\$ 13,288
Changes for the year:	
Service cost	1,533
Interest on total OPEB liability	567
Effect of changes to benefit terms	-
Effect of economic/demographic gain or losses	-
Effect of assumptions changes or inputs	294
Benefit payments	(366)
Balance as of June 30, 2020	15,316
	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 losses	-
Effect of assumptions changes or inputs	842
Benefit payments	(386)
Balance as of June 30, 2021	18,075

**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, 2020	\$ 16,135	\$ 15,316	\$ 14,529
Total OPEB Liability, as of June 30, 2021	18,981	18,075	17,191

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability, as of June 30, 2020	\$ 14,099	\$ 15,316	\$ 16,711
Total OPEB Liability, as of June 30, 2021	16,596	18,075	19,775

As of June 30, 2020 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	-	257
Subtotal amortized deferral	-	257
Benefit payments	-	386
Deferred (inflow) outflow of resources	\$ -	\$ 643

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, 2021.

Subtotal amounts related to OPEB as deferred outflows of resources, \$257, and deferred inflows of resources (\$0,) net to \$257, and will be recognized in pension expense as follows:

Year ending June 30,	Amount
2021	\$ 37
2022	37
2023	37
2024	37
2025	37
Thereafter	72
Total	\$ 257

**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, 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

As of the July 1, 2019 valuation date, the following employees were covered by the benefit terms:

Number of Members	
Active	9
Retired	0
Total	9

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

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM OBLIGATIONS

General Obligation Bonds and Loans:

<u>Issue Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding 7/1/20</u>	<u>Issued</u>	<u>Matured and Redeemed</u>	<u>Outstanding 6/30/21</u>	<u>Due Within One Year</u>
GO Refund Bond 2017	2.10%	3,324,464	2,403,836	-	323,321	2,080,515	330,928
TLC Credit Union Note 2014	1.75%	500,000	207,659	-	51,805	155,854	52,719
Subtotal			2,611,495	-	375,126	2,236,369	383,647
USDA Loan							
Wastewater Revenue Bond	2.12%	8,710,000	8,499,899	-	215,073	8,284,826	219,643
			<u>\$11,111,394</u>	<u>\$ -</u>	<u>\$ 590,199</u>	<u>\$10,521,195</u>	<u>\$603,290</u>

Principal and Interest Streams for Long-Term Obligations:

<u>For the Fiscal Year Ended June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	603,290	222,060	825,350
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
2026-2031	1,635,913	713,661	2,349,574
2032-2036	1,413,298	565,182	1,978,480
2037-2041	1,570,417	408,063	1,978,480
2042-2046	1,744,594	233,886	1,978,480
2047-2049	1,138,647	48,784	1,187,431
Total	<u>\$ 10,521,195</u>	<u>\$ 2,954,661</u>	<u>\$ 13,475,856</u>

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 United States Department of Agriculture for \$8,710,000 with interest of 2.12% for Waste Water Improvement Construction. This Bond will mature in 2049.

**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.

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, 2021 as follows:

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

Activity for compensated absences for the year ended June 30, 2020 is shown as follows:

Balance July 1, 2019	\$ 62,484
Additions	39,310
Deletions	<u>(58,330)</u>
Balance June 30, 2020	\$ <u>43,464</u>

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

11. TAX ABATEMENTS

As of June 30, 2021, 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, 2021 for any program covered under GASB 77.

12. RESTATEMENT

A prior period adjustment was recorded to account for the Authority's Net OPEB Health Insurance related liabilities and deferred outflows of resources that existed at the beginning of the previous fiscal year and the related activity during the previous fiscal period; this resulted in a \$13,288 reduction in beginning net position, a \$1,385 increase in personnel services expense, and ultimately a \$14,673 reduction in ending net position for the fiscal year ended June 30, 2020.

Net Position - Beginning as previously reported	\$ 15,562,057
Addition of Net OPEB Liability at prior measurement date	<u>(13,288)</u>
Net Position - Beginning as restated	<u>\$ 15,548,769</u>

	Original	Restatement	Adjusted
Personnel Services	\$ 870,323	\$ 1,385	\$ 871,708

Net Position - Ending as previously reported	\$ 15,974,619
Prior Period Adjustments (Restatements)	<u>(14,673)</u>
Net Position - Ending as restated	<u>\$ 15,959,946</u>

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**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, 2021

**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
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
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, 2021**

	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	\$ 144,872	\$ 264,914	\$ 1,688,572	\$ 151,129	\$ 1,682,705	\$ 1,019,184	\$ 4,951,376
Utility Billing A/R	65,191	72,809	32,667	-	5,291	8,138	184,096
Taxes Receivable	-	-	-	39,571	-	-	39,571
Total Assets	\$ 210,063	\$ 337,723	\$ 1,721,239	\$ 190,700	\$ 1,687,996	\$ 1,027,322	\$ 5,175,043
LIABILITIES AND FUND BALANCE:							
Current Liabilities:							
Accounts Payable	\$ 13,866	\$ 14,614	\$ -	\$ -	\$ 16,142	\$ 13,460	\$ 58,082
Retainage Payable	-	-	547,525	-	-	-	547,525
Payroll Liabilities	768	768	-	-	-	-	1,536
Total Liabilities	14,634	15,382	547,525	-	16,142	13,460	607,143
Fund Balance:							
Restricted for Debt Service	-	-	1,173,714	190,700	-	-	1,364,414
Restricted for Capital Projects	-	-	-	-	1,671,854	1,013,862	2,685,716
Unassigned	195,429	322,341	-	-	-	-	517,770
Total Fund Balance	195,429	322,341	1,173,714	190,700	1,671,854	1,013,862	4,567,900
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 210,063	\$ 337,723	\$ 1,721,239	\$ 190,700	\$ 1,687,996	\$ 1,027,322	\$ 5,175,043

Reconciliation to Net Position:

Fund Balances Above	\$ 4,567,900
Less:	
Accrued Compensated Absences	(42,337)
Bond Payable & Line of Credit	(10,521,195)
OPEB Health Insurance Liability	(18,075)
Plus:	
Net Capital Assets	21,781,857
Inventory	60,846
Deferred Outflow - OPEB Health Insurance	2,320
Total Net Position	\$ 15,831,316

**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, 2021**

	WATER ENTERPRISE FUND	WASTEWATER ENTERPRISE FUND	MASTER PLAN FUND	DEBT SERVICE FUND	WATER SDC/CIC RESERVE FUND	SEWER SDC/CIC RESERVE FUND	TOTAL
REVENUES:	\$ 632,867	\$ 729,870	\$ 801,440	\$ 383,408	\$ 258,664	\$ 182,103	\$ 2,988,352
EXPENDITURES:							
Personnel Services	394,736	454,630	-	-	-	-	849,366
Materials and Services	275,571	283,117	-	-	1,200	-	559,888
Capital Outlay	-	-	444,053	-	509,871	137,224	1,091,148
Debt Service	-	-	395,696	373,599	-	55,034	824,329
Total Expenditures	670,307	737,747	839,749	373,599	511,071	192,258	3,324,731
Excess of Revenues Over, (Under) Expenditures	(37,440)	(7,877)	(38,309)	9,809	(252,407)	(10,155)	(336,379)
Other Financing Sources (Uses)							
Short Lived Asset Replacement							
Expense and Reserve Liability	-	-	(90,000)	-	-	-	(90,000)
Transfer In	-	-	-	-	-	38,930	38,930
Transfer Out	-	(38,930)	-	-	-	-	(38,930)
Net Change in Fund Balance	(37,440)	(46,807)	(128,309)	9,809	(252,407)	28,775	(426,379)
Beginning Fund Balance	232,869	369,148	1,302,023	180,891	1,924,261	985,087	4,994,279
Ending Fund Balance	\$ 195,429	\$ 322,341	\$ 1,173,714	\$ 190,700	\$ 1,671,854	\$ 1,013,862	\$ 4,567,900

Reconciliation to Changes in Net Position:

Change in Fund Balances Above	\$ (426,379)
Plus:	
Capital Additions	895,399
Long-Term Debt Paid	590,199
Inventory Increase	711
Change in OPEB Health Insurance Deferred Outflows	1,677
Less:	
Depreciation (Net)	(1,188,605)
Accrued Compensated Absences change	1,127
Change in OPEB Health Insurance Liability	(2,759)
Change in Net Position	<u>\$ (128,630)</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, 2021**

<u>WATER ENTERPRISE FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
User Fees - Water	\$ 580,000	\$ 580,000	\$ 621,080	\$ 41,080
Streetlight Assessments	7,700	7,700	7,734	34
Miscellaneous/Lab Charges	2,000	2,000	1,750	(250)
Service Mapping	1,200	1,200	975	(225)
Fire Hydrant/Water	1,000	1,000	225	(775)
Reimbursements	2,000	2,000	137	(1,863)
Customer Assistance Program	2,000	2,000	-	(2,000)
Earnings on Investments	3,000	3,000	966	(2,034)
Total Revenues	598,900	598,900	632,867	33,967
EXPENDITURES:				
Personnel Services:				
Authority Manager	59,225	59,225	70,259	(11,034)
Executive Assistant	37,750	37,750	35,167	2,583
Office Assistant	23,000	23,000	19,153	3,847
Assistant Manager	37,500	37,500	-	37,500
Operator III	12,000	12,000	26,581	(14,581)
Operator II	37,600	37,600	42,833	(5,233)
Operator I	14,000	14,000	10,703	3,297
OIT	72,394	72,394	55,346	17,048
Overtime Allowance	5,000	5,000	7,581	(2,581)
On Call Pay	4,500	4,500	3,861	639
Medical Insurance	94,000	94,000	78,940	15,060
Workers Compensation	7,500	7,500	4,551	2,949
Deferred Compensation	20,000	20,000	15,437	4,563
Payroll Taxes	23,000	23,000	24,324	(1,324)
Total Personnel Services	447,469	447,469 (1)	394,736	52,733
Materials and Services:				
Access Fees	300	300	-	300
Accounting/Auditing	11,000	11,000	10,999	1
Advertising	1,200	1,200	2,559	(1,359)
Administrative Meetings	500	500	-	500
Contract Services	17,000	17,000	20,925	(3,925)
Bank/Bond Expense	6,390	6,390	5,920	470
Director Fees/Training	3,000	3,000	1,864	1,136
Dues & Subscriptions	3,000	3,000	6,273	(3,273)
Employee Training	5,000	5,000	6,448	(1,448)
Elections	1,000	1,000	-	1,000
Electricity	35,000	35,000	27,655	7,345
Streetlights electricity	7,500	7,500	7,167	333
Insurance	28,000	28,000	28,561	(561)
Legal Fees	7,000	7,000	13,799	(6,799)
Miscellaneous	1,800	1,800	9,597	(7,797)
Newsletter	600	600	-	600
Office Equipment R & M	7,000	7,000	6,267	733
Office Expense	3,000	3,000	979	2,021
Postage/Freight	1,500	1,500	1,514	(14)

(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, 2021**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
EXPENDITURES (CONT.):				
Materials and Services (Cont.):				
Telephone	\$ 7,000	\$ 7,000	\$ 7,570	\$ (570)
Uniforms	3,000	3,000	1,242	1,758
Water Telemetry System	1,000	1,000	768	232
Monitoring	3,000	3,000	2,336	664
Lab Supplies	1,000	1,000	90	910
Chemicals	25,000	25,000	25,554	(554)
Testing	5,000	5,000	3,875	1,125
Solid Waste Disposal	1,000	1,000	404	596
Water District/Trans R & M	25,000	25,000	21,746	3,254
Backflow Prevention	2,500	2,500	4,435	(1,935)
Water Pumping R & M	5,000	5,000	-	5,000
Water Treatment R & M	24,000	24,000	23,910	90
Water Conservation	1,000	1,000	-	1,000
Horn Creek Lease	7,500	7,500	7,000	500
Building R & M	9,500	9,500	3,816	5,684
Grounds R & M	5,000	5,000	7,168	(2,168)
Generator R & M	5,000	5,000	9,108	(4,108)
Backhoe R & M	3,000	3,000	748	2,252
Transportation	8,000	8,000	5,274	2,726
Customer Assist Pymt Program	3,000	3,000	-	3,000
		-		
Total Materials and Services	284,290	284,290 (1)	275,571	8,719
Operating Contingency	40,000	40,000 (1)	-	40,000
Total Expenditures	771,759	771,759	670,307	101,452
Net Change in Fund Balance	(172,859)	(172,859)	(37,440)	135,419
Beginning Fund Balance	172,859	172,859	232,869	60,010
Ending Fund Balance	\$ -	\$ -	\$ 195,429	\$ 195,429

(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, 2021**

WASTEWATER ENTERPRISE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
User Fees - Sewer	\$ 650,000	\$ 650,000	\$ 724,496	\$ 74,496
Miscellaneous/Lab Charges	1,500	1,500	960	(540)
Service Mapping	750	750	975	225
Contract Sludge Hauling	1,000	1,000	-	(1,000)
Reimbursements	1,500	1,500	120	(1,380)
Inspections	1,000	1,000	1,300	300
Customer Assistance Program	2,000	2,000	-	(2,000)
Earnings on Investments	1,500	1,500	2,019	519
	<u>659,250</u>	<u>659,250</u>	<u>729,870</u>	<u>70,620</u>
Total Revenues				
EXPENDITURES:				
Personnel Services:				
Authority Manager	59,225	59,225	70,255	(11,030)
Executive Assistant	37,750	37,750	35,160	2,590
Office Assistant	23,000	23,000	19,141	3,859
Assistant Manager	37,500	37,500	-	37,500
Operator III	55,000	55,000	60,355	(5,355)
Operator II	25,800	25,800	23,278	2,522
Operator I	32,500	32,500	35,678	(3,178)
OIT	80,957	80,957	63,617	17,340
Overtime Allowance	10,000	10,000	3,480	6,520
On Call Pay	4,500	4,500	3,861	639
Medical Insurance	115,000	115,000	91,245	23,755
Workers Compensation	10,000	10,000	4,551	5,449
Deferred Compensation	23,000	23,000	16,618	6,382
Payroll Taxes	31,600	31,600	27,391	4,209
	<u>545,832</u>	<u>545,832</u>	<u>454,630</u>	<u>91,202</u>
Total Personnel Services				
Materials and Services:				
Access Fees	700	700	-	700
Accounting/Auditing	11,000	11,000	10,999	1
Advertising	1,500	1,500	2,407	(907)
Administrative Meetings	250	250	-	250
Contract Services	18,000	18,000	20,925	(2,925)
Bank/Bond Expense	6,400	6,400	5,908	492
Director Fees/Training	3,000	3,000	1,864	1,136
Dues & Subscriptions	3,000	3,000	1,910	1,090
Employee Training	15,000	15,000	6,163	8,837
Elections	500	500	-	500
Electricity	40,000	40,000	44,551	(4,551)
Insurance	37,500	37,500	28,561	8,939
Legal Fees	7,500	7,500	2,026	5,474
Miscellaneous	1,500	1,500	7,322	(5,822)
Newsletter	600	600	-	600
Office Equipment R & M	7,000	7,000	6,052	948
Office Supplies	3,000	3,000	979	2,021
Postage/Freight	1,500	1,500	1,510	(10)

(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, 2021**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
EXPENDITURES (CONT.):				
Materials and Services (Cont.):				
Telephone	\$ 7,000	\$ 7,000	\$ 7,570	\$ (570)
Uniforms	3,000	3,000	1,242	1,758
Monitoring	2,500	2,500	2,083	417
Lab Supplies	15,000	15,000	9,473	5,527
Chemicals	20,000	20,000	52,048	(32,048)
Testing	10,000	10,000	348	9,652
WWT Plant R & M	25,000	25,000	11,017	13,983
WW Collection System R & M	20,000	20,000	14,608	5,392
Wastewater Pumping	20,000	20,000	-	20,000
Solid Waste Disposal	6,000	6,000	1,382	4,618
Bio-Solids Management	20,000	20,000	9,319	10,681
Step System Pumping	5,000	5,000	4,088	912
Step System R & M	9,500	9,500	2,396	7,104
Building R & M	15,000	15,000	1,427	13,573
Generator R & M	5,000	5,000	9,604	(4,604)
Backhoe R & M	5,000	5,000	748	4,252
NPDES Permit	4,000	4,000	3,256	744
Transportation	7,000	7,000	5,287	1,713
Grounds R & M	4,000	4,000	6,044	(2,044)
Customer Assist Pymt Program	5,000	5,000	-	5,000
Total Materials and Services	<u>365,950</u>	<u>365,950</u>	<u>283,117</u>	<u>82,833</u>
Operating Contingency	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Total Expenditures	<u>951,782</u>	<u>951,782</u>	<u>737,747</u>	<u>214,035</u>
Excess of Revenues Over, (Under) Expenditures	(292,532)	(292,532)	(7,877)	284,655
Other Financing Sources (Uses):				
Transfers Out	<u>(38,930)</u>	<u>(38,930)</u>	<u>(38,930)</u>	<u>-</u>
Net Change in Fund Balance	(331,462)	(331,462)	(46,807)	284,655
Beginning Fund Balance	<u>331,462</u>	<u>331,462</u>	<u>369,148</u>	<u>37,686</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 322,341</u>	<u>\$ 322,341</u>

(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, 2021**

MASTER PLAN FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Capital Improvement Charges	\$ 338,000	\$ 338,000	\$ 343,428	\$ 5,428
Bond Proceeds	400,000	400,000	-	(400,000)
Grant Proceeds	-	-	444,695	444,695
Taxes	-	-	-	-
Earnings on Investments	20,000	20,000	13,317	(6,683)
Total Revenues	758,000	758,000	801,440	43,440
EXPENDITURES:				
Capital Outlay:				
Equipment	-	-	-	-
Construction	400,000	400,000	393,853	6,147
Engineering/Legal	-	-	50,200	(50,200)
Total Capital Outlay	400,000	400,000	444,053	(44,053)
Debt Service:				
Bond Payment	396,000	396,000	395,696	304
Total Debt Service	396,000	396,000	395,696	304
Total Expenditures	796,000	796,000	839,749	(43,749)
Excess of Revenues Over, (Under) Expenditures	(38,000)	(38,000)	(38,309)	(309)
Other Financing Sources (Uses)				
Short Lived Assets	(90,000)	(90,000)	(90,000)	-
Reserve Bond Transfer	(1,218,230)	(1,218,230)	-	1,218,230
Total Other Financing	(1,308,230)	(1,308,230)	(90,000)	1,218,230
Net Change in Fund Balance	(1,346,230)	(1,346,230)	(128,309)	1,217,921
Beginning Fund Balance	1,396,230	1,396,230	1,302,023	(94,207)
Ending Fund Balance	\$ 50,000	\$ 50,000	\$ 1,173,714	\$ 1,123,714

(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, 2021**

DEBT SERVICE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Property Taxes	\$ 356,710	\$ 356,710	\$ 381,202	\$ 24,492
Earnings on Investments	3,500	3,500	2,206	(1,294)
Total Revenues	<u>360,210</u>	<u>360,210</u>	<u>383,408</u>	<u>23,198</u>
EXPENDITURES:				
Debt Service:				
Bond Principal Payments	324,000	324,000	323,321	679
Bond Interest Payments	51,000	51,000	50,278	722
Total Expenditures	<u>375,000</u>	<u>375,000 (1)</u>	<u>373,599</u>	<u>1,401</u>
Net Change in Fund Balance	(14,790)	(14,790)	9,809	24,599
Beginning Fund Balance	<u>134,790</u>	<u>134,790</u>	<u>180,891</u>	<u>46,101</u>
Ending Fund Balance	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 190,700</u>	<u>\$ 70,700</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, 2021**

WATER SDC/CIC RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Tap Fees	\$ 7,830	\$ 7,830	\$ 11,527	\$ 3,697
Capital Improvement Charges	52,000	52,000	51,497	(503)
System Development Charges	174,833	174,833	174,830	(3)
Reimbursements	-	-	6,597	6,597
Earnings on Investments	15,000	15,000	14,213	(787)
Total Revenues	249,663	249,663	258,664	9,001
EXPENDITURES:				
Materials and Services	40,000	40,000 (1)	1,200	38,800
Capital Outlay:				
Equipment	445,000	445,000	323,708	121,292
Construction	1,174,290	1,174,290	80,765	1,093,525
Office/Lab Remodel	10,000	10,000	-	10,000
Computer Upgrades	30,000	30,000	20,574	9,426
Engineering/Legal	312,500	312,500	84,824	227,676
Service Installations	10,000	10,000	-	10,000
Rolling Stock	125,000	125,000	-	125,000
Total Capital Outlay	2,106,790	2,106,790 (1)	509,871	1,596,919
Total Expenditures	2,146,790	2,146,790	511,071	1,635,719
Excess of Revenues Over, (Under) Expenditures	(1,897,127)	(1,897,127)	(252,407)	1,644,720
Net Change in Fund Balance	(1,897,127)	(1,897,127)	(252,407)	1,644,720
Beginning Fund Balance	1,897,127	1,897,127	1,924,261	27,134
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,671,854</u>	<u>\$ 1,671,854</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, 2021**

SEWER SDC/CIC RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Capital Improvement Charges	\$ 86,700	\$ 86,700	\$ 84,627	\$ (2,073)
System Development Charges	94,457	94,457	85,014	(9,443)
Reimbursements/Refunds	-	-	5,144	5,144
Earnings on Investments	7,500	7,500	7,318	(182)
Total Revenues	188,657	188,657	182,103	(6,554)
EXPENDITURES:				
Materials and Services	40,000	40,000 (1)	-	40,000
Capital Outlay:				
Property Acquisition	-	-	-	-
Equipment	145,000	145,000	4,806	140,194
Service Installations	5,000	5,000	-	5,000
Construction	468,768	468,768	12,910	455,858
Lift Station Improvements	-	-	24,941	(24,941)
Engineering	140,000	140,000	81,275	58,725
Computer Upgrades	15,000	15,000	9,685	5,315
Step System Improvement	165,000	165,000	3,607	161,393
Rolling Stock	125,000	125,000	-	125,000
Inflow and Infiltration	40,000	40,000	-	40,000
Total Capital Outlay	1,103,768	1,103,768 (1)	137,224	966,544
Debt Service:				
Loan Re-Payment	56,000	56,000	55,034	966
Total Debt Service	56,000	56,000 (1)	55,034	966
Total Expenditures	1,199,768	1,199,768	192,258	1,007,510
Excess of Revenues Over (Under) Expenditures	(1,011,111)	(1,011,111)	(10,155)	1,000,956
Other Financing Sources (Uses):				
Transfers In	38,930	38,930	38,930	-
Total Other Financing	38,930	38,930	38,930	-
Net Change in Fund Balance	(972,181)	(972,181)	28,775	1,000,956
Beginning Fund Balance	972,181	972,181	985,087	12,906
Ending Fund Balance	\$ -	\$ -	\$ 1,013,862	\$ 1,013,862

(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, 2021**

Tax Year	Original Levy or Balance Uncollected 7/1/20	Deduct Discounts	Adjustments to Rolls	Add Interest	Cash Collections by County Treasurer	Balance Uncollected 6/30/21
Current:						
2020-21	\$ 381,344	\$ 9,789	\$ (432)	\$ 221	\$ 363,895	\$ 7,449
Prior Years:						
2019-20	8,921	(6)	(646)	440	5,070	3,651
2018-19	4,211	(4)	(590)	455	2,236	1,844
2017-18	2,584	-	(522)	519	1,746	836
2016-17	1,131	-	(277)	275	739	390
Prior Years	4,080	70	(308)	160	2,503	1,358
Total Prior	20,927	60	(2,343)	1,848	12,293	8,078
Total	\$ 402,271	\$ 9,849	\$ (2,776)	\$ 2,069	\$ 376,189	\$ 15,527

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 376,189
Accrued at 6/30/20	(4,161)
Accrued at 6/30/21	3,656
Payments in Lieu of Taxes	5,518
Total Receipts	<u>\$ 381,202</u>

RECONCILIATION TO RECEIVABLES:

Balance Uncollected Above	\$ 15,527
Unposted adjustments	24,044
As reported on Statement of Net Position	<u>\$ 39,571</u>

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

**SCHEDULE OF BOND TRANSACTIONS AND BALANCES
For the year ended June 30, 2021**

DATE OF ISSUE	ORIGINAL AMOUNT	MATURED BONDS & LINE OF CREDIT OUTSTANDING 7/1/2020	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 6/30/2021
05/12/17	\$ 3,324,464	\$ 2,403,836	\$ -	\$ 323,321	\$ 323,321	\$ 2,080,515
06/21/19	8,710,000	8,499,899	-	215,073	215,073	8,284,826
Credit Union Note	500,000	207,659	-	51,805	51,805	155,854
		<u>\$ 11,111,394</u>	<u>\$ -</u>	<u>\$ 590,199</u>	<u>\$ 590,199</u>	<u>\$ 10,521,195</u>

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

Schedule of Expenditures of Federal Awards

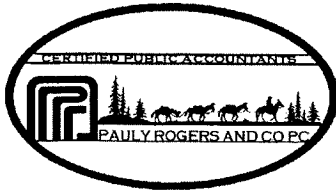
For the Fiscal Year Ended June 30, 2021

<u>Grant Name/Federal Grantor Agency</u>	<u>Pass Through Entity</u>	<u>CFDA No.</u>	<u>Period Covered</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
US Department of Agriculture					
Grants					
Water & Waste Disposal Loan and Grant Program	Rural Development	10.760	2020-2021	\$ 444,695	\$ -
Loans					
Water & Waste Disposal Loan and Grant Program	Rural Development	10.760	2020-2021	-	8,499,899
Total Expenditures of Federal Awards				<u>\$ 444,695</u>	<u>\$ 8,499,899</u>

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

Independent Auditors' Report Required by Oregon State Regulations

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March 22, 2022

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, 2021, and have issued our report thereon dated March 22, 2022. 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).**
- **Programs funded from outside sources.**

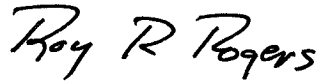
In connection with our testing, nothing came to our attention that caused us to believe the Pacific City Joint Water-Sanitary Authority was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified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

1. Expenditures were within authorized appropriation except as noted on page 8.

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, prominent "R" and "R".

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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March 22, 2022

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, 2021, and the related notes to the basic financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated March 22, 2022.

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

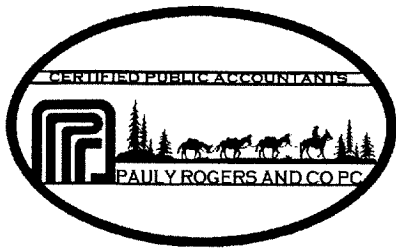
As part of obtaining reasonable assurance about whether the basic financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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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March 22, 2022

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, 2021. 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, 2021.

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, 2021

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

PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

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.