

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

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019



12700 SW 72nd Ave.
Tigard, OR 97223

PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON

2018 - 2019
FINANCIAL REPORT

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PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON

<u>BOARD OF DIRECTORS</u>	<u>TERM EXPIRES</u>
Carolyn McVicker, Chair	June 30, 2019
Anne Price, Vice Chair	June 30, 2021
Sean Lambert, Secretary	June 30, 2019
Sean Carlton, Director	June 30, 2021
Cameron Gogas, Director	June 30, 2021

All Directors receive mail at the Authority Office address listed below

REGISTERED AGENT

Tony Owen, Manager
P.O. Box 520
34005 Cape Kiwanda Drive
Pacific City, Oregon 97135

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PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON

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PAULY, ROGERS, AND Co., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

October 14, 2019

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, 2019 and 2018, 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, 2019 and 2018, 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 October 14, 2019, 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 October 14, 2019 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 cursive script that reads "Roy R. Rogers".

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

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Pacific City Joint Water-Sanitary Authority

Management's Discussion and Analysis

FY 2019

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, 2019. 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, 2019 were \$27,374,775 and include capital assets of \$22,081,374 and current assets of \$590,427. Overall, total assets for the Authority increased .7% from FY 2018.
- PCJWSA's assets exceeded its liabilities on June 30, 2019 by \$15,562,057 (net position). This amount reflects an increase of \$965,993 or 6.1% from FY 2018 and an increase of \$1,622,816 since FY 2017. For the fiscal year ended June 30, 2019, unrestricted net position in the amount of \$505,310 includes \$399,147 in cash and investments that may be used to meet the Authority's obligations. This represents a 45.3% increase in year-end unrestricted net position of FY 2018.
- At June 30, 2019, capital assets less related debt was \$10,389,552, an increase of 89.7% from FY 2018. Long-term debts total \$11,115,638 showing a decrease of 5% from FY 2018. The decrease is primarily due to the Authority's schedule debt payment service payments on the Authority's outstanding debt.
- Operating revenues for FY 2019 were \$1,352,875, an increase of 11.1% from FY 2018 or \$135,631.
- Total operating expenses for FY 2018 were \$2,060,068 reflecting an overall increase of .6%, \$12,541 from the previous year. Labor and benefits increased 18% due to an increase in wages and fringe benefit costs; materials and services costs increased 7.4%.

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 \$15.5 million on June 30, 2019 and reflect an increase of approximately \$196,670 or .7% over the Authority's net position at the close of FY 2018.

Investment in capital assets is by far the largest portion of the Authority's net position (\$10.3 million or 66.7% of total net position), and includes the Authority's investment in land, buildings, equipment, reservoirs, and pipelines. The Authority used these capital assets to provide water and wastewater services to customers; consequently, these assets are not available for future spending.

	Net Position				
	<u>2019</u>	<u>2018</u>	<u>Difference 2019-2018</u>	<u>Percent Change</u>	<u>2017</u>
Assets:					
Current Assets	\$ 590,427	\$ 431,982	\$ 158,445	37%	\$ 436,172
Current Restricted Assets	4,702,974	9,222,440	(4,519,466)	259%	2,571,629
Capital Assets	<u>22,081,374</u>	<u>17,523,683</u>	<u>4,557,691</u>	10%	<u>15,866,091</u>
Total Assets	<u>27,374,775</u>	<u>27,178,105</u>	<u>196,670</u>	1%	<u>18,873,892</u>
Liabilities:					
Current Liabilities	58,412	472,560	(414,148)	-88%	113,927
Non-Current Liabilities	62,484	61,099	1,385	2%	60,199
Long Term Debt	<u>11,691,822</u>	<u>12,048,382</u>	<u>(356,560)</u>	-3%	<u>4,760,525</u>
Total Liabilities	<u>11,812,718</u>	<u>12,582,041</u>	<u>(769,323)</u>	-6%	<u>4,934,651</u>
Net Position:					
Invested in Capital Asset	10,389,552	5,475,301	4,914,251	90%	11,105,566
Reserved for Debt Service	1,938,547	6,277,988	(4,339,441)	-69%	576,998
Reserved for Capital Improvements	2,728,648	2,495,129	233,519	9%	1,893,138
Unrestricted	<u>505,310</u>	<u>347,646</u>	<u>157,664</u>	45%	<u>363,539</u>
Total Net Position	<u>15,562,057</u>	<u>14,596,064</u>	<u>965,993</u>	7%	<u>13,939,241</u>
Total Liabilities and Net Position	<u>\$ 27,374,775</u>	<u>\$ 27,178,105</u>	<u>\$ 196,670</u>	1%	<u>\$ 18,873,892</u>

Change in Net Position

As shown in the next table the Authority's operating, non-operating and capital activities increased total net position by \$965,993 from FY 2018 and \$1,622,816 since FY 2017.

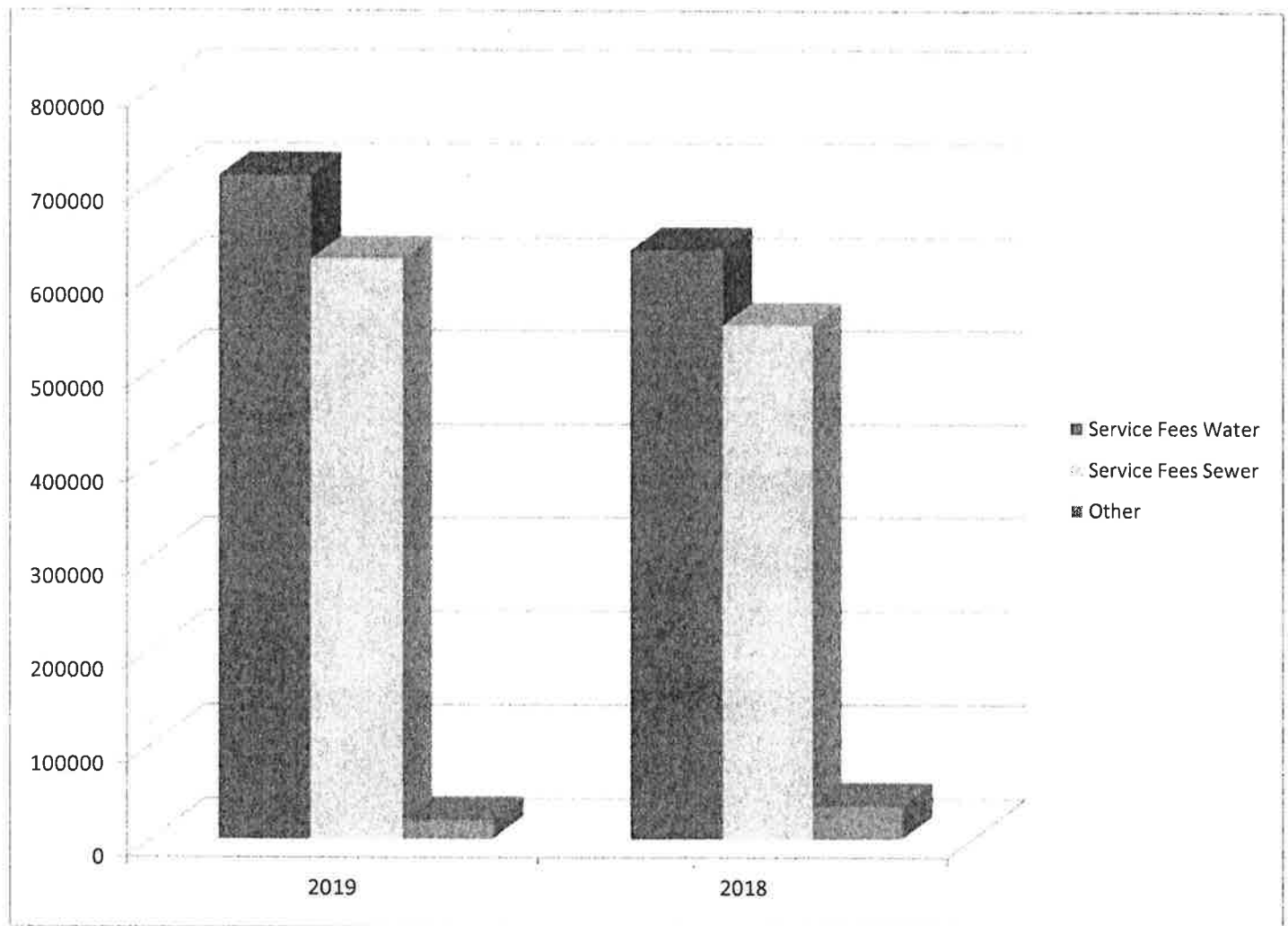
Change in Net Position

	2019	2018	Difference 2018-2019	Percent Change	2017
Operating Revenue:					
Service Fees	\$ 1,331,322	\$ 1,180,504	\$ (150,818)	-11%	\$ 1,134,467
Other Operating Revenues	21,553	36,740	15,187	70%	32,803
Total Operating Revenues	<u>1,352,875</u>	<u>1,217,244</u>	<u>(135,631)</u>	-10%	<u>1,167,270</u>
Operating Expenses:					
Personal Services	758,943	638,717	(120,226)	-16%	596,526
Materials and Services	453,435	568,566	115,131	25%	817,683
Depreciation and Amortization	<u>847,690</u>	<u>840,244</u>	<u>(7,446)</u>	-1%	<u>823,831</u>
Total Operating Expenses	<u>2,060,068</u>	<u>2,047,527</u>	<u>(12,541)</u>	-1%	<u>2,238,040</u>
Net Income, (Loss) From Operations	(707,193)	(830,283)	(123,090)	17%	(1,070,770)
Non-Operating Revenue, (Expenses)	<u>1,673,186</u>	<u>1,487,106</u>	<u>(186,080)</u>	-11%	<u>1,276,366</u>
Change in Net Position	965,993	656,823	(309,170)	-32%	205,596
Beginning Net Position	<u>14,596,064</u>	<u>13,939,241</u>	<u>(656,823)</u>	-5%	<u>13,733,645</u>
Ending Net Assets	<u><u>15,562,057</u></u>	<u><u>14,596,064</u></u>	<u><u>\$ (965,993)</u></u>	-6%	<u><u>13,939,241</u></u>

Operating Revenues

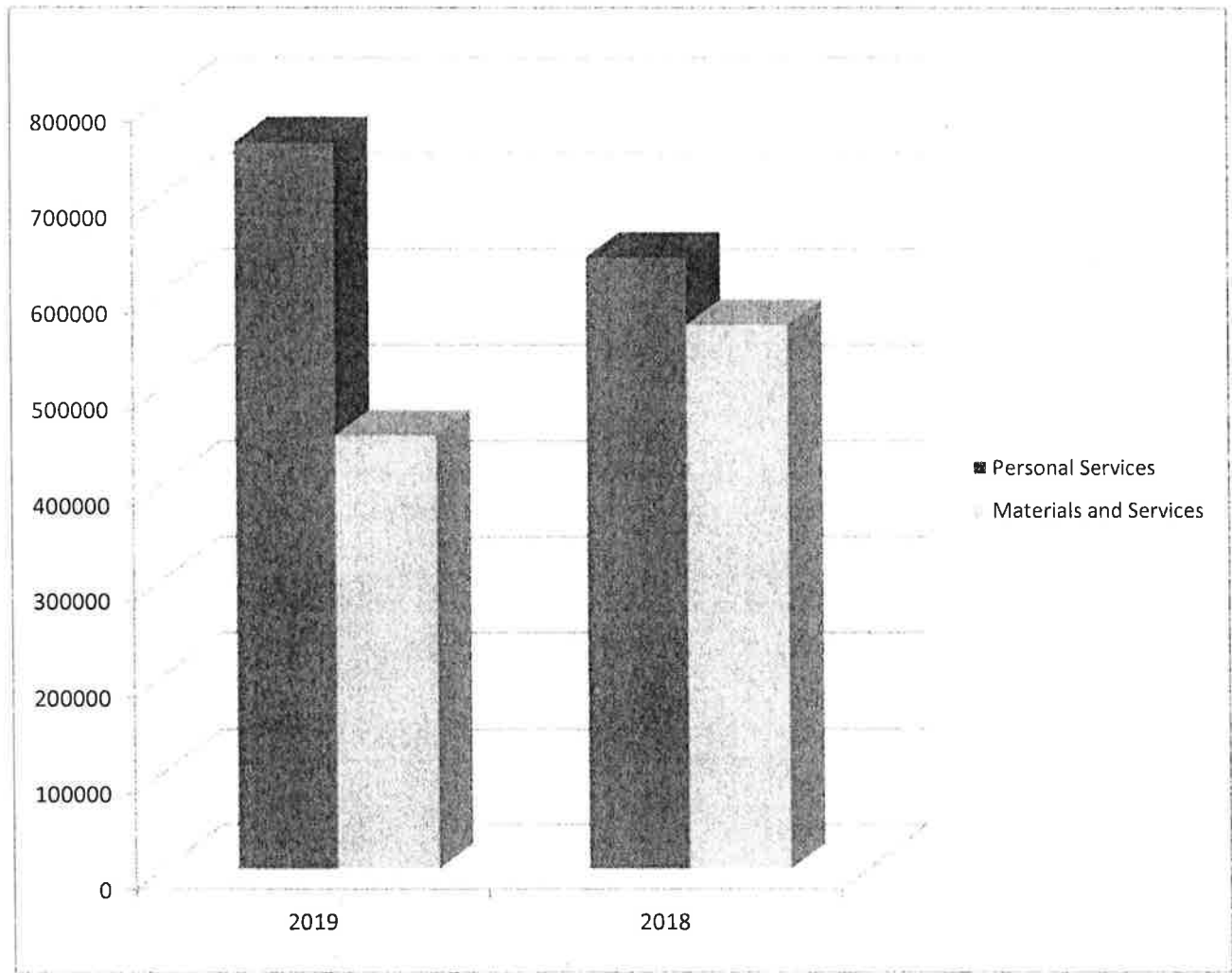
FY 2019 operating revenues increased \$135,631 or about 11.1% from FY 2018. The Authority sets rates annually and increases are based on cost of service and requirements needed to fund operations and capital improvements.

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

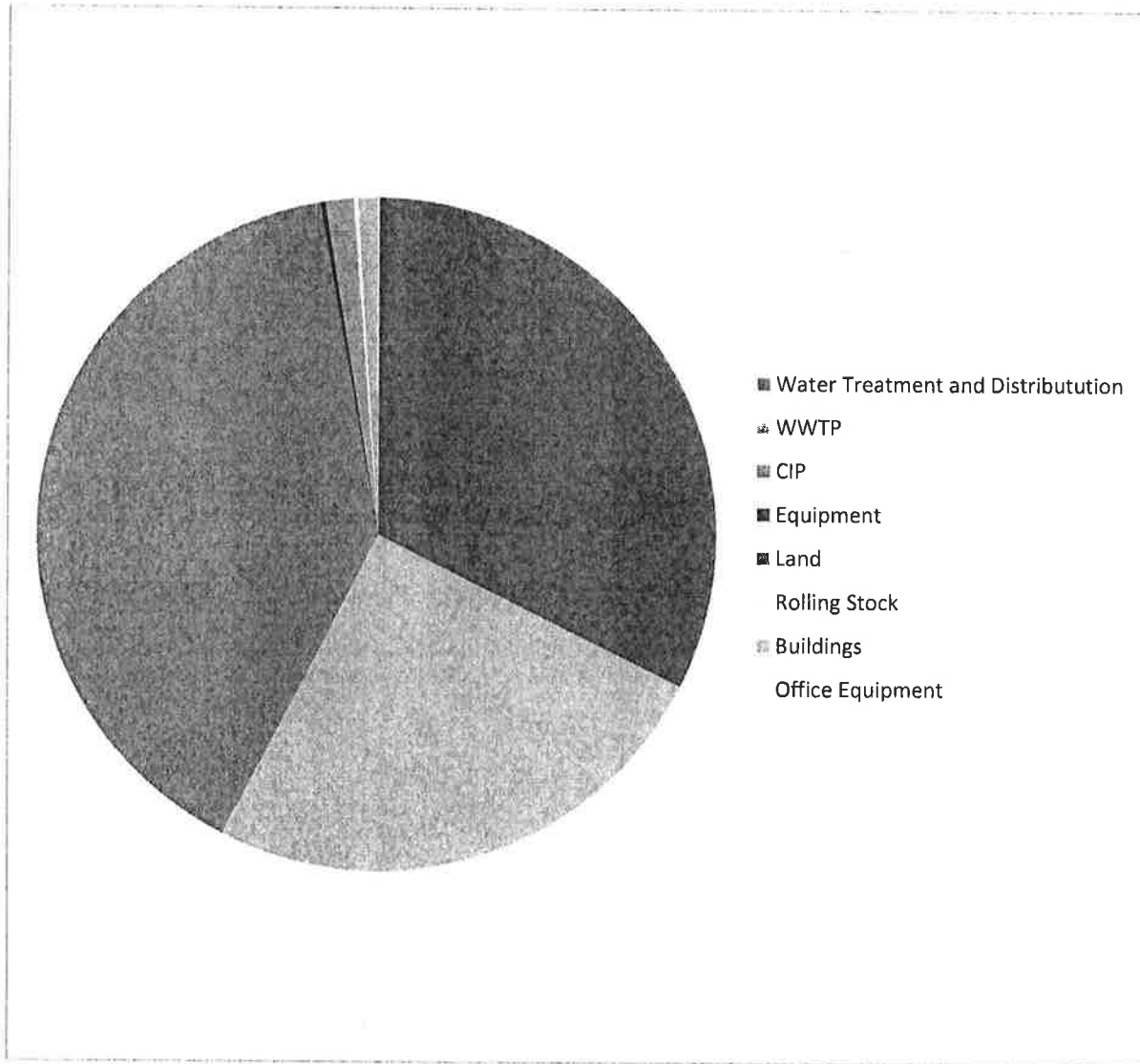
In the materials and supplies expenses portion of the budget, the cost of dues and subscriptions, employee training, liability insurance, transportation, and expected supplies was less than projected.



Capital Assets

As of June 30, 2019, the Authority had \$22,081,374 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.

The construction in progress on the Wastewater Treatment Plant was at 92% at the end of 2019.



Debt Administration

As of June 30, 2019, the Authority owed \$2,719,023 for a General Obligation Bond approved by voters in November 2007, \$262,799 for a line of credit approved in 2014 and \$8,710,000 for revenue financing of the WWPT upgrade.

Economic Factors and Next Year's Budget and Rates

The total amount of appropriations in the 2019-2020 Fiscal Year's budget is as follows:

Master Plan Appropriations:	\$ 3,245,167
Debt Service Fund Appropriations:	\$ 435,098
Water SDC/CIC Fund Appropriations:	\$ 2,208,241
Sewer SDC/CIC Fund Appropriations:	\$ 1,353,743
Water Enterprise Fund Appropriations:	\$ 859,056
Sewer Enterprise Fund Appropriations:	<u>\$ 1,024,608</u>
For a total of	\$ 9,125,913

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 Kirk Medina, Authority Manager P.O. Box 520, Pacific City, OR 97135.

PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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

**STATEMENTS OF NET POSITION
June 30, 2019 and 2018**

	2019	2018
ASSETS:		
Current		
Cash and Equivalents	\$ 399,147	\$ 265,272
Utility Billing Accounts Receivable	132,656	112,012
Materials Inventory	58,624	54,697
Total Current Assets	590,427	431,981
Restricted Assets		
Debt Service Fund		
Cash and Investments	146,728	177,647
Taxes Receivable	39,571	39,571
Master Plans Fund		
Cash and Investments	1,722,873	6,465,523
Utility Billing Accounts Receivable	44,651	42,717
Water SDC/CIC Reserve Fund		
Cash and Investments	1,782,750	1,603,091
Utility Billing Accounts Receivable	4,338	4,330
Sewer SDC/CIC Reserve Fund		
Cash and Investments	955,051	882,772
Utility Billing Accounts Receivable	7,012	6,790
Total Restricted Assets	4,702,974	9,222,441
Capital Assets		
Non-Depreciable	9,052,117	3,760,602
Depreciable	27,775,036	27,661,178
Less: Accumulated Depreciation	(14,745,779)	(13,898,097)
Net Capital Assets	22,081,374	17,523,683
Total Assets	\$ 27,374,775	\$ 27,178,105
LIABILITIES AND NET POSITION:		
Current Liabilities		
Accounts Payable	\$ 58,412	\$ 472,560
Accrued Compensated Absences	62,484	61,099
Note, Bonds Payable - Current Portion	576,184	356,560
Total Current Liabilities	697,080	890,219
Noncurrent Liabilities		
Certificates of Participation - Less Current Portion	-	-
Note, Bonds Payable, Less Current Portion	11,115,638	11,691,822
Total Noncurrent Liabilities	11,115,638	11,691,822
Total Liabilities	11,812,718	12,582,041
Net Position		
Net Investment in Capital Assets	10,389,552	5,475,301
Restricted for Debt Service	1,938,547	6,277,988
Restricted for Capital Improvements	2,728,648	2,495,129
Unrestricted	505,310	347,646
Total Net Position	15,562,057	14,596,064
Total Liabilities and Net Position	\$ 27,374,775	\$ 27,178,105

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, 2019 and 2018

	2019	2018
OPERATING REVENUES:		
Service Fees - Sewer	\$ 710,315	\$ 630,558
Service Fees - Water	621,007	549,946
Streetlight Assessments	7,586	7,460
Miscellaneous Charges	4,435	5,305
Tap Fees/Inspections	7,298	17,160
Reimbursements	2,234	6,815
	<u>1,352,875</u>	<u>1,217,244</u>
Total Operating Revenues		
OPERATING EXPENDITURES:		
Personnel Services	758,943	638,717
Materials and Services	453,435	568,566
Depreciation	847,690	840,244
	<u>2,060,068</u>	<u>2,047,527</u>
Total Operating Expenses		
Operating Income (Loss)	<u>(707,193)</u>	<u>(830,283)</u>
NON-OPERATING INCOME (EXPENDITURES):		
Property Taxes	330,409	394,434
Earnings on Investments	165,618	139,498
Grants	511,038	-
System Development Charges	251,615	477,926
Capital Improvements Charges	661,219	628,121
Interest Expense on Bonds and Leases	(246,713)	(152,873)
	<u>1,673,186</u>	<u>1,487,106</u>
Total Non-Operating Income		
Change in Net Position	965,993	656,823
Beginning Net Position	<u>14,596,064</u>	<u>13,939,241</u>
Ending Net Position	<u>\$ 15,562,057</u>	<u>\$ 14,596,064</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, 2019 and 2018**

	2019	2018
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 1,330,067	\$ 1,222,205
Cash Paid to Suppliers	(871,510)	(212,053)
Cash Paid to Employees	(757,558)	(637,817)
Net Cash Provided (Used) by Operating Activities	(299,001)	372,335
Cash Flows From Investing Activities		
Earnings on Investment	165,618	139,498
Net Cash Provided By Investing Activities	165,618	139,498
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(5,405,381)	(2,497,837)
Principal Payments on Long-term Debt (Net)	(356,560)	7,287,857
Interest Payments on Long-term Debt	(246,713)	(152,873)
Net Cash Used by Capital and Related Financing Activities	(6,008,654)	4,637,147
Cash Flows From Non-Capital Financing Activities		
Property Tax Contributions/Sale of Assets	330,409	394,434
Grants	511,038	-
Capital Improvements Charges	661,219	628,121
System Development Fees	251,615	477,926
Net Cash Provided By Non-Capital Financing Activities	1,754,281	1,500,481
Net Increase (Decrease) in Cash	(4,387,756)	6,649,461
Cash and Cash Equivalents, Beginning of Year	9,394,305	2,744,844
Cash and Cash Equivalents, End of Year	\$ 5,006,549	\$ 9,394,305
Detail of Cash:		
Unrestricted	\$ 399,147	\$ 265,272
Master Plans Fund	1,722,873	6,465,523
Debt Service Fund	146,728	177,647
Water SDC/CIC Reserve Fund	1,782,750	1,603,091
Sewer SDC/CIC Reserve Fund	955,051	882,772
	\$ 5,006,549	\$ 9,394,305
Cash Paid for Interest	\$ 246,713	\$ 152,873
Operating Loss	\$ (707,193)	\$ (830,283)
Noncash Items included in Income		
Depreciation Expense & Amortization	847,690	840,244
Decrease (Increase) In:		
Accounts Receivable	(22,808)	4,961
Materials Inventory	(3,927)	(2,120)
Increase (Decrease) In:		
Accounts Payable	(414,148)	358,633
Accrued Compensated Absences	1,385	900
Net Cash Provided By Operation	\$ (299,001)	\$ 372,335

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 account for general operating revenues and expenditures. The fund's principal source of revenue is water and wastewater service user fees and other miscellaneous charges.

Master Plan Fund – This fund accounts for the resources and expenditures related to the Master Plans Fund. The principal source of revenue is Revenue Bonds.

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

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.

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 Master Plan Fund Debt Service, which was overexpended by \$8,632,263.

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 \$1,000 or more, and an estimated useful life greater than one year. Depreciation of fixed assets has been recognized and reflected in the basic financial statements and is calculated using the straight-line method based upon the following estimated useful lives of the assets:

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

H. COMPENSATED ABSENCES

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

I. RETIREMENT PLANS

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

J. CASH AND CASH EQUIVALENTS

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

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

K. ESTIMATES

The preparation of 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, 2019 and 2018 consisted of:

	2019	2018
Deposits with Financial Institutions		
Petty Cash	\$ 300	\$ 300
Demand Deposits	443,751	424,876
Investments	4,562,498	8,969,129
Total Cash & Investments	\$ 5,006,549	\$ 9,394,305
Reported on Statement of Net Position as:		
Current Cash and Equivalents	\$ 399,147	\$ 265,272
Restricted Master Plan Fund	1,722,873	6,465,523
Restricted Debt Service Cash	146,728	177,647
Restricted Water SDC/CIC Cash	1,782,750	1,603,091
Restricted Sewer SDC/CIC Cash	955,051	882,772
Total Cash & Investments	\$ 5,006,549	\$ 9,394,305

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, 2019 is \$1,183,679 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, 2019 and 2018 as follows:

	2019	2018
Oregon State Treasurer's Local Government Investment Pool, Variable Interest Rate	\$ 4,562,498	\$ 8,969,129

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
TILLAMOOK COUNTY, OREGON

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, 2019, 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, 2019 are summarized below:

	Balance 7/1/2018	Additions	(Deletions)	Balance 6/30/2019
Capital Assets Not Being Depreciated				
Land & Land Improvements	\$ 304,404	\$ -	\$ -	\$ 304,404
Construction in Process	3,456,196	5,291,517	-	8,747,713
Total Capital Assets Not Depreciated	<u>3,760,600</u>	<u>5,291,517</u>	<u>-</u>	<u>9,052,117</u>
Capital Assets Being Depreciated				
Vehicles and Equipment	940,211	54,382	-	994,593
Buildings & Improvements	289,922	52,381	-	342,303
Water Distribution Systems	14,109,717	4,132	-	14,113,849
WW Treatment & Collections Systems	12,321,322	2,969	-	12,324,291
Total Capital Assets Being Depreciated	<u>27,661,172</u>	<u>113,864</u>	<u>-</u>	<u>27,775,036</u>
Accumulated Depreciation				
Vehicles and Equipment	831,444	50,137	-	881,581
Buildings & Improvements	123,477	11,410	-	134,887
Water Distribution Systems	6,505,190	459,008	-	6,964,198
WW Treatment & Collections Systems	6,437,978	327,135	-	6,765,113
Total Accumulated Depreciation	<u>13,898,089</u>	<u>847,690</u>	<u>-</u>	<u>14,745,779</u>
Total Net Capital Assets	<u>\$ 17,523,683</u>			<u>\$ 22,081,374</u>

The changes in Capital Assets for the year ended June 30, 2018 are summarized below:

	Balance 07/01/17	Additions	(Deletions)	Balance 06/30/18
Capital Assets Not Being Depreciated				
Land	\$ 304,404	\$ -	\$ -	\$ 304,404
Construction in Process	1,029,504	2,426,692	-	3,456,196
Total Capital Assets Not Being Depreciated	<u>1,333,908</u>	<u>2,426,692</u>	<u>-</u>	<u>3,760,600</u>
Capital Assets Being Depreciated				
Vehicles & Equipment	939,711	14,554	(14,054)	940,211
Buildings & Improvements	289,922	-	-	289,922
Treatment Plant & Water Distribution	14,100,855	8,862	-	14,109,717
WW Treatment & Collection Systems	12,273,594	47,728	-	12,321,322
Total Capital Assets Being Depreciated	<u>27,604,082</u>	<u>71,144</u>	<u>(14,054)</u>	<u>27,661,172</u>
Accumulated Depreciation				
Vehicles & Equipment	797,997	47,501	(14,054)	831,444
Buildings & Improvements	113,813	9,664	-	123,477
Treatment Plant & Water Distribution	6,046,321	458,869	-	6,505,190
WW Treatment & Collection Systems	6,113,768	324,210	-	6,437,978
Total Accumulated Depreciation	<u>13,071,899</u>	<u>840,244</u>	<u>(14,054)</u>	<u>13,898,089</u>
Total Net Capital Assets	<u>\$ 15,866,091</u>			<u>\$ 17,523,683</u>

During the year ended June 30, 2018 the Authority disposed of vehicles for a total of \$14,054, which were placed in surplus for parts.

**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, 2019, 2018 and 2017 were \$39,220, \$31,501, and \$26,111, respectively, equal to the required contributions for each year for the District.

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

6. LONG-TERM OBLIGATIONS

General Obligation Bonds:

<u>Issue Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding 7/1/18</u>	<u>Issued</u>	<u>Matured and Redeemed</u>	<u>Outstanding 6/30/19</u>	<u>Due Within One Year</u>
GO Refund Bond 2017	2.10%	3,324,464	3,025,560	-	306,537	2,719,023	315,187
Interim Financing II 2017	1.68%	8,710,000	8,710,000	-	8,710,000	-	-
Wastewater Revenue Bond	2.12%	8,710,000	-	8,710,000	-	8,710,000	210,101
TLC Credit Union Note 2014	1.75%	500,000	312,822	-	50,023	262,799	50,896
			<u>\$ 12,048,382</u>	<u>\$ 8,710,000</u>	<u>\$ 9,066,560</u>	<u>\$ 11,691,822</u>	<u>\$ 576,184</u>

General Obligation 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>
2020	\$ 576,184	\$ 246,833	\$ 823,017
2021	590,199	234,335	824,534
2022	603,290	222,060	825,350
2023	610,957	209,511	820,468
2024	626,503	197,264	823,767
2025-2029	2,292,487	803,765	3,096,252
2030-2034	1,355,360	623,120	1,978,480
2035-2039	1,505,680	472,800	1,978,480
2040-2044	1,672,545	305,935	1,978,480
2045-2049	1,858,617	120,206	1,978,823
Total	\$ 11,691,822	\$ 3,435,829	\$ 15,127,651

PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM OBLIGATIONS (Continued)

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.

In 2017, the Authority took on debt in the form of a Full Faith and Credit Bond Payable to Branch Banking and Trust Company (BBT Bank) for \$8,710,000 with interest of 1.68% for Waste Water Improvement construction. This Bond was paid off June 10, 2019.

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.

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.

7. RISK MANAGEMENT

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

PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. COMPENSATED ABSENCES

Activity for compensated absences, all of which are considered due within one year, for the year ended June 30, 2019 as follows:

Balance July 1, 2018	\$ 61,099
Additions	26,926
Deletions	<u>(25,541)</u>
Balance June 30, 2019	\$ <u>62,484</u>

Activity for compensated absences for the year ended June 30, 2018 is shown as follows:

Balance July 1, 2017	\$ 60,199
Additions	30,833
Deletions	<u>(29,933)</u>
Balance June 30, 2018	\$ <u>61,099</u>

9. TAX ABATEMENTS

As of June 30, 2019, 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, 2019 for any program covered under GASB 77.

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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, 2019

	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	\$ 157,369	\$ 241,778	\$ 1,722,873	\$ 146,728	\$ 1,782,750	\$ 955,051	\$ 5,006,549
Utility Billing A/R	64,843	67,813	44,651	-	4,338	7,012	188,657
Taxes Receivable	-	-	-	39,571	-	-	39,571
Total Assets	<u>\$ 222,212</u>	<u>\$ 309,591</u>	<u>\$ 1,767,524</u>	<u>\$ 186,299</u>	<u>\$ 1,787,088</u>	<u>\$ 962,063</u>	<u>\$ 5,234,777</u>
LIABILITIES AND FUND BALANCE:							
Current Liabilities:							
Accounts Payable/Retainage Payable	\$ 12,296	\$ 10,337	\$ 15,276	\$ -	\$ 10,693	\$ 9,810	\$ 58,412
Matured Coupons Payable	-	-	-	-	-	-	-
Total Liabilities	<u>12,296</u>	<u>10,337</u>	<u>15,276</u>	<u>-</u>	<u>10,693</u>	<u>9,810</u>	<u>58,412</u>
Fund Balance:							
Nonspendable	-	-	-	-	-	-	-
Restricted for Debt Service	-	-	1,752,248	186,299	-	-	1,938,547
Restricted for Capital Projects	-	-	-	-	1,776,395	952,253	2,728,648
Unassigned	209,916	299,254	-	-	-	-	509,170
Total Fund Balance	<u>209,916</u>	<u>299,254</u>	<u>1,752,248</u>	<u>186,299</u>	<u>1,776,395</u>	<u>952,253</u>	<u>5,176,365</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 222,212</u>	<u>\$ 309,591</u>	<u>\$ 1,767,524</u>	<u>\$ 186,299</u>	<u>\$ 1,787,088</u>	<u>\$ 962,063</u>	<u>\$ 5,234,777</u>

Reconciliation to Net Position:

Fund Balances Above	\$ 5,176,365
Less:	
Accrued Compensated Absences	(62,484)
Bond Payable & Line of Credit	(11,691,822)
Plus:	
Net Capital Assets	22,081,374
Inventory	58,624
Total Net Position	<u>\$ 15,562,057</u>

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**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, 2019**

	WATER ENTERPRISE FUND	WASTEWATER ENTERPRISE FUND	MASTER PLAN FUND	DEBT SERVICE FUND	WATER SDC/CIC RESERVE FUND	SEWER SDC/CIC RESERVE FUND	TOTAL
REVENUES:	\$ 641,442	\$ 716,327	\$ 9,327,228	\$ 339,155	\$ 245,765	\$ 204,147	\$ 11,474,064
EXPENDITURES:							
Personnel Services	344,497	414,446	-	-	-	-	758,943
Materials and Services	232,887	210,807	3,041	-	3,350	3,350	453,435
Capital Outlay	-	-	5,291,495	-	72,431	82,228	5,446,154
Debt Service	-	-	8,852,263	370,074	-	55,034	9,277,371
Total Expenditures	577,384	625,253	14,146,799	370,074	75,781	140,612	15,935,903
Excess of Revenues Over, (Under) Expenditures	64,058	91,074	(4,819,571)	(30,919)	169,984	63,535	(4,461,839)
Other Financing Sources (Uses)							
Grants	-	-	511,038	-	-	-	511,038
Net Change in Fund Balance	64,058	91,074	(4,308,533)	(30,919)	169,984	63,535	(3,950,801)
Beginning Fund Balance	145,858	208,180	6,060,781	217,218	1,606,411	888,718	9,127,166
Ending Fund Balance	\$ 209,916	\$ 299,254	\$ 1,752,248	\$ 186,299	\$ 1,776,395	\$ 952,253	\$ 5,176,365

Reconciliation to Changes in Net Position:

Change in Fund Balances Above	\$ (3,950,801)
Plus:	
Capital Additions	5,405,381
Long-Term Debt Paid	9,066,560
Inventory Increase	3,927
GASB 34 Rounding Adjustment	1
Less:	
Depreciation (Net)	(847,690)
Bond & Financing Proceeds	(8,710,000)
Accrued Compensated Absences change	(1,385)
Change in Net Position	<u>\$ 965,993</u>

PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Year Ended June 30, 2019

<u>WATER ENTERPRISE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
User Fees - Water	\$ 577,493	\$ 577,493	\$ 621,007	\$ 43,514
Streetlight Assessments	7,500	7,500	7,586	86
Miscellaneous/Lab Charges	3,000	3,000	4,385	1,385
Tap Fees	-	-	2,328	2,328
Inspections	2,500	2,500	-	(2,500)
Service Mapping	1,200	1,200	900	(300)
Fire Hydrant/Water	1,000	1,000	-	(1,000)
Reimbursements	3,000	3,000	1,209	(1,791)
Customer Assistance Program	500	500	-	(500)
Earnings on Investments	5,000	5,000	4,027	(973)
Total Revenues	601,193	601,193	641,442	40,249
EXPENDITURES:				
Personnel Services:				
Authority Manager	49,788	49,788	50,522	(734)
Executive Assistant	35,200	35,200	34,781	419
Office Assistant	19,200	19,200	19,943	(743)
Assistant Manager	30,000	30,000	-	30,000
Operator II	12,075	12,075	5,620	6,455
Operator I	63,429	63,429	52,781	10,648
OIT	32,655	32,655	50,403	(17,748)
Utility Worker	-	-	-	-
Grounds Maintenance	-	-	-	-
Overtime Allowance	5,000	5,000	2,787	2,213
Medical Insurance	101,995	101,995	80,971	21,024
Workers Compensation	10,000	10,000	8,530	1,470
Deferred Compensation	21,000	21,000	18,583	2,417
Payroll Taxes	26,000	26,000	19,576	6,424
Total Personnel Services	406,342	406,342 (1)	344,497	61,845
Materials and Services:				
Access Fees	300	300	-	300
Accounting/Auditing	10,000	10,000	9,325	675
Advertising	1,000	1,000	1,134	(134)
Administrative Meetings	-	-	-	-
Contract Services	16,000	16,000	15,307	693
Bank/Bond Expense	4,100	4,100	4,852	(752)
Director Fees/Training	850	850	6,427	(5,577)
Dues & Subscriptions	4,000	4,000	2,116	1,884
Employee Training	5,000	5,000	902	4,098
Elections	2,000	2,000	-	2,000
Electricity	30,000	30,000	32,293	(2,293)
Streetlights electricity	8,000	8,000	3,005	4,995
Insurance	25,000	25,000	20,875	4,125
Legal Fees	7,500	7,500	10,297	(2,797)
Miscellaneous	500	500	238	262
Newsletter	600	600	-	600
Office Equipment R & M	5,000	5,000	6,426	(1,426)
Office Supplies	2,500	2,500	2,209	291
Postage/Freight	1,500	1,500	1,279	221

(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, 2019**

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
EXPENDITURES (CONT.):					
Materials and Services (Cont.):					
Telephone	\$ 7,500	\$ 7,500		\$ 5,865	\$ 1,635
Uniforms	3,000	3,000		2,356	644
Water Telemetry System	1,000	1,000		768	232
Monitoring	1,750	1,750		2,386	(636)
Lab Supplies	1,000	1,000		190	810
Chemicals	29,000	29,000		27,782	1,218
Testing	8,000	8,000		3,035	4,965
Solid Waste Disposal	1,000	1,000		561	439
Water District/Trans R & M	25,000	25,000		26,710	(1,710)
Backflow Prevention	2,000	2,000		951	1,049
Water Pumping R & M	7,000	7,000		2,520	4,480
Water Treatment R & M	26,000	26,000		20,013	5,987
Water Conservation	1,000	1,000		-	1,000
Horn Creek Lease	7,500	7,500		7,000	500
Building R & M	10,000	10,000		3,231	6,769
Grounds R & M	6,000	6,000		4,106	1,894
Generator R & M	5,000	5,000		1,718	3,282
Backhoe R & M	3,000	3,000		197	2,803
Transportation	10,580	10,580		6,700	3,880
Customer Assist Pymt Program	1,000	1,000		113	887
	<u>280,180</u>	<u>280,180</u>	(1)	<u>232,887</u>	<u>47,293</u>
Total Materials and Services					
Operating Contingency	<u>40,000</u>	<u>40,000</u>	(1)	<u>-</u>	<u>40,000</u>
Total Expenditures	<u>726,522</u>	<u>726,522</u>		<u>577,384</u>	<u>149,138</u>
Excess of Revenues Over, (Under) Expenditures	(125,329)	(125,329)		64,058	189,387
Other Financing Sources (Uses):					
Transfers Out	<u>(14,000)</u>	<u>(14,000)</u>	(1)	<u>-</u>	<u>14,000</u>
Net Change in Fund Balance	(139,329)	(139,329)		64,058	203,387
Beginning Fund Balance	<u>139,329</u>	<u>139,329</u>		<u>145,858</u>	<u>6,529</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 209,916</u>	<u>\$ 209,916</u>

(1) Appropriation level

Continued from page 19a

**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, 2019**

WASTEWATER ENTERPRISE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
User Fees - Sewer	\$ 691,163	\$ 691,163	\$ 710,315	\$ 19,152
Miscellaneous/Lab Charges	2,500	2,500	50	(2,450)
Service Mapping	1,000	1,000	900	(100)
Contract Sludge Hauling	1,000	1,000	-	(1,000)
Reimbursements	3,000	3,000	1,025	(1,975)
Inspections	1,000	1,000	800	(200)
Customer Assistance Program	500	500	-	(500)
Earnings on Investments	2,000	2,000	3,237	1,237
Total Revenues	702,163	702,163	716,327	14,164
EXPENDITURES:				
Personnel Services:				
Authority Manager	49,788	49,788	50,522	(734)
Executive Assistant	35,200	35,200	34,781	419
Office Assistant	19,200	19,200	19,943	(743)
Assistant Manager	30,000	30,000	-	30,000
Operator II	45,426	45,426	42,750	2,676
Operator I	113,910	113,910	49,602	64,308
OIT	38,579	38,579	59,749	(21,170)
Utility Worker/Grounds	-	-	-	-
Grounds Maintenance	-	-	-	-
Overtime Allowance	5,200	5,200	7,062	(1,862)
Medical Insurance	117,349	117,349	97,107	20,242
Workers Compensation	10,000	10,000	8,521	1,479
Deferred Compensation	22,680	22,680	20,637	2,043
Payroll Taxes	29,000	29,000	23,772	5,228
Total Personnel Services	516,332	516,332	414,446	101,886
Materials and Services:				
Access Fees	700	700	-	700
Accounting/Auditing	10,000	10,000	9,325	675
Advertising	1,500	1,500	1,134	366
Administrative Meetings	-	-	-	-
Contract Services	16,000	16,000	15,307	693
Bank/Bond Expense	6,400	6,400	4,852	1,548
Director Fees/Training	850	850	6,427	(5,577)
Dues & Subscriptions	4,000	4,000	1,871	2,129
Employee Training	5,000	5,000	1,419	3,581
Elections	2,000	2,000	-	2,000
Electricity	35,000	35,000	36,073	(1,073)
Insurance	30,000	30,000	20,875	9,125
Legal Fees	7,500	7,500	3,785	3,715
Miscellaneous	500	500	238	262
Newsletter	600	600	-	600
Office Equipment R & M	5,000	5,000	6,426	(1,426)
Office Supplies	2,500	2,500	2,188	312
Postage/Freight	1,000	1,000	1,408	(408)

(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, 2019**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
EXPENDITURES (CONT.):				
Materials and Services (Cont.):				
Telephone	\$ 7,500	\$ 7,500	\$ 5,865	\$ 1,635
Uniforms	3,000	3,000	2,356	644
Monitoring	1,500	1,500	1,911	(411)
Lab Supplies	12,000	12,000	9,566	2,434
Chemicals	8,000	8,000	5,071	2,929
Testing	5,000	5,000	4,602	398
WWT Plant R & M	25,000	25,000	18,396	6,604
WW Collection System R & M	30,000	30,000	3,666	26,334
Wastewater Pumping	20,000	20,000	7,751	12,249
Solid Waste Disposal	5,500	5,500	2,748	2,752
Bio-Solids Management	15,000	15,000	16,751	(1,751)
Step System Pumping	5,500	5,500	-	5,500
Step System R & M	8,500	8,500	6,090	2,410
Building R & M	10,000	10,000	2,417	7,583
Generator R & M	5,000	5,000	307	4,693
Backhoe R & M	3,000	3,000	197	2,803
NPDES Permit	3,500	3,500	2,812	688
Transportation	13,907	13,907	6,700	7,207
Grounds R & M	6,000	6,000	2,160	3,840
Customer Assist Pymt Program	1,000	1,000	113	887
Total Materials and Services	317,457	317,457	210,807	106,650
Operating Contingency	40,000	40,000	-	40,000
Total Expenditures	873,789	873,789	625,253	248,536
Excess of Revenues Over, (Under) Expenditures	(171,626)	(171,626)	91,074	262,700
Other Financing Sources (Uses):				
Transfers Out	(15,000)	(15,000)	-	15,000
Net Change in Fund Balance	(186,626)	(186,626)	91,074	277,700
Beginning Fund Balance	186,626	186,626	208,180	21,554
Ending Fund Balance	\$ -	\$ -	\$ 299,254	\$ 299,254

(1) Appropriation level

Continued from page 20a

**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, 2019

	<u>MASTER PLAN FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Capital Improvement Charges	490,000	490,000	527,744	37,744
Bond Proceeds	-	8,710,000	8,710,000	-
Grant Proceeds	1,953,800	511,038	511,038	-
Earnings on Investments	20,000	20,000	89,484	69,484
Total Revenues	<u>2,463,800</u>	<u>9,731,038</u>	<u>9,838,266</u>	<u>107,228</u>
EXPENDITURES:				
Materials and Services	<u>50,000</u>	<u>50,000</u> (1)	<u>3,041</u>	<u>46,959</u>
Capital Outlay:				
Equipment	450,000	450,000	33,622	416,378
Construction	7,412,204	7,412,204	4,866,959	2,545,245
Engineering/Legal	<u>650,000</u>	<u>650,000</u>	<u>390,914</u>	<u>259,086</u>
Total Capital Outlay	<u>8,512,204</u>	<u>8,512,204</u> (1)	<u>5,291,495</u>	<u>3,220,709</u>
Debt Service:				
Interim Financing Interest	220,000	220,000	142,263	77,737
Interim Financing Expense	<u>-</u>	<u>-</u>	<u>8,710,000</u>	<u>(8,710,000)</u>
Total Debt Service	<u>220,000</u>	<u>220,000</u> (1)	<u>8,852,263</u>	<u>(8,632,263)</u>
Total Expenditures	<u>8,782,204</u>	<u>8,782,204</u>	<u>14,146,799</u>	<u>(5,364,595)</u>
Excess of Revenues Over, (Under) Expenditures	(6,318,404)	948,834	(4,308,533)	(5,257,367)
Other Financing Sources (Uses)				
Bond Proceeds	-	-	-	-
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(6,318,404)	948,834	(4,308,533)	(5,257,367)
Beginning Fund Balance	<u>6,318,404</u>	<u>6,318,404</u>	<u>6,060,781</u>	<u>(257,623)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ 7,267,238</u>	<u>\$ 1,752,248</u>	<u>\$ (5,514,990)</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, 2019**

DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Property Taxes	\$ 314,687	\$ 314,687	\$ 330,409	\$ 15,722
Earnings on Investments	3,000	3,000	8,746	5,746
Total Revenues	317,687	317,687	339,155	21,468
EXPENDITURES:				
Debt Service:				
Bond Principal Payments	307,000	307,000	306,537	463
Bond Interest Payments	65,000	65,000	63,537	1,463
Contingency	-	-	-	-
Total Expenditures	372,000	372,000 (1)	370,074	1,926
Net Change in Fund Balance	(54,313)	(54,313)	(30,919)	23,394
Beginning Fund Balance	174,313	174,313	217,218	42,905
Ending Fund Balance	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 186,299</u>	<u>\$ 66,299</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, 2019**

WATER SDC/CIC RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Tap Fees	\$ 10,000	\$ 10,000	\$ 4,698	\$ (5,302)
Capital Improvement Charges	162,000	162,000	50,528	(111,472)
System Development Charges	252,313	252,313	151,387	(100,926)
Reimbursements	1,000	1,000	-	(1,000)
Earnings on Investments	15,000	15,000	39,152	24,152
Total Revenues	440,313	440,313	245,765	(194,548)
EXPENDITURES:				
Materials and Services	40,000	40,000 (1)	3,350	36,650
Capital Outlay:				
Equipment	105,000	105,000	15,217	89,783
Construction	1,487,937	1,487,937	1,365	1,486,572
Office/Lab Remodel	10,000	10,000	17,025	(7,025)
Computer Upgrades	30,000	30,000	4,226	25,774
Engineering/Legal	300,000	300,000	12,167	287,833
Service Installations	10,000	10,000	4,085	5,915
Rolling Stock	50,000	50,000	18,346	31,654
Total Capital Outlay	1,992,937	1,992,937 (1)	72,431	1,920,506
Total Expenditures	2,032,937	2,032,937	75,781	1,957,156
Excess of Revenues Over, (Under) Expenditures	(1,592,624)	(1,592,624)	169,984	1,762,608
Other Financing Sources (Uses)				
Flex Lease Loan	-	-	-	-
Transfers In	-	-	-	-
Total Other Financing	-	-	-	-
Net Change in Fund Balance	(1,592,624)	(1,592,624)	169,984	1,762,608
Beginning Fund Balance	1,592,624	1,592,624	1,606,411	13,787
Ending Fund Balance	\$ -	\$ -	\$ 1,776,395	\$ 1,776,395

(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, 2019

SEWER SDC/CIC RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Capital Improvement Charges	\$ 162,000	\$ 162,000	\$ 82,947	\$ (79,053)
System Development Charges	136,000	136,000	100,228	(35,772)
Loans	-	-	-	-
Earnings on Investments	10,000	10,000	20,972	10,972
Total Revenues	<u>308,000</u>	<u>308,000</u>	<u>204,147</u>	<u>(103,853)</u>
EXPENDITURES:				
Materials and Services	<u>40,000</u>	<u>40,000</u> (1)	<u>3,350</u>	<u>36,650</u>
Capital Outlay:				
Equipment	135,000	135,000	13,796	121,204
Service Installations	5,000	5,000	775	4,225
Construction	610,143	610,143	24,032	586,111
Lift Station Improvements	80,000	80,000	2,969	77,031
Office/Lab Remodel	-	-	16,455	(16,455)
Engineering	140,000	140,000	1,629	138,371
Computer Upgrades	30,000	30,000	4,226	25,774
Rolling Stock	50,000	50,000	18,346	31,654
Inflow and Infiltration	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Total Capital Outlay	<u>1,090,143</u>	<u>1,090,143</u> (1)	<u>82,228</u>	<u>1,007,915</u>
Debt Service:				
Loan Re-Payment	<u>56,000</u>	<u>56,000</u>	<u>55,034</u>	<u>966</u>
Total Debt Service	<u>56,000</u>	<u>56,000</u> (1)	<u>55,034</u>	<u>966</u>
Total Expenditures	<u>1,186,143</u>	<u>1,186,143</u>	<u>140,612</u>	<u>1,045,531</u>
Excess of Revenues Over (Under) Expenditures	(878,143)	(878,143)	63,535	941,678
Other Financing Sources (Uses):				
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(878,143)	(878,143)	63,535	941,678
Beginning Fund Balance	<u>878,143</u>	<u>878,143</u>	<u>888,718</u>	<u>10,575</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 952,253</u>	<u>\$ 952,253</u>

(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, 2019**

Tax Year	Original Levy or Balance Uncollected 7/1/18	Deduct Discounts	Adjustments to Rolls	Add Interest	Cash Collections by County Treasurer	Balance Uncollected 6/30/19
Current:						
2018-19	\$ 335,119	\$ 8,382	\$ (319)	\$ 188	\$ 317,590	\$ 9,016
Prior Years:						
2017-18	9,948	-	(484)	426	5,308	\$ 4,582
2016-17	6,408	-	(509)	463	2,338	4,024
2015-16	4,811	-	(695)	651	2,123	2,644
2014-15	3,269	-	(519)	475	1,250	1,975
Prior Years	16,920	-	(358)	198	306	16,454
Total Prior	41,356	-	(2,565)	2,213	11,325	29,679
Total	\$ 376,475	\$ 8,382	\$ (2,884)	\$ 2,401	\$ 328,915	\$ 38,695

Timing/Accrual difference	876
As reported on Statement of Net Position	<u>\$ 39,571</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 328,915
Accrued at 6/30/18	(4,869)
Accrued at 6/30/19	3,289
Payments in Lieu of Taxes	<u>3,074</u>
Total Receipts	<u>\$ 330,409</u>

PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON

SCHEDULE OF BOND TRANSACTIONS AND BALANCES
For the Year Ended June 30, 2019

DATE OF ISSUE	ORIGINAL AMOUNT	MATURED BONDS & LINE OF CREDIT OUTSTANDING 7/1/2018	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 6/30/2019
05/12/17	3,324,464	3,025,560	-	306,537	306,537	2,719,023
11/01/17	8,710,000	8,710,000	-	-	8,710,000	-
06/21/19	8,710,000	-	8,710,000	-	-	8,710,000
Credit Union Note	500,000	312,822	-	50,023	50,023	\$ 262,799
		<u>\$ 12,048,382</u>	<u>\$ 8,710,000</u>	<u>\$ 356,560</u>	<u>\$ 9,066,560</u>	<u>\$ 11,691,822</u>

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2019**

Federal Grantor / Program Title	Pass Through Entity	Federal CFDA Number	Pass Through Entity Number	Period Covered	Expenditures
Grants					
<u>US Department of Agriculture</u>					
WasteWater Treatment Plant Update	Rural Development	10.760		07/01/18 - 6/30/19	\$ 511,038
Loans					
<u>US Department of Agriculture</u>					
WasteWater Treatment Plant Update	Rural Development	10.760		07/01/18 - 6/30/19	\$ 4,780,457
Total					\$ 5,291,495

Reconciliation to Expense:

Master Plan Fund:	
Construction Expense:	\$ 4,866,959
Engineering/Legal Expense:	390,914
Equipment	33,622
Total Capital Outlay Expense (page 18)	<u>\$ 5,291,495</u>

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

Independent Auditors' Report Required by Oregon State Regulations

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PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

October 14, 2019

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, 2019, and have issued our report thereon dated October 14, 2019. 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 appropriations 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 cursive script that reads "Roy R. Rogers".

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

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

GRANT COMPLIANCE REVIEW

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October 14, 2019

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, 2019, and the related notes to the basic financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated October 14, 2019.

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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October 14, 2019

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, 2019. 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, 2019.

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, 2019

Section I – Summary of Auditors’ Results

Financial Statements

Type of Auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses Yes X No

Noncompliance material to financial statements noted? Yes X No

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

Federal Awards

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses Yes X 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 X 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? X Yes No

PACIFIC CITY JOINT WATER-SANITARY AUTHORITY
TILLAMOOK COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2019

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.