



ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2021



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CERTIFIED PUBLIC ACCOUNTANTS

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ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

June 30, 2021

BOARD OF COMMISSIONERS

Dan Seifer, President
79916 West Cannon Road
Arch Cape, Oregon 97102

Debra Birkby, Vice President & Treasurer
79829 Gelinsky Road
Arch Cape, Oregon 97102

Lauren Ahlgren
79804 Fire Rock Road
Arch Cape, Oregon 97102

Nadia Gardner
80285 Woodland Heights Road
Arch Cape, Oregon 97102

Linda Murray
77836 Gelinsky Road
Arch Cape, Oregon 97102

REGISTERED AGENT

Phil Chick, District Manager
32065 E Shingle Mill Lane
Arch Cape, Oregon 97102

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

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FINANCIAL SECTION



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Commissioners
Arch Cape Domestic Water Supply District
Arch Cape, Oregon 97102

We have reviewed the accompanying modified cash financial statements of the business-type activities and each major fund of Arch Cape Domestic Water Supply District, Arch Cape, Oregon, as of June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of Arch Cape Domestic Water Supply District. A review is substantially less in scope than an audit, the objective which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with the Statements on Standards for the Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

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

Supplementary Information

Our review was made primarily for the purposes of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with the modified cash basis of accounting. The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The information has been subjected to the review procedures applied in the review of the basic financial statements and we did not become aware of any material modifications that should be made to such information. We have not audited the supplementary information and do not express an opinion on such information

Accuity, LLC

By: 

Glen O. Kearns, CPA

Albany, Oregon
November 14, 2022

BASIC FINANCIAL STATEMENTS

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2021

	Business-Type Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 287,234
Capital assets being depreciated, net	917,880
Total assets	1,205,114
LIABILITIES	
Current liabilities	
Long-term liabilities, current portion	16,855
Total current liabilities	16,855
Noncurrent liabilities	
Long-term liabilities, less current portion	374,836
Total liabilities	391,691
NET POSITION	
Net investment in capital assets	526,189
Restricted for debt service	18,809
Unrestricted	268,425
Total net position	\$ 813,423

See accompanying notes and independent accountant's review report.

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
				<u>Governmental Activities</u>
Business-type activities				
Water operations	\$ 403,325	\$ 237,216	\$ -	\$ -
				<u>(166,109)</u>
General revenues				
Property taxes levied for general purposes				125,474
Investment income				424
Miscellaneous				<u>7</u>
Total general revenues				<u>125,905</u>
Change in net position				(40,204)
Net position - beginning				<u>853,627</u>
Net position - ending				<u>\$ 813,423</u>

See accompanying notes and independent accountant's review report.

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

PROPRIETARY FUNDS

June 30, 2021

	General Fund	Capital Fund	Total Business-Type Activities
ASSETS			
Current assets			
Cash and cash equivalents	\$ 187,772	\$ 99,462	\$ 287,234
Capital assets being depreciated, net	917,880	-	917,880
Total assets	\$ 1,105,652	\$ 99,462	\$ 1,205,114
LIABILITIES			
Current liabilities			
Long-term debt, current portion	\$ 16,855	\$ -	\$ 16,855
Noncurrent liabilities			
Long-term debt, less current portion	374,836	-	374,836
Total liabilities	391,691	-	391,691
NET POSITION			
Net investment in capital assets	526,189	-	526,189
Restricted for debt service	18,809	-	18,809
Unrestricted	168,963	99,462	268,425
Total net position	\$ 713,961	\$ 99,462	\$ 813,423

See accompanying notes and independent accountant's review report.

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS

PROPRIETARY FUNDS

For the Year Ended June 30, 2021

	General Fund	Capital Fund	Total Business-Type Activities
OPERATING REVENUES			
Charges for services	\$ 230,807	\$ 6,409	\$ 237,216
Total operating revenues	230,807	6,409	237,216
OPERATING EXPENSES			
Personnel services	180,551	-	180,551
Materials and supplies	116,850	-	116,850
Depreciation	101,840	-	101,840
Total operating expenses	399,241	-	399,241
Operating income (loss)	(168,434)	6,409	(162,025)
NONOPERATING REVENUES (EXPENSES)			
Property taxes	125,474	-	125,474
Investment earnings	7	-	7
Miscellaneous	424	-	424
Interest paid on long-term debt	(4,084)	-	(4,084)
Total nonoperating (revenues) expenses	121,821	-	121,821
Change in net position	(46,613)	6,409	(40,204)
Net position - beginning	760,574	93,053	853,627
Net position - ending	\$ 713,961	\$ 99,462	\$ 813,423

See accompanying notes and independent accountant's review report.

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2021

	General Fund	Capital Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 230,807	\$ 6,409	\$ 237,216
Payments to employees	(180,551)	-	(180,551)
Payments to suppliers	(116,850)	-	(116,850)
Net cash provided (used) by operating activities	(66,594)	6,409	(60,185)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Property tax revenue	125,474	-	125,474
Acquisition and construction of capital assets	(30,000)	-	(30,000)
Principal paid on long-term debt	(16,688)	-	(16,688)
Interest paid on long-term debt	(4,084)	-	(4,084)
Net cash provided (used) by capital and related financing activities	74,702	-	74,702
CASH FLOWS FROM INVESTING ACTIVITIES			
Miscellaneous non-operating income	424	-	424
Interest received	7	-	7
Net cash provided (used) by investing activities	431	-	431
Net increase (decrease) in cash and cash equivalents	8,539	6,409	14,948
Cash and cash equivalents - beginning	179,233	93,053	272,286
Cash and cash equivalents - ending	\$ 187,772	\$ 99,462	\$ 287,234
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (168,434)	\$ 6,409	\$ (162,025)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	101,840	-	101,840
Net cash provided (used) by operating activities	\$ (66,594)	\$ 6,409	\$ (60,185)

See accompanying notes and independent accountant's review report.

NOTES TO BASIC FINANCIAL STATEMENTS

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Arch Cape Domestic Water Supply District have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 District's accounting principles are described below.

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. Business-type activities, which rely to a significant extent on fees and charges to external customers, are reported by the District.

B. Reporting Entity

Arch Cape Domestic Water Supply District, located in Arch Cape, Oregon, was established under the provisions of Oregon statutes to provide water service for Clatsop County. The District is governed by five-member board of commissioners elected by voters.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The business-type activities column incorporates data from all proprietary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major proprietary funds:

General Fund - The General Fund is the District's primary operating fund. It accounts for all financial resources of the District except for those required to be accounted for in another fund. The primary source of revenue are user fees and other general revenues.

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Capital Fund - The Capital Fund is used to account for receipts and disbursements set aside for system improvement and expansion expenditures. The primary source of revenue are transfers from the General Fund and investment income. The assets acquired are transferred to the General Fund as depreciable capital assets.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and fund financial statements of the proprietary funds are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting, as described below.

This basis recognizes assets, liabilities, net position, revenues, and expenditures when they result from cash transactions, with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements and the government-wide financial statements would be presented on the accrual basis of accounting.

F. Budgetary Information

Annual budgets are adopted on the cash basis of accounting. The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general and channel maintenance, and equipment reserve funds.

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The board of commissioners legally adopts the budget by resolution prior to the beginning of the District's fiscal year.

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, debt service, capital outlay, and contingency for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. The board of commissioners may adopt supplemental budgets less than 10% of a fund's original budget at a regular board meeting. A Draft supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of commissioners.

Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of commissioners. During the year, there were no supplemental budgets. The District does not use encumbrances, and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

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

2. Investments

State statutes authorize the District to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

3. Capital Assets

Capital assets resulting from cash transactions, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Motor Vehicles	7
Water System	18-20
Water Treatment Plant Upgrades	20

4. Long-Term Obligations

In the government-wide financial statements and fund financial statements, long-term debt is reported as a liability in the applicable business-type activities statements.

5. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

2. Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15.

3. Proprietary Fund Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principal ongoing operations. The principal operating revenues of the General Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues not meeting this definition are reported as nonoperating revenues and expenses.

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures Over Appropriations

During the year ended June 30, 2021, the District expended funds in excess of appropriations as follows:

<u>Fund</u>	<u>Function</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Excess</u>
General Fund	Capital outlay	\$ 2,000	\$ 36,200	\$ 34,200

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Cash Deposits with Financial Institutions

Arch Cape Domestic Water Supply District maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents.

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. The District participates in an external investment pool (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company.

The State's investment policies are governed by the Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments.

The portion of the external investment pool which belongs to local government investment participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report (CAFR). A copy of the State's CAFR may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or price 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 on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- *Level 1* – Unadjusted quoted prices for identical investments in active markets.
- *Level 2* – Observable inputs other than quoted market prices; and,
- *Level 3* – Unobservable inputs.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2021.

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Fair values of assets measured on a recurring basis at June 30, 2021 are as follows:

	Level 2
Investments:	
Oregon Local Government Investment Pool	\$ 248,055

Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The board may authorize the investment or reinvestment of funds that are not immediately needed for operations of the District. Such investments will comply with state law and Oregon Administrative Rules.

Investments

As of June 30, 2021, the District had the following investments:

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	\$ 248,055

Interest Rate Risk

The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

The District does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100 percent of the District's investments are in the Oregon Local Government Investment Pool.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a policy that limits the amount of investments that can be held by counterparties.

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the District’s deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories.

Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The District holds accounts at Columbia Bank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2021, the District had deposits of \$30,089 fully insured by the FDIC.

Deposits

The District’s deposits and investments at June 30, 2021 are as follows:

Checking accounts	\$ 39,179
Total investments	<u>248,055</u>
Total cash and investments	<u><u>\$ 287,234</u></u>

Cash and investments by fund:

Business-type activities:	
General Fund	\$ 187,772
Capital Fund	<u>99,462</u>
Total cash and investments	<u><u>\$ 287,234</u></u>

B. Restricted Net Position

The amounts reported on the statement of net position identified as restricted net position are comprised of amounts restricted for future debt service.

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

C. Capital Assets

Capital asset activity resulting from modified cash basis transactions for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated				
Water system	\$ 911,145	\$ 30,000	\$ -	\$ 941,145
Water treatment plant upgrades	1,436,070	-	-	1,436,070
Motor vehicles	<u>17,925</u>	<u>-</u>	<u>-</u>	<u>17,925</u>
Total capital assets being depreciated	<u>2,365,140</u>	<u>30,000</u>	<u>-</u>	<u>2,395,140</u>
Less accumulated depreciation for				
Water system	(794,233)	(27,476)	-	(821,709)
Water treatment plant upgrades	(575,426)	(71,803)	-	(647,229)
Motor vehicles	<u>(5,761)</u>	<u>(2,561)</u>	<u>-</u>	<u>(8,322)</u>
Total accumulated depreciation	<u>(1,375,420)</u>	<u>(101,840)</u>	<u>-</u>	<u>(1,477,260)</u>
Capital assets being depreciated, net	<u>989,720</u>	<u>(71,840)</u>	<u>-</u>	<u>917,880</u>
Business-type activities capital assets, net	<u>\$ 989,720</u>	<u>\$ (71,840)</u>	<u>\$ -</u>	<u>\$ 917,880</u>

Capital assets are reported on the statement of net position as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Business-type activities			
Water system	\$ 941,145	\$ (821,709)	\$ 119,436
Water treatment plant upgrades	1,436,070	(647,229)	788,841
Motor vehicles	<u>17,925</u>	<u>(8,322)</u>	<u>9,603</u>
Total capital assets	<u>\$ 2,395,140</u>	<u>\$ (1,477,260)</u>	<u>\$ 917,880</u>

Depreciation expense was charged to the functions/programs of the District as follows:

Business-type activities	
Water operations	<u>\$ 101,840</u>

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

D. Long-Term Liabilities

1. Changes in Long-Term Liabilities

The following is a summary of long-term liabilities arising from cash transactions for the year:

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business Oregon IFA Loan	1.00%	\$ 536,000	\$ 408,379	\$ -	\$ 16,688	\$ 391,691	\$ 16,855

2. Business-Type Activities - Interest Expense

Interest expense was charged to functions/programs of the District as follows:

Business-type activities	
Water operations	\$ 4,084

3. Business Oregon IFA Loan

The Business Oregon IRA Loan was issued in December 2014. Interest is fixed at 1.00%. The District used the proceeds to finance the upgrade of the water treatment plant. The General Fund has traditionally been used to liquidate the related debt.

4. Business-Type Activities Future Maturities of Long-Term Liabilities

Year ending June 30	Business Oregon IFA Loan		
	Principal	Interest	Total
2022	\$ 16,855	\$ 3,917	\$ 20,772
2023	17,023	3,749	20,772
2024	17,194	3,578	20,772
2025	17,365	3,407	20,772
2026	17,539	3,233	20,772
2027-2031	90,363	13,497	103,860
2032-2036	94,970	8,890	103,860
2037-2041	99,816	4,044	103,860
2042	20,566	206	20,772
Total	\$ 391,691	\$ 44,521	\$ 436,212

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

B. Retirement Plans

1. Oregon Public Employees Retirement System

General Information about the Pension Plan

The Oregon Public Employees Retirement System (OPERS) consists of a cost-sharing, multiple-employer defined benefit plan for units of state governmental, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2020, there were 901 participating employers.

Plan Membership

As of June 30, 2020, there were 16,323 active plan members, 129,520 retired plan members or their beneficiaries currently receiving benefits, 9,930 inactive plan members entitled to but not yet receiving benefits, for a total of 155,773 Tier One members.

For Tier Two members, as of June 30, 2020, there were 31,548 active plan members, 17,162 retired plan members or their beneficiaries currently receiving benefits, 13,880 inactive plan members entitled to but not yet receiving benefits, for a total of 62,590.

As of June 30, 2020, there were 130,806 active plan members, 6,940 retired plan members or their beneficiaries currently receiving benefits, 6,281 inactive plan members entitled to but not yet receiving benefits, and 16,439 inactive plan members not eligible for refund or retirements, for a total of 160,466 OPSRP Pension Program members.

Plan Benefits

Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A, and Internal Revenue Code Section 401(a).

Tier One/Tier Two Retirement Benefit (Chapter 238) - OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living-adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. This defined benefit pension plan is closed to new members hired on or after August 29, 2003.

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Pension Benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. Police and Fire members may purchase increased benefits that are payable between the date of retirement and age 65.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit.

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
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June 30, 2021

A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for a either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining monthly benefit.

Benefit Changes after Retirement

Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations caused by changes in the fair value of the underlying global equity investments of that account.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision. The COLA is capped at 2.0 percent.

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

Pension Benefits

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and Fire - 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
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June 30, 2021

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision. The COLA is capped at 2.0 percent.

OPSRP Individual Account Program (OPSRP IAP) - Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS and is administered by the OPERS Board.

Pension Benefits

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

Death Benefits

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

Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Employer contribution rates during the period were based on the December 31, 2018 actuarial valuation, which became effective July 1, 2019. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced.

Member contributions are set by statute at six percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf. As permitted, the District has opted to pick-up the contributions on behalf of its employees.

Employer contributions for the year ended June 30, 2021 were \$8,067.

Pension Plan Comprehensive Annual Financial Report (CAFR)

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

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>.

Actuarial Valuations

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Experience Study	2018, published July 24, 2019
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.50 percent
Long-term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent
Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years.

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

The methods and assumptions shown above are on the 2018 Experience Study, which reviewed experience for the four-year period ended December 31, 2018. There were no differences between the assumptions and plan provisions used for June 30, 2020 measurement date calculations compared to those shown above.

Actuarial Methods and Assumptions

Assets are valued at their market value. Gains and losses between odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 years from the odd-year valuation in which they are first recognized.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Oregon PERS and additions to/ deductions from Oregon PERS' fiduciary net position have been determined on the same basis as they are reported by Oregon PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Depletion Date Projection

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses.

Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors.

Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

OIC Target and Actual Investment Allocation as of June 30, 2020

<u>Asset Class/Strategy</u>	<u>OIC Policy Low Range</u>	<u>OIC Policy High Range</u>	<u>OIC Target Allocation</u>	<u>Actual Allocation³</u>
Debt Securities	15.0%	25.0%	20.0%	20.0%
Public Equity	27.5%	37.5%	32.5%	31.8%
Real Estate	9.5%	15.5%	12.5%	11.4%
Private Equity	14.0%	21.0%	17.5%	22.9%
Alternatives Portfolio	7.5%	17.5%	15.0%	10.5%
Opportunity Portfolio ¹	0.0%	3.0%	0.0%	2.1%
Risk Parity ²	0.0%	2.5%	2.5%	1.3%
Total			100.0%	100.0%

¹Opportunity Portfolio is an investment strategy, and it may be invested up to 3% of total plan net position.

²Risk Parity is a new investment strategy added to the asset allocation mix in 2019.

³ Based on the actual investment value at 6/30/2020.

C. Intergovernmental Agreement

Arch Cape Domestic Water Supply District has an agreement with Arch Cape Sanitary District to share personal service costs. The Water Supply District is the employer of two employees and the Sanitary District reimburses the Water Supply District for its share of labor costs, payroll taxes, and employee benefits performed on behalf of the Sanitary District.

D. New Pronouncements

For the fiscal year ended June 30, 2021, the District implemented the following new accounting standards:

GASB Statement No. 84, Fiduciary Activities - This statement established criteria and guidance for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes, as well as the reporting requirements for these fiduciary funds.

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.*

The District will implement applicable new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements for implementing any of the following pronouncements:

GASB Statement No. 83, *Certain Asset Retirement Obligations* – This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The statement is effective for fiscal years beginning after June 15, 2020 (as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*).

GASB Statement No. 87, *Leases* – This statement addresses the accounting and financial reporting for leases by governments, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. The statement is effective for fiscal years beginning after June 15, 2022 (as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*).

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The statement is effective for fiscal years beginning after December 15, 2021 (as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*).

E. Subsequent Events

Management has evaluated subsequent events through November 14, 2022, which was the date that that financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION -
 BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual		Modified Cash Basis
				Budget Basis	Adjustments	
REVENUES						
User fees	\$ 174,042	\$ 174,042	\$ 10,930	\$ 184,972	\$ -	\$ 184,972
Excess usage charges	12,000	12,000	9,628	21,628	-	21,628
Debt service surcharges	22,045	22,045	860	22,905	-	22,905
Sanitary district reimbursement	155,789	155,789	(154,487)	1,302	-	1,302
Property tax receipts	-	-	125,474	125,474	-	125,474
Interest	2,500	2,500	(2,493)	7	-	7
Miscellaneous	2,100	2,100	(1,676)	424	-	424
Total revenues	368,476	368,476	(11,764)	356,712	-	356,712
EXPENDITURES						
Current						
Personnel services	224,994	224,994	(44,443)	180,551	-	180,551
Materials and services	171,198	171,198	(60,548)	110,650	-	110,650
Capital outlay	2,000	2,000	34,200	36,200	(30,000)	6,200
Debt service	20,772	20,772	-	20,772	(16,688)	4,084
Depreciation	-	-	-	-	101,840	101,840
Contingency	60,000	60,000	(60,000)	-	-	-
Total expenditures	478,964	478,964	(130,791)	348,173	55,152	403,325
Excess (deficiency) of revenues over (under) expenditures	(110,488)	(110,488)	119,027	8,539	(55,152)	(46,613)
Net position - beginning	202,870	202,870	557,704	179,233	581,341	760,574
Net position - ending	\$ 92,382	\$ 92,382	\$ 676,731	\$ 187,772	\$ 526,189	\$ 713,961

See independent accountant's review report.

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT
Arch Cape, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION -
 BUDGET AND ACTUAL

CAPITAL FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Modified Cash Basis	
REVENUES					
System development charges	\$ 11,206	\$ (4,797)	\$ 6,409	\$ -	\$ 6,409
EXPENDITURES					
Contingency	100,189	(100,189)	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(88,983)	95,392	6,409	-	6,409
Net position - beginning	88,983	4,070	93,053	-	93,053
Net position - ending	<u>\$ -</u>	<u>\$ 99,462</u>	<u>\$ 99,462</u>	<u>\$ -</u>	<u>\$ 99,462</u>

See independent accountant's review report.

**REVIEW REPRESENTATIONS
REQUIRED BY STATE REGULATIONS**

**MANAGEMENT’S REPRESENTATION OF FISCAL AFFAIRS
REQUIRED BY OREGON REGULATION**

Accuity, LLC
 Certified Public Accountants
 436 First Ave W
 Albany, OR 97321

Arch Cape Domestic Water Supply District is subject to, and responsible for, compliance with various laws, rules, and regulations relating to its operations and finances. Among such laws, rules, and regulations are the requirements prescribed in Municipal Audit Law (ORS Chapter 297) and the Minimum Standards for Review of Oregon Municipal Corporations (OAR 162, Division 40) including, but not limited to:

Deposit of public funds with financial institutions (ORS Chapter 295)

Indebtedness limitations, restrictions, and repayment

Budgets legally required (ORS Chapter 294)

Insurance and fidelity bonds in force or required by law

Programs funded from outside sources

Authorized investment of surplus funds (ORS Chapter 294)

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

The management of Arch Cape Domestic Water Supply District is aware of the requirements of Oregon laws and administrative rules concerning each of the above requirements and has complied, in all material respects, with such requirements. Further, we are not aware of any violations or possible violations of laws, rules, or regulations, whose effect should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, except as follows:


A. Excess of Expenditures Over Appropriations

During the year ended June 30, 2021, the District expended funds in excess of appropriations as follows:


Fund	Function	Appropriation	Expenditure	Excess
General Fund	Capital outlay	\$ 2,000	\$ 36,200	\$ 34,200


Teri Fladstol, Administrative Assistant

Oct. 20, 2022
Date


Debra Birkby, Board President

Oct. 20, 2022.
Date


Jay Blake Board Treasurer

October 24, 2022
Date