WESTPORT SEWER SERVICE DISTRICT

Astoria, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2023

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

DISTRICT OFFICIALS

June 30, 2023

BOARD OF COMMISSIONERS

Mark Kujala, Chair
800 Exchange Street, Suite 410
Astoria, Oregon 97103

Courtney Bangs, Vice Chair
800 Exchange Street, Suite 410
Astoria, Oregon 97103

John Toyooka
800 Exchange Street, Suite 410
Astoria, Oregon 97103

Lianne Thompson
800 Exchange Street, Suite 410
Astoria, Oregon 97103

Pamela Wev
800 Exchange Street, Suite 410
Astoria, Oregon 97103

REGISTERED AGENT

Don Bohn, County Manager
800 Exchange Street, Suite 410
Astoria, Oregon 97103

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

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June 30, 2023

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FINANCIAL SECTION

KOONTZ, BLASQUEZ & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Westport Sewer Service District
Astoria, Oregon 97103

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and each major fund of Westport Sewer Service District, Astoria, Oregon, a component unit of Clatsop County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of Westport Sewer Service District as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Westport Sewer Service District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Westport Sewer Service District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Westport Sewer Service District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 25, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with GAAS, 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.

The budgetary comparison 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Westport Sewer Service District's basic financial statements. The individual fund schedules and schedule of future requirements for retirement of long-term debt are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund schedules 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of future requirements for retirement of long-term debt 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 the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 13, 2023 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

Koontz, Blasquez & Associates, P.C.

By: Debra L. Blasquez
Debra L. Blasquez, CPA

Albany, Oregon
December 13, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

INTRODUCTION

As management of Westport Sewer Service District, Astoria, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2023, total net position of Westport Sewer Service District amounted to $312,782. Of this amount, $66,160 was invested in capital assets, net of related debt. The remaining balance of $246,622 was unrestricted.

- The District's total net position decreased by $15,591 during the current fiscal year.

- Overall expenses were $142,062, which exceeded total revenues of $126,471 by $15,591.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Westport Sewer Service District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements present functions of the District that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The business-type activities of the District include a sewer service.

The government-wide financial statements can be found on pages 9 through 10 of this report.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of Westport Sewer Service District are proprietary funds.

- **Proprietary Funds**

  Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The District maintains two individual enterprise funds.

  Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Information is presented separately in the proprietary funds statement of net position, proprietary funds statement of revenues, expenses, and changes in fund net assets, and proprietary funds statement of cash flows for the Operating and Equipment Replacement Funds, both of which are considered to be major proprietary funds.

  Westport Sewer Service District adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets.

  The basic proprietary fund financial statements can be found on pages 11 through 14 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 15 through 24 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes budgetary comparison information for the Operating Fund. This required supplementary information can be found on page 25 of this report.

The individual fund schedules are presented immediately following the required supplementary information on page 26 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2023, the District's assets exceeded liabilities by $312,782.

A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

District's Net Position

At the end of the current fiscal year, the District was able to report positive balances in all categories of net position. The District's net position decreased by $15,591 during the current fiscal year.

Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Business-Type Activities	
	2023	2022
Assets		
Current assets	$ 252,723	$ 293,031
Net capital assets	94,413	96,896
Total assets	347,136	389,927
Liabilities		
Current liabilities	12,870	33,301
Noncurrent liabilities	21,484	28,253
Total liabilities	34,354	61,554
Net position		
Net investment in capital assets	66,160	96,896
Unrestricted	246,622	231,477
Total net position	$ 312,782	$ 328,373

District's Changes in Net Position

The condensed statement of activities information shown below explains changes in net position.

Condensed Statement of Activities

	Business-Type Activities	
	2023	2022
Program revenues		
Charges for services	$ 119,557	$ 112,298
Operating grants and contributions	-	191,200
Total program revenues	119,557	303,498
General revenues		
Investment earnings	6,914	695
Total revenues	126,471	304,193
Program expenses		
Sewer service	141,129	176,991
Interest on long-term debt	933	1,114
Total program expenses	142,062	178,105
Change in net position	(15,591)	126,088
Net position - beginning of year	328,373	202,285
Net position - end of year	$ 312,782	$ 328,373

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Proprietary Funds

The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the proprietary funds amounted to $312,782 at year end. Of this amount, $66,160 was invested in capital assets and the remaining balance of $246,622 was unrestricted.

BUDGETARY HIGHLIGHTS: OPERATING FUND

Significant variances between budgeted and actual amounts in the Operating Fund for the year ended June 30, 2023 include:

- Intergovernmental revenues were budgeted for $20,000. Actual revenues were $0 due to budgeted state revenues not being received.
- Investment earnings were budgeted for $300. Actual revenues were $2,385 (695% over budget) due to increases in interest rates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its business-type activities as of June 30, 2023 amounted to $94,413, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, and equipment and vehicles. The total depreciation expense related to the District's investment in capital assets for its business-type activities during the current fiscal year was $2,483.

Additional information on the District's capital assets can be found in Note III-B on page 22 of this report.

Long-Term Debt

At the end of the current fiscal year, the District had total debt outstanding of $28,253. This amount represents a loan from the Oregon Department of Environmental Quality for wastewater treatment improvements. The District's total debt decreased by $6,583 during the current fiscal year.

Additional information on the District's long-term debt can be found in Note III-D on page 23 of this report.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstance that could affect its future financial health:

- The District expects increases in materials and services for oversight of operations and other operating costs.

This factor was considered in preparing the District's budget for fiscal year 2023-2024.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be directed to the following address: Clatsop County Budget and Finance, 800 Exchange Street, Suite 310, Astoria, Oregon 97103.

BASIC FINANCIAL STATEMENTS

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

STATEMENT OF NET POSITION

June 30, 2023

	Business-Type Activities
ASSETS	
Current assets	
Cash and cash equivalents	$ 226,912
Accounts receivable	25,811
Total current assets	252,723
Capital assets	
Land	22,039
Capital assets, net of accumulated depreciation	72,374
Total capital assets	94,413
Total assets	347,136
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	5,339
Accrued interest payable	762
Long-term liabilities, current portion	6,769
Total current liabilities	12,870
Noncurrent liabilities	
Long-term liabilities, less current portion	21,484
Total liabilities	34,354
NET POSITION	
Net investment in capital assets	66,160
Unrestricted	246,622
Total net position	$ 312,782

The accompanying notes are an integral part of these financial statements.

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Business-Type Activities
Business-type activities					
Sewer service	$ 141,129	$ 119,557	$ -	$ -	$ (21,572)
Interest on long-term debt	933	-	-	-	(933)
Total business-type activities	$ 142,062	$ 119,557	$ -	$ -	(22,505)
	General revenues				
	Investment earnings				6,914
	Change in net position				(15,591)
	Net position - beginning				328,373
	Net position - ending				$ 312,782

The accompanying notes are an integral part of these financial statements.

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Operating	Equipment Replacement	Totals
ASSETS			
Current assets			
Cash and cash equivalents	$ 76,461	$ 150,451	$ 226,912
Accounts receivable	25,811	-	25,811
Total current assets	102,272	150,451	252,723
Capital assets			
Land	22,039	-	22,039
Capital assets, net of accumulated depreciation	72,374	-	72,374
Total capital assets	94,413	-	94,413
Total assets	196,685	150,451	347,136
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	5,339	-	5,339
Accrued interest payable	-	762	762
Long-term liabilities, current portion	-	6,769	6,769
Total current liabilities	5,339	7,531	12,870
Noncurrent liabilities			
Long-term liabilities, less current portion	-	21,484	21,484
Total liabilities	5,339	29,015	34,354
NET POSITION			
Net investment in capital assets	66,160	-	66,160
Unrestricted	125,186	121,436	246,622
Total net position	$ 191,346	$ 121,436	$ 312,782

The accompanying notes are an integral part of these financial statements.

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Operating	Equipment Replacement	Totals
Operating revenues			
Charges for services	$ 119,557	$ -	$ 119,557
Operating expenses			
Materials and services	111,222	27,385	138,607
Special payments	39	-	39
Depreciation	2,483	-	2,483
Total operating expenses	113,744	27,385	141,129
Operating income (loss)	5,813	(27,385)	(21,572)
Nonoperating revenues (expenses)			
Investment earnings	2,385	4,529	6,914
Interest expense	(933)	-	(933)
Total nonoperating revenues (expenses)	1,452	4,529	5,981
Income (loss) before transfers	7,265	(22,856)	(15,591)
Transfers in	-	15,583	15,583
Transfers out	(15,583)	-	(15,583)
Change in net position	(8,318)	(7,273)	(15,591)
Net position - beginning	199,664	128,709	328,373
Net position - ending	$ 191,346	$ 121,436	$ 312,782

The accompanying notes are an integral part of these financial statements.

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Operating	Equipment Replacement	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 109,180	$ -	$ 109,180
Payments to suppliers for goods and services	(131,433)	(27,791)	(159,224)
Special payments	(39)	-	(39)
Net cash provided (used) by operating activities	(22,292)	(27,791)	(50,083)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	15,583	15,583
Transfers out	(15,583)	-	(15,583)
Net cash provided (used) by noncapital financing activities	(15,583)	15,583	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on long-term liabilities	-	(6,583)	(6,583)
Interest paid on long-term liabilities	(933)	-	(933)
Total cash provided (used) by capital and related financing activities	(933)	(6,583)	(7,516)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	2,385	4,529	6,914
Net cash provided (used) by investing activities	2,385	4,529	6,914
Net increase (decrease) in cash and cash equivalents	(36,423)	(14,262)	(50,685)
Cash and cash equivalents - beginning	112,884	164,713	277,597
Cash and cash equivalents - ending	$ 76,461	$ 150,451	$ 226,912

(Continued)

The accompanying notes are an integral part of these financial statements.

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2023

(Continued)

	Business-Type Activities - Enterprise Funds		
	Operating	Equipment Replacement	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ 5,813	$ (27,385)	$ (21,572)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	2,483	-	2,483
(Increase) decrease in accounts receivable	(10,377)	-	(10,377)
Increase (decrease) in accounts payable and accrued expenses	(20,211)	(406)	(20,617)
Net cash provided (used) by operating activities	$ (22,292)	$ (27,791)	$ (50,083)

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Westport Sewer Service District have been prepared in accordance with generally accepted accounting principles (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 District's accounting policies are described below.

A. Reporting Entity

Westport Sewer Service District was formed for the purpose of providing sewer service to the residents of the unincorporated area of Westport, Oregon, located 25 miles east of Astoria. The District serves 90 connections and is funded by user fees. The District is reported as a component unit of Clatsop County.

Westport Sewer Service District is governed by Clatsop County's five-member board of commissioners.

B. Government-Wide and Fund 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges for goods and services provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Investment earnings and other items not properly included among program revenues are reported instead as general revenues.

Major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Charges for services associated with the current fiscal year are all considered to be susceptible to accrual and have therefore been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The District reports the following major proprietary funds:

Enterprise Funds

Operating Fund – The Operating Fund accounts for the disposal of solid waste. The principal funding sources are collection fees and assessments from property owners.

Equipment Replacement Fund – The Equipment Replacement Fund accounts for monies accumulated for future equipment acquisitions and loan service payments for prior wastewater treatment improvements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

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 a proprietary fund's principal ongoing operations. The principal operating revenues of Westport Sewer Service District's proprietary funds are charges to customers for services. Operating expenses for the proprietary funds include the costs of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Equity

1. Deposits and Investments

The District's 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

1. Deposits and Investments (Continued)

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.

2. Capital Assets

Capital assets, 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. Donated capital assets are recorded at estimated fair market value at the date of donation.

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.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Vehicles, machinery, and equipment	5
Buildings and improvements	25-40

E. Use of Estimates

The preparation of financial statements in accordance 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 may vary from those estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the enterprise funds. All funds are budgeted on the modified accrual basis of accounting.

The District begins its budgeting process by appointing budget committee members. Management 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 budget is legally adopted by the board of commissioners by resolution prior to the beginning of the District's fiscal year. 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, 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. Supplemental budgets less than 10% of a fund's original budget may be adopted by the board of commissioners at a regular board meeting. A 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 and two approved appropriation transfers.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Westport Sewer Service District's deposits and investments are held by Clatsop County in a pool of cash and cash equivalents that is available for use by the District and all funds of the County. The District's funds' portion of this pool is displayed on the fund financial statements as cash and cash equivalents. 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 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.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Fair Value Measurement – U.S. Treasury Securities

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 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; observable inputs other than quoted market prices.
- Level 3 – Unobservable inputs that are supported by little or no market activity.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2023.

Fair values of County assets measured on a recurring basis at June 30, 2023 are as follows:

	Credit Quality Rating	Level 1
U.S. Treasury securities	Aaa	$ 11,253,694

Fair Value Measurement – State of Oregon Local Government Investment Pool (LGIP)

Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. The Oregon State Treasury administers the LGIP. The LGIP is an open-ended, no-load, diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the state's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the County's position in the LGIP is the same as the value of the pool shares.

As of June 30, 2023, the County had the following investments in the LGIP:

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	$ 44,995,487

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Fair Value Measurement – State of Oregon Local Government Investment Pool (LGIP) (Continued)

As of June 30, 2023, the District's portion of Clatsop County investments amounted to $221,599.

Credit Risk

Oregon statutes authorize the County 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 LGIP. The County has adopted an investment policy that was reviewed by the Oregon Short-Term Fund Board and complies with state statutes.

Interest Rate Risk

The County's policy limits investment maturities to 18 months as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

The County's policy places a limit on the amount that may be invested in any one insurer, as follows:

	Amount
Oregon Local Government Investment Pool	100%
Certificates of deposit	25%
United States Treasury bills, bonds, notes	25%
Banker's acceptance (BAs) OR issue	25%
Repurchase agreements (all to be fully collateralized by U.S. government and U.S. obligation mark to market)	10%

Custodial Credit Risk – Investments

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

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the County's deposits may not be returned. All County 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 County holds accounts at US Bank and Umpqua Bank, for which the FDIC provides insurance coverage of $250,000 for demand deposit accounts and an additional $250,000 for time and savings accounts, per institution. At June 30, 2023, the County had deposits of $309,516 insured by the FDIC and $2,650,724 covered by the PFCP.

Deposits

The County's deposits and investments and amounts allocable to the District at June 30, 2023 are as follows:

	Clatsop County	Allocable to District
Cash on hand	$ 14,880	$ -
Checking accounts	2,177,958	5,313
Investments		
Oregon Local Government Investment Pool	44,995,487	221,599
U.S. Treasury securities	11,253,694	-
Total deposits and investments	$ 58,442,019	$ 226,912

Cash and investments by fund:

Operating Fund	$ 76,461
Equipment Replacement Fund	150,451
Total cash and investments	$ 226,912

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	$ 22,039	$ -	$ -	$ 22,039
Capital assets being depreciated				
Buildings and improvements	2,408,800	-	-	2,408,800
Equipment and vehicles	24,062	-	-	24,062
Total capital assets being depreciated	2,432,862	-	-	2,432,862
Less accumulated depreciation for				
Buildings and improvements	(2,333,943)	(2,483)	-	(2,336,426)
Equipment and vehicles	(24,062)	-	-	(24,062)
Total accumulated depreciation	(2,358,005)	(2,483)	-	(2,360,488)
Total capital assets being depreciated, net	74,857	(2,483)	-	72,374
Business-type activities capital assets, net	$ 96,896	$ (2,483)	$ -	$ 94,413

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

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Business-type activities			
Land	$ 22,039	$ -	$ 22,039
Buildings and improvements	2,408,800	(2,336,426)	72,374
Equipment and vehicles	24,062	(24,062)	-
Total capital assets	$ 2,454,901	$ (2,360,488)	$ 94,413

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

Business-type activities	
Sewer service	$ 2,483

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

C. Interfund Transfers

Interfund transfers during the year consisted of:

	Transfers in: Equipment Replacement Fund
Transfers out:	
Operating Fund	$ 15,583

The principal purposes of the interfund transfers in were to provide funds for future equipment purchases and for the payment of principal and interest on long-term debt.

D. Long-Term Liabilities

1. Changes in Long-Term Liabilities

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

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities							
Loan - Department of Environmental Quality	2.81%	$ 112,250	$ 34,836	$ -	$ 6,583	$ 28,253	$ 6,769

2. Loan Payable – Department of Environmental Quality

On August 1, 2005, Westport Sewer Service District signed an agreement with the Oregon Department of Environmental Quality (DEQ) Clean Water State Revolving Fund (CWSRF) to finance wastewater system improvements. Interest is fixed at 2.81%. Payments of $3,758 are made semiannually on August 1 and February 1.

3. Future Maturities of Long-Term Liabilities

Fiscal Year Ending June 30	Loan Principal	Loan Interest	Loan Total
2024	$ 6,769	$ 747	$ 7,516
2025	6,961	555	7,516
2026	7,158	358	7,516
2027	7,365	155	7,520
Total	$ 28,253	$ 1,815	$ 30,068

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 Plan

The District has no employees; however, employees of Clatsop County perform services for the District. Employees of the County participate in the Oregon Public Employees Retirement Fund (OPERF) administered by the Oregon Public Employees Retirement System (PERS) and the County's other postemployment benefits (OPEB). Detailed information concerning PERS and the OPEB can be found in the County's 2023 annual comprehensive financial report.

C. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncement that has a future effective date that will impact future financial presentations. Management has not currently determined what impact implementation of the following statement will have on future financial statements.

GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*, will be effective for the District beginning with its fiscal year ending June 30, 2024. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or accessing accountability.

D. Subsequent Events

Management has evaluated subsequent events through December 13, 2023, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

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

OPERATING FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
Intergovernmental	$ 20,000	$ (20,000)	$ -	$ -	$ -
Charges for services	110,000	9,557	119,557	-	119,557
Investment earnings	300	2,085	2,385	-	2,385
Total revenues	130,300	(8,358)	121,942	-	121,942
EXPENSES					
Westport Sewer Service					
Current					
Materials and services	124,800	(13,578)	111,222	-	111,222
Special payments	1,040	(68)	972	-	972
Depreciation	-	-	-	2,483	2,483
Debt service	6,590	(7)	6,583	(6,583)	-
Contingency	83,010	(83,010)	-	-	-
Total expenses	215,440	(96,663)	118,777	(4,100)	114,677
Excess (deficiency) of revenues over (under) expenses	(85,140)	88,305	3,165	4,100	7,265
OTHER FINANCING SOURCES (USES)					
Transfers out	(9,000)	-	(9,000)	(6,583)	(15,583)
Change in net position	(94,140)	88,305	(5,835)	(2,483)	(8,318)
Net position - beginning	94,140	8,628	102,768	96,896	199,664
Net position - ending	$ -	$ 96,933	$ 96,933	$ 94,413	$ 191,346

OTHER SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND SCHEDULES

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

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

EQUIPMENT REPLACEMENT FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
Intergovernmental	$ 130,000	$ (130,000)	$ -	$ -	$ -
Investment earnings	100	4,429	4,529	-	4,529
Total revenues	130,100	(125,571)	4,529	-	4,529
EXPENSES					
Westport Sewer Equipment					
Current					
Materials and services	145,500	(118,115)	27,385	-	27,385
Contingency	1,630	(1,630)	-	-	-
Total expenses	147,130	(119,745)	27,385	-	27,385
Excess (deficiency) of revenues over (under) expenses	(17,030)	(5,826)	(22,856)	-	(22,856)
OTHER FINANCING SOURCES (USES)					
Transfers in	9,000	-	9,000	6,583	15,583
Change in net position	(8,030)	(5,826)	(13,856)	6,583	(7,273)
Net position - beginning	8,030	156,277	164,307	(35,598)	128,709
Net position - ending	$ -	$ 150,451	$ 150,451	$ (29,015)	$ 121,436

OTHER FINANCIAL SCHEDULES

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT

	DEQ Loan		
Fiscal Year	Principal	Interest	Total
2023-2024	$ 6,769	$ 747	$ 7,516
2024-2025	6,961	555	7,516
2025-2026	7,158	358	7,516
2026-2027	7,365	155	7,520
Total	$ 28,253	$ 1,815	$ 30,068

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

KOONTZ, BLASQUEZ & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Commissioners
Westport Sewer Service District
Astoria, Oregon 97103

We have audited the basic financial statements of Westport Sewer Service District as of and for the year ended June 30, 2023, and have issued our report thereon dated December 13, 2023. 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 Westport Sewer Service District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial 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.

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:

Accounting records

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)

Accountability for collecting or receiving money by elected officials

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In connection with our testing, nothing came to our attention that caused us to believe the District 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 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

The District does not have any elected officials collecting or receiving money.

OAR 162-010-0230 Internal Control

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

This report is intended solely for the information and use of the board of commissioners and management of Westport Sewer Service District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Koontz, Blasquez & Associates, P.C.

By: Debra L. Blasquez
Debra L. Blasquez, CPA

Albany, Oregon
December 13, 2023