



TWIN ROCKS SANITARY DISTRICT
Rockaway Beach, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2023



Accuity

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CERTIFIED PUBLIC ACCOUNTANTS

436 1st Avenue W • PO Box 1072
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**TWIN ROCKS SANITARY DISTRICT
Rockaway Beach, Oregon**

DISTRICT OFFICIALS

June 30, 2023

BOARD OF DIRECTORS

Ron Hemberry, Chair
8200 Marigold
Rockaway Beach, Oregon 97136

Joann Baker, Secretary
17425 Ocean Blvd
Rockaway Beach, Oregon 97136

Jerry Berndt, Treasurer
P.O. Box 216
Rockaway Beach, Oregon 97136

George Bean
17405 Pine Beach Way
Rockaway Beach, Oregon 97136

Jerry Stanfill
982 S Harbor St
Rockaway Beach, Oregon 97136

REGISTERED AGENT

Joe Nemeyer, Plant Manager
P.O. Box 69
Rockaway Beach, Oregon 97136

**TWIN ROCKS SANITARY DISTRICT
Rockaway Beach, Oregon**

TABLE OF CONTENTS

June 30, 2023

Page
Number

INTRODUCTORY SECTION

Title Page
District Officials
Table of Contents

FINANCIAL SECTION

Independent Auditor's Report	1-3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position - Modified Cash Basis	4
Statement of Activities - Modified Cash Basis	5
Fund Financial Statements	
Statement of Net Position - Modified Cash Basis - Proprietary Funds.....	6
Statement of Revenues, Expenses, and Changes in Fund Net Position - Modified Cash Basis - Proprietary Funds	7
Statement of Cash Flows - Modified Cash Basis - Proprietary Funds	8-9
Notes to Basic Financial Statements.....	10-22
Supplementary Information	
Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual -	
General Fund.....	23
SDC Reserve Fund.....	24
Revenue Bond Reserve Fund.....	25
Catastrophic Reserve Fund	26
Revenue Bond Debt Service Fund.....	27

OTHER FINANCIAL SCHEDULES

Schedule of Future Requirements for Retirement of Long-Term Obligations.....	28
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AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

Independent Auditor's Report Required by Oregon State Regulations	29-30
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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Twin Rocks Sanitary District
Rockaway Beach, Oregon

Opinions

We have audited the accompanying modified cash basis financial statements of the business-type activities and each major fund of Twin Rocks Sanitary District, Rockaway Beach, Oregon, 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 financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the business-type activities and each major fund of Twin Rocks Sanitary District, Rockaway Beach, Oregon as of June 30, 2023, and the respective changes in modified cash basis financial position thereof for the year then ended on the basis of accounting described in Note I.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Twin Rocks Sanitary District, Rockaway Beach, Oregon, 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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note I of the financial statements, which describes the basis of accounting. Twin Rocks Sanitary District, Rockaway Beach, Oregon, prepares its financial statements on 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 opinions are not modified with respect to that matter.

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2023, the District adopted new accounting guidance: GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Arrangements*, Statement No. 96, *Subscription-Based Information Technology Arrangements*, Statement No. 99, *Omnibus 202*, and Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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 described in Note I, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the 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 misstatements, whether due to fraud or error.

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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Twin Rocks Sanitary District, Rockaway Beach, Oregon'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 Twin Rocks Sanitary District, Rockaway Beach, Oregon'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Twin Rocks Sanitary District, Rockaway Beach, Oregon's basic financial statements. The individual fund financial statements and budgetary comparison information, if applicable, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and budgetary comparison information, if applicable, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated September 21, 2023 on our tests of the District's compliance with certain provisions of laws and regulations 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.

Accuity, LLC

By:  _____
Glen O. Kearns, CPA

Albany, Oregon
September 21, 2023

BASIC FINANCIAL STATEMENTS

**TWIN ROCKS SANITARY DISTRICT
ROCKAWAY BEACH, OREGON**

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2023

	<u>Business-Type Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 862,201
Restricted cash and cash equivalents	216,628
Capital assets not being depreciated	132,405
Capital assets being depreciated, net	<u>2,792,309</u>
Total assets	<u>4,003,543</u>
LIABILITIES	
Current liabilities	
Long-term liabilities, current portion	<u>91,110</u>
Noncurrent liabilities	
Long-term liabilities, less current portion	<u>1,360,617</u>
Total liabilities	<u>1,451,727</u>
NET POSITION	
Net investment in capital assets	1,472,987
Restricted	216,628
Unrestricted	<u>862,201</u>
Total net position	<u><u>\$ 2,551,816</u></u>

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

**TWIN ROCKS SANITARY DISTRICT
ROCKAWAY BEACH, OREGON**

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended June 30, 2023

<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				
Sanitary operations	\$ 671,889	\$ 606,135	\$ -	\$ -
				<u>(65,754)</u>
General revenues				
Investment income				20,689
Miscellaneous				<u>445</u>
Total general revenues				<u>21,134</u>
Change in net position				(44,620)
Net position - beginning				<u>2,596,436</u>
Net position - ending				<u>\$ 2,551,816</u>

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

**TWIN ROCKS SANITARY DISTRICT
ROCKAWAY BEACH, OREGON**

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

PROPRIETARY FUNDS

June 30, 2023

	General Fund	SDC Reserve Fund	Revenue Bond Reserve Fund	Catastrophic Reserve Fund	Revenue Bond Debt Service Fund	Total Business-Type Activities
ASSETS						
Current assets						
Cash and cash equivalents	\$ 209,651	\$ 199,985	\$ 174,146	\$ 278,419	\$ 216,628	\$ 1,078,829
Capital assets not being depreciated	132,405	-	-	-	-	132,405
Capital assets being depreciated, net	<u>2,792,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,792,309</u>
Total assets	<u>3,134,365</u>	<u>199,985</u>	<u>174,146</u>	<u>278,419</u>	<u>216,628</u>	<u>4,003,543</u>
LIABILITIES						
Current liabilities						
Long-term debt, current portion	91,110	-	-	-	-	91,110
Noncurrent liabilities						
Long-term debt, less current portion	<u>1,360,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,360,617</u>
Total liabilities	<u>1,451,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,451,727</u>
NET POSITION						
Net investment in capital assets	1,472,987	-	-	-	-	1,472,987
Restricted	-	-	-	-	216,628	216,628
Unrestricted	<u>209,651</u>	<u>199,985</u>	<u>174,146</u>	<u>278,419</u>	<u>-</u>	<u>862,201</u>
Total net position	<u>\$ 1,682,638</u>	<u>\$ 199,985</u>	<u>\$ 174,146</u>	<u>\$ 278,419</u>	<u>\$ 216,628</u>	<u>\$ 2,551,816</u>

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

**TWIN ROCKS SANITARY DISTRICT
ROCKAWAY BEACH, OREGON**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION -
MODIFIED CASH BASIS

PROPRIETARY FUNDS

For the Year Ended June 30, 2023

	General Fund	SDC Reserve Fund	Revenue Bond Reserve Fund	Catastrophic Reserve Fund	Revenue Bond Debt Service Fund	Total Business- Type Activities
OPERATING REVENUES						
Charges for services	\$ 566,483	\$ 38,380	\$ -	\$ -	\$ -	\$ 604,863
OPERATING EXPENSES						
Personnel services	295,890	-	-	-	-	295,890
Materials and supplies	169,673	-	-	-	-	169,673
Depreciation	140,476	-	-	-	-	140,476
Total operating expenses	606,039	-	-	-	-	606,039
Operating income (loss)	(39,556)	38,380	-	-	-	(1,176)
NONOPERATING REVENUES (EXPENSES)						
Investment earnings	1,523	6,361	4,997	7,799	9	20,689
Miscellaneous	1,717	-	-	-	-	1,717
Interest paid on long-term debt	-	-	-	-	(65,850)	(65,850)
Total nonoperating revenues (expenses)	3,240	6,361	4,997	7,799	(65,841)	(43,444)
Income before transfers	(36,316)	44,741	4,997	7,799	(65,841)	(44,620)
Transfers in	87,395	-	-	-	153,244	240,639
Transfers out	(153,244)	-	-	-	(87,395)	(240,639)
Change in net position	(102,165)	44,741	4,997	7,799	8	(44,620)
Net position - beginning	1,784,803	155,244	169,149	270,620	216,620	2,596,436
Net position - ending	<u>\$ 1,682,638</u>	<u>\$ 199,985</u>	<u>\$ 174,146</u>	<u>\$ 278,419</u>	<u>\$ 216,628</u>	<u>\$ 2,551,816</u>

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

TWIN ROCKS SANITARY DISTRICT
ROCKAWAY BEACH, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2023

	General Fund	SDC Reserve Fund	Revenue Bond Reserve Fund	Catastrophic Reserve Fund	Revenue Bond Debt Service Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 562,787	\$ 38,380	\$ -	\$ -	\$ -	\$ 601,167
Payments to employees	(295,890)	-	-	-	-	(295,890)
Payments to suppliers	(172,218)	-	-	-	-	(172,218)
Net cash provided (used) by operating activities	<u>94,679</u>	<u>38,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,059</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(38,566)	-	-	-	-	(38,566)
Transfers (to) from other funds	(65,849)	-	-	-	65,849	-
Principal paid on long-term debt	(87,395)	-	-	-	-	(87,395)
Interest paid on long-term debt	-	-	-	-	(65,850)	(65,850)
Net cash provided (used) by capital and related financing activities	<u>(191,810)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(191,811)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Miscellaneous non-operating income	1,717	-	-	-	-	1,717
Interest received	1,523	6,361	4,997	7,799	9	20,689
Net cash provided (used) by investing activities	<u>3,240</u>	<u>6,361</u>	<u>4,997</u>	<u>7,799</u>	<u>9</u>	<u>22,406</u>
Net increase (decrease) in cash and cash equivalents	(93,891)	44,741	4,997	7,799	8	(36,346)
Cash and cash equivalents - beginning	<u>303,542</u>	<u>155,244</u>	<u>169,149</u>	<u>270,620</u>	<u>216,620</u>	<u>1,115,175</u>
Cash and cash equivalents - ending	<u>\$ 209,651</u>	<u>\$ 199,985</u>	<u>\$ 174,146</u>	<u>\$ 278,419</u>	<u>\$ 216,628</u>	<u>\$ 1,078,829</u>

(continued)

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

TWIN ROCKS SANITARY DISTRICT
ROCKAWAY BEACH, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2023

(continued)	General Fund	SDC Reserve Fund	Revenue Bond Reserve Fund	Catastrophic Reserve Fund	Revenue Bond Debt Service Fund	Totals
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (39,556)	\$ 38,380	\$ -	\$ -	\$ -	\$ (1,176)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	140,476	-	-	-	-	140,476
(Increase) decrease in:						
Prepaid expenses	412	-	-	-	-	412
Increase (decrease) in:						
Accrued liabilities	(2,957)	-	-	-	-	(2,957)
Customer deposits	<u>(3,696)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,696)</u>
Net cash provided (used) by operating activities	<u>\$ 94,679</u>	<u>\$ 38,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,059</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

TWIN ROCKS SANITARY DISTRICT
Rockaway Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Twin Rocks Sanitary 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 policies 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 for support.

B. Reporting Entity

Twin Rocks Sanitary District, located in Rockaway Beach, Oregon, was established under the provisions of Oregon statutes to provide sanitation facilities and services to the surrounding areas. The northern collection system was constructed in 1968. In 1977, the coastal communities of Barview and Watseco were incorporated into the District and the southern system was constructed. The District is typically governed by a five-member board of directors elected from the District at large. Each member is elected for a four-year term.

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 incorporate data from the government's enterprise 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 funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds. Major individual enterprise 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 is user fees.

TWIN ROCKS SANITARY DISTRICT
Rockaway Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Capital Projects Funds

SDC Reserve Fund - The SDC Reserve Fund is used to reserve funds for future system development. The primary source of revenue is transfers from the General Fund.

Revenue Bond Reserve Fund - The Revenue Bond Reserve Fund is used to reserve funds for future equipment purchases. The primary source of revenue is transfers from the General Fund.

Catastrophic Reserve Fund - The Catastrophic Reserve Fund is used to reserve funds for future catastrophic events and necessary capital outlays. The primary source of revenue is transfers from the General Fund.

Debt Service Fund

Revenue Bond Debt Service Fund - The Debt Service Fund is used to account for receipts and disbursements of long-term obligations. The primary source of revenue is transfers from the General Fund. The primary disbursements are for payment of principal and interest on long-term obligations.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

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.

TWIN ROCKS SANITARY DISTRICT
Rockaway Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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

1. Budgetary Basis of Accounting

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, special revenue, debt service, capital projects, and enterprise 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 budget is legally adopted by the board of directors by resolution prior to the beginning of the District's fiscal year. The council 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, interfund transfers, and operating contingencies 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 directors at a regular council 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 directors. 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 directors. 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 Inflows/Outflows of Resources and Net Position/Fund Balance

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 three months or less from the date of acquisition.

TWIN ROCKS SANITARY DISTRICT
Rockaway Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

2. Investments

State statutes authorize the government 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.

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>
Furniture and fixtures	5-10
Equipment	5-20
Plant and sewer systems	5-40
Buildings and improvements	20-40

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 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.

TWIN ROCKS SANITARY DISTRICT
Rockaway Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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 intentionally dedicated resources are reported as general revenues rather than as program revenues.

2. Proprietary Funds 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 Sewer, Water, and System Development Funds 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 the modified cash basis of accounting 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

1. Excess of Expenditures Over Appropriations

During the year ended June 30, 2023, the District expended funds in excess of amounts appropriated as follows:

<u>Fund</u>	<u>Category</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>
Revenue Bond Debt Service	Debt Service	\$ 153,214	\$ 153,245	\$ 31

2. Public Contracts and Purchases

During the year ended June 30, 2023, the District did not retain and document the appropriate bids and/or quotes, as required by public contracts and purchasing regulations.

TWIN ROCKS SANITARY DISTRICT
Rockaway Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Cash Deposits with Financial Institutions

The Twin Rocks Sanitary 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. 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 (ORC) 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 Annual Comprehensive Financial Report (ACFR). A copy of the State's ACFR 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, 2023.

TWIN ROCKS SANITARY DISTRICT
Rockaway Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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

	Level 2
Investments:	
Oregon Local Government Investment Pool	\$ 744,176

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 District has not adopted an investment policy regarding credit risk; however, investments comply with state statutes.

Investments

As of June 30, 2023, the District had the following investments:

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	\$ 744,176

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 a 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.

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.

TWIN ROCKS SANITARY DISTRICT
Rockaway Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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 Umpqua Bank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2023, the District had deposits of \$250,000 insured by the FDIC and \$79,672 collateralized by the PFCP.

Deposits

The District's deposits and investments at June 30, 2023 are as follows:

Petty cash	\$ 100
Checking accounts	334,553
Total investments	<u>744,176</u>
Total cash and investments	<u>\$ 1,078,829</u>

Cash and investments by fund:

Business-type activities - unrestricted:	
General Fund	\$ 209,651
SDC Reserve Fund	199,985
Revenue Bond Reserve Fund	174,146
Catastrophic Reserve Fund	<u>278,419</u>
Total business-type activities - unrestricted	<u>862,201</u>
Business-type activities - Restricted:	
Revenue Bond Debt Service Fund	<u>216,628</u>
Total cash and investments	<u>\$ 1,078,829</u>

Restricted cash is for repayment of principal and interest on long-term obligations.

TWIN ROCKS SANITARY DISTRICT
Rockaway Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

B. Capital Assets

Capital asset activity resulting from modified cash basis transactions 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	\$ 115,201	\$ -	\$ -	\$ 115,201
Construction in progress	-	17,204	-	17,204
Total capital assets not being depreciated	115,201	17,204	-	132,405
Capital assets being depreciated				
Buildings and improvements	197,317	-	-	197,317
Plant and sewer system	6,540,960	21,362	(106,554)	6,455,768
Equipment	119,953	-	(7,657)	112,296
Furniture and fixtures	8,930	-	(5,934)	2,996
Total capital assets being depreciated	6,867,160	21,362	(120,145)	6,768,377
Less accumulated depreciation for				
Buildings and improvements	(181,376)	(1,275)	-	(182,651)
Plant and sewer system	(3,657,100)	(133,424)	106,554	(3,683,970)
Equipment	(108,331)	(5,777)	7,657	(106,451)
Furniture and fixtures	(8,930)	-	5,934	(2,996)
Total accumulated depreciation	(3,955,737)	(140,476)	120,145	(3,976,068)
Capital assets being depreciated, net	2,911,423	(119,114)	-	2,792,309
Business-type activities capital assets, net	\$ 3,026,624	\$ (101,910)	\$ -	\$ 2,924,714

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

Business-type activities	
Sanitary operations	\$ <u>140,476</u>

TWIN ROCKS SANITARY DISTRICT
Rockaway Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Business-type activities			
Land	\$ 115,201	\$ -	\$ 115,201
Construction in progress	17,204	-	17,204
Buildings and improvements	197,317	(182,651)	14,666
Plant and sewer system	6,455,768	(3,683,970)	2,771,798
Equipment	112,296	(106,451)	5,845
Furniture and fixtures	2,996	(2,996)	-
Total capital assets	\$ 6,900,782	\$ (3,976,068)	\$ 2,924,714

C. 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
USDA Revenue Bond #1	4.25%	\$ 1,745,900	\$ 1,080,975	\$ -	\$ 58,225	\$ 1,022,750	\$ 60,702
USDA Revenue Bond #3	4.25%	636,550	377,139	-	21,335	355,804	22,243
IFA Loan	4.22%	150,000	81,008	-	7,835	73,173	8,165
		\$ 2,532,450	\$ 1,539,122	\$ -	\$ 87,395	\$ 1,451,727	\$ 91,110

2. USDA Revenue Bond #1 and Bond #3

In 2005, the District issued sewer revenue bonds to finance the construction of local improvements within the District's wastewater collection system, which is pledged as collateral. The original amounts for Bond #1 and #3 were \$1,745,900 and \$636,550, respectively. Interest is fixed at 4.25%. The Revenue Bond Debt Service Fund has generally been used to liquidate the revenue bond liabilities.

3. IFA Loan

In May 2010, the District issued a loan in the amount of \$150,000 to finance the pump station rehabilitation project, which is pledged as collateral. Interest is fixed at 4.22%. The Revenue Bond Debt Service Fund has generally been used to liquidate the loan. The loan agreement requires revenues to be equal to 110% of the annual debt service on the loan.

TWIN ROCKS SANITARY DISTRICT
Rockaway Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

4. Legal Debt Limit

The District's legal annual debt service limit (as defined by Oregon Revised Statute 478.410) as of June 30, 2023, was approximately \$19,180,547. The District's legal debt service limit is 13.00% of the real market value of property within the District.

5. Business-Type Activities - Interest Expense

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

Business-type activities	
Sanitary operations	\$ <u>65,850</u>

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

Year ending June 30	USDA Revenue Bond #1		USDA Revenue Bond #3	
	Principal	Interest	Principal	Interest
2024	\$ 60,702	\$ 43,351	\$ 22,243	\$ 15,747
2025	63,284	40,769	23,191	14,799
2026	65,976	38,077	24,179	13,811
2027	68,782	35,271	25,209	12,781
2028	71,707	32,346	26,282	11,708
2029-2033	406,958	113,307	149,179	40,772
2034-2036	<u>285,341</u>	<u>23,729</u>	<u>85,521</u>	<u>8,342</u>
Total	<u>\$ 1,022,750</u>	<u>\$ 326,850</u>	<u>\$ 355,804</u>	<u>\$ 117,960</u>

Year ending June 30	IFA Loan		Totals	
	Principal	Interest	Principal	Interest
2024	\$ 8,165	\$ 3,088	\$ 91,110	\$ 62,186
2025	8,510	2,743	94,985	58,311
2026	8,869	2,384	99,024	54,272
2027	9,243	2,010	103,234	50,062
2028	9,633	1,620	107,622	45,674
2029-2033	28,753	2,351	584,890	156,430
2034-2036	<u>-</u>	<u>-</u>	<u>370,862</u>	<u>32,071</u>
Total	<u>\$ 73,173</u>	<u>\$ 14,196</u>	<u>\$ 1,451,727</u>	<u>\$ 459,006</u>

TWIN ROCKS SANITARY DISTRICT
Rockaway Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

D. Interfund Transfers

During the year ended June 30, 2023, the District's interfund transfers were as follows:

	<u>Transfers in:</u>
	Revenue Bond
	Debt Service
Transfers out:	
General Fund	<u>\$ 153,244</u>

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. Deferred Compensation Plan

Eligible employees of the District participate in an employer-sponsored deferred compensation plan under Section 457 of the Internal Revenue Code of 1986, as amended. Employees are considered eligible to participate upon employment. Benefits under the plan are fully and immediately vested from an employee's first day of participation. The District has contracted Variable Annuity Life and Insurance Company (VALIC) to provide the administrative services for those amounts of deferred compensation under the plan that employees have invested. Employees have the freedom to make pre-tax contributions by salary reduction subject to IRS limits and to select the investment options in which they are investing. For the year ended June 30, 2023, the District contributed \$9,563 to the plan.

C. New Pronouncements

For the fiscal year ended June 30, 2023, the District implemented the following new accounting standards:

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability of Arrangements - This Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB Statement No. 96, Subscription-Based Information Technology Arrangements - This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users.

TWIN ROCKS SANITARY DISTRICT
Rockaway Beach, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

GASB Statement No. 99, Omnibus 2022. This statement was issued April 2022 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to lease implementation, public-private and public-public partnerships and availability payment arrangements, and subscription-based information technology arrangements.

GASB Statement No. 101, Compensated Absences. This statement was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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. 99, Omnibus 2022. This statement was issued April 2022 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to financial guarantees and classification of derivatives.

GASB Statement No. 100, Accounting Changes and Error Corrections. This statement was issued 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 assessing accountability.

D. Subsequent Events

Management has evaluated subsequent events through September 21, 2023, which was the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**TWIN ROCKS SANITARY DISTRICT
ROCKAWAY BEACH, OREGON**

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

GENERAL FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		Modified Cash Basis
			Budget Basis	Adjustments	
REVENUES					
Charges for services	\$ 572,080	\$ (5,597)	566,483	\$ -	\$ 566,483
Interest	500	1,023	1,523	-	1,523
Miscellaneous	1,272	445	1,717	-	1,717
Total revenues	<u>573,852</u>	<u>(4,129)</u>	<u>569,723</u>	<u>-</u>	<u>569,723</u>
EXPENDITURES					
Current					
Personnel services	341,800	(45,910)	295,890	-	295,890
Materials and services	246,860	(80,927)	165,933	-	165,933
Capital outlay	160,000	(117,694)	42,306	(38,566)	3,740
Depreciation	-	-	-	140,476	140,476
Contingency	88,300	(88,300)	-	-	-
Total expenditures	<u>836,960</u>	<u>(332,831)</u>	<u>504,129</u>	<u>101,910</u>	<u>606,039</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(263,108)</u>	<u>328,702</u>	<u>65,594</u>	<u>(101,910)</u>	<u>(36,316)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	87,395	87,395
Transfers out	(153,244)	-	(153,244)	-	(153,244)
Total other financing sources (uses)	<u>(153,244)</u>	<u>-</u>	<u>(153,244)</u>	<u>87,395</u>	<u>(65,849)</u>
Net change in fund balance	(416,352)	328,702	(87,650)	(14,515)	(102,165)
Net position - beginning	<u>367,071</u>	<u>1,417,732</u>	<u>297,301</u>	<u>1,487,502</u>	<u>1,784,803</u>
Net position - ending	<u>\$ (49,281)</u>	<u>\$ 1,746,434</u>	<u>\$ 209,651</u>	<u>\$ 1,472,987</u>	<u>\$ 1,682,638</u>

**TWIN ROCKS SANITARY DISTRICT
ROCKAWAY BEACH, OREGON**

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

SDC RESERVE FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		Modified Cash Basis
			Budget Basis	Adjustments	
REVENUES					
Charges for services	\$ -	\$ 38,380	\$ 38,380	\$ -	\$ 38,380
Interest	<u>1,500</u>	<u>4,861</u>	<u>6,361</u>	<u>-</u>	<u>6,361</u>
Total revenues	<u>1,500</u>	<u>43,241</u>	<u>44,741</u>	<u>-</u>	<u>44,741</u>
EXPENDITURES					
Current					
Materials and services	1,000	(1,000)	-	-	-
Capital outlay	<u>140,769</u>	<u>(140,769)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>141,769</u>	<u>(141,769)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(140,269)	185,010	44,741	-	44,741
Net position - beginning	<u>196,771</u>	<u>(41,527)</u>	<u>155,244</u>	<u>-</u>	<u>155,244</u>
Net position - ending	<u>\$ 56,502</u>	<u>\$ 143,483</u>	<u>\$ 199,985</u>	<u>\$ -</u>	<u>\$ 199,985</u>

**TWIN ROCKS SANITARY DISTRICT
ROCKAWAY BEACH, OREGON**

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

REVENUE BOND RESERVE FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		Modified Cash Basis
			Budget Basis	Adjustments	
REVENUES					
Interest	\$ 1,200	\$ 3,797	4,997	\$ -	\$ 4,997
EXPENDITURES					
Current					
Materials and services	300	(300)	-	-	-
Debt Service	153,244	(153,244)	-	-	-
Total expenditures	153,544	(153,544)	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(152,344)	157,341	4,997	-	4,997
Net position - beginning	169,648	(499)	169,149	-	169,149
Net position - ending	\$ 17,304	\$ 156,842	\$ 174,146	\$ -	\$ 174,146

**TWIN ROCKS SANITARY DISTRICT
ROCKAWAY BEACH, OREGON**

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

CATASTROPHIC RESERVE FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		Modified Cash Basis
			Budget Basis	Adjustments	
REVENUES					
Interest	\$ 2,700	\$ 5,099	\$ 7,799	\$ -	\$ 7,799
EXPENDITURES					
Current					
Materials and services	100	(100)	-	-	-
Capital Outlay	263,725	(263,725)	-	-	-
Total expenditures	263,825	(263,825)	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(261,125)	268,924	7,799	-	7,799
Net position - beginning	264,393	6,227	270,620	-	270,620
Net position - ending	\$ 3,268	\$ 275,151	\$ 278,419	\$ -	\$ 278,419

**TWIN ROCKS SANITARY DISTRICT
ROCKAWAY BEACH, OREGON**

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

REVENUE BOND DEBT SERVICE FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		Modified Cash Basis
			Budget Basis	Adjustments	
REVENUES					
Interest	\$ 100	\$ (91)	9	\$ -	\$ 9
EXPENDITURES					
Current					
Materials and services	10	(10)	-	-	-
Debt service	153,214	31	153,245	(87,395)	65,850
Total expenditures	153,224	21	153,245	(87,395)	65,850
Excess (deficiency) of revenues over (under) expenditures	(153,124)	(112)	(153,236)	87,395	(65,841)
OTHER FINANCING SOURCES (USES)					
Transfers in	153,244	-	153,244	-	153,244
Transfers out	-	-	-	(87,395)	(87,395)
Total other financing sources (uses)	153,244	-	153,244	(87,395)	65,849
Net change in fund balance	120	(112)	8	-	8
Net position - beginning	83,965	132,655	216,620	-	216,620
Net position - ending	<u>\$ 84,085</u>	<u>\$ 132,543</u>	<u>\$ 216,628</u>	<u>\$ -</u>	<u>\$ 216,628</u>

OTHER FINANCIAL SCHEDULES

**TWIN ROCKS SANITARY DISTRICT
ROCKAWAY BEACH, OREGON**

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT

For the Year Ended June 30, 2023

	USDA Revenue Bond #1			USDA Revenue Bond #3		
	Principal	Interest	Total	Principal	Interest	Total
2023-2024	\$ 60,702	\$ 43,351	\$ 104,053	\$ 22,243	\$ 15,747	\$ 37,990
2024-2025	63,284	40,769	104,053	23,191	14,799	37,990
2025-2026	65,976	38,077	104,053	24,179	13,811	37,990
2026-2027	68,782	35,271	104,053	25,209	12,781	37,990
2027-2028	71,707	32,346	104,053	26,282	11,708	37,990
2028-2029	74,757	29,296	104,053	27,401	10,589	37,990
2029-2030	77,936	26,117	104,053	28,568	9,422	37,990
2030-2031	81,251	22,802	104,053	29,784	8,206	37,990
2031-2032	84,706	19,347	104,053	31,052	6,938	37,990
2032-2033	88,308	15,745	104,053	32,374	5,617	37,991
2033-2034	92,063	11,990	104,053	33,752	4,238	37,990
2034-2035	95,978	8,075	104,053	35,189	2,801	37,990
2035-2036	97,300	3,664	100,964	16,580	1,303	17,883
	<u>\$ 1,022,750</u>	<u>\$ 326,850</u>	<u>\$ 1,349,600</u>	<u>\$ 355,804</u>	<u>\$ 117,960</u>	<u>\$ 473,764</u>

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY
STATE REGULATIONS**



**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

Board of Directors
Twin Rocks Sanitary District
Rockaway Beach, Oregon

We have audited the basic financial statements of Twin Rocks Sanitary District as of and for the year ended June 30, 2023 and have issued our report thereon dated September 21, 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 Twin Rocks Sanitary 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:

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

Highway revenues used for public highways, roads, and streets

Authorized investment of surplus funds (ORS Chapter 294)

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

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, 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, except as follows:

1. Excess of Expenditures Over Appropriations

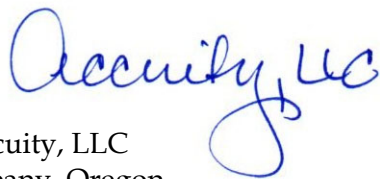
During the year ended June 30, 2023, the District expended funds in excess of amounts appropriated as follows:

<u>Fund</u>	<u>Category</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>
Revenue Bond Debt Service	Debt Service	\$ 153,214	\$ 153,245	\$ 31

2. Public Contracts and Purchases

During the year ended June 30, 2023, the District did not retain and document the appropriate bids and/or quotes, as required by public contracts and purchasing regulations.

This report is intended solely for the information and use of the board of directors and management of Twin Rocks Sanitary District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Accuity, LLC
 Albany, Oregon
 September 21, 2023