

**CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT**  
**(A Component Unit of Curry County, Oregon)**

**CURRY COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2019**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223



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**FOR THE YEAR ENDED JUNE 30, 2019**

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**CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT**  
**(A Component Unit of Curry County, Oregon)**

**CURRY COUNTY, OREGON**

**BOARD OF COMMISSIONERS**

**TERM EXPIRES**

Sue Gold, Chair

December 31, 2020

Chris Paasch, Commissioner

December 31, 2022

Court Boice, Commissioner

December 31, 2020

All commissioners receive their mail at the address listed below

**Registered Agent**

John Hutt, Curry County Counsel

Curry County  
94235 Moore Street, Suite 122  
Gold Beach, OR 97444

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**CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT**  
**CURRY COUNTY, OREGON**

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PAULY, ROGERS, AND CO., P.C.  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcpcpas.com

August 24, 2020

## **INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
Curry County Public Transit Service District

### **Report on the Financial Statements**

We have audited the accompanying basic financial statements of the governmental activities and the major fund of the Curry County Public Transit Service District (the District), as of and for the year ended June 30, 2019, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Curry County Public Transit Service District, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on it.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The listing of Board of Commissioners containing their term expiration dates, as located before the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

## **Reports on Legal and Other Regulatory Requirements**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated August 24, 2020 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.

A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive, flowing style.

ROY R. ROGERS, CPA  
PAULY, ROGERS AND CO., P.C.

## Management's Discussion and Analysis

We offer readers of the Curry County Public Transit Service District's ("District") financial statements the following narrative and analysis of the District's financial activities for the fiscal year ended June 30, 2019. We encourage readers to consider this information in conjunction with the financial statements, which begin on page 7.

### Financial Highlights

- The District's assets exceeded its liabilities at the close of the fiscal year by \$284,603 (*net position*). Of this amount \$279,528 is the net investment in capital assets which are restricted to public transit uses and \$5,075 (*unrestricted net position*) may be used to meet the District's ongoing obligations.
- The District's total net position decreased by \$148,337.
- At the close of the year, the District reported an ending fund balance of \$5,075. The ending fund balance is available for spending at the District's discretion (*committed fund balance*).

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Under the reporting model the basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

#### Government-wide Financial Statements

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

The *statement of net position* a component of the government-wide financial statements, presents information on all of the District's assets and liabilities, with the difference between the two reported as net position.

The *statement of activities* presents revenue and expense information showing how the District's net *position* changed during the fiscal year. All changes in net *position* are reported on the accrual basis, 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 may result in cash flow in future fiscal periods.

The governmental activities of the District include a single function of providing funding for transit operations.

The government-wide financial statements can be found on pages 7 and 8 of this report.

### Fund Financial Statements

A *fund* is a grouping of related accounts (revenues, expenses, assets and liabilities) that is used to control resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one governmental fund, the General Fund.

### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the *government-wide financial statements*. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at fiscal year-end. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues expenditures, and changes in fund balance for the general fund.

The District adopts an annual appropriation budget for the General Fund. A budgetary comparison statement has been provided (page 11) to demonstrate budgetary compliance.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 to 19.

### **Government-wide Financial Analysis**

The District's assets are comprised of cash, accounts receivable and capital assets. These assets represent 1.42%, 22.79% and 75.79% of total assets, respectively.

ASSETS		2016-17	2017-18	2018-19
	Cash and Cash Equivalents	\$ 6,791	\$ 9,661	\$ 5,223
	Accounts Receivable	83,684	94,739	84,067
	Capital Assets, Net	464,337	427,040	279,528
		<u>\$ 554,812</u>	<u>\$ 531,440</u>	<u>\$ 368,818</u>
LIABILITIES				
	Current Liabilities	\$ 84,103	\$ 98,500	\$ 84,215
		<u>\$ 84,103</u>	<u>\$ 98,500</u>	<u>\$ 84,215</u>
NET POSITION				
	Net Investment in Capital Assets	\$ 464,337	\$ 427,040	\$ 279,528
	Unrestricted	6,372	5,900	5,075
		<u>\$ 470,709</u>	<u>\$ 432,940</u>	<u>\$ 284,603</u>

The District's net position decreased by \$148,337, which is attributable to the current year's reduction in investments in capital assets. Of the District's net position, \$279,528 is restricted for use conforming to ODOT Public Transit Grants. Committed net position may be used to meet the district's ongoing obligations to citizens and creditors.

REVENUES	2016-17	2017-18	2018-19
General Revenues			
Operating Grants	529,460	457,382	463,195
Miscellaneous	26,917	35,404	34,852
Gain on Sale of Assets	6,730	4,568	3,800
Total Revenues	563,107	497,354	501,847
EXPENSES			
Public Transportation	508,665	535,123	637,960
Total Expenses	508,665	535,123	637,960
Change in Net Position	54,442	(37,769)	(136,113)
Beginning Net Position	416,267	470,709	432,940
Prior Period Adjustment			(12,224)
	470,709	432,940	284,603

The District's revenues increased by \$4,493 from the prior fiscal year. The increase is mostly due to additional money for the ST Grant Programs. Expenses increased by \$102,837 which is attributable mostly to expenditures in the additional Grant Programs.

### **Financial Analysis of the District's Funds**

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

As of the end of the current fiscal year, the District's governmental fund reported an ending committed fund balance of \$5,075 which is available for spending at the District's discretion.

### **Budgetary Highlights**

There were no budget changes during the fiscal year to modify the original revenue and expenditure appropriation budget.

### **Capital Assets and Debt Administration**

#### Capital Assets

The District's investment in capital assets, net of depreciation, amounts to \$279,528. The investment in capital assets consists of transit vehicles. Depreciation expense amounted to \$135,288 for the current fiscal year.

#### Long-term Debt

There is no long-term debt.

### **Economic Factors and Next Year's Budget**

The Public Transit District is very dependent on state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives.

Management believes that the total amount of liability, if any, which may arise from claims and lawsuits pending against the District beyond insurance coverage would not have a material effect on the financial statements.

These factors were considered in preparing the Curry County Public Transit District budget for the fiscal year 2018-2019.

### **Requests for Information**

This financial report is designed to provide citizens, customers, investors, creditors and others with an interest in the District, a general overview of the District's finances and to demonstrate accountability for the funds it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to:

Curry County Accountant  
94235 Moore Street, Suite 125  
Gold Beach, OR 97444

**CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT**  
**CURRY COUNTY, OREGON**

**BASIC FINANCIAL STATEMENTS**

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CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT  
CURRY COUNTY, OREGON

STATEMENT OF NET POSITION  
June 30, 2019

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ASSETS:

Cash and Cash Equivalents	\$ 5,223
Accounts Receivable	84,067
Capital Assets, Net of Depreciation	<u>279,528</u>
Total Assets	<u>368,818</u>

LIABILITIES:

Accounts Payable	<u>84,215</u>
Total Liabilities	<u>84,215</u>

NET POSITION:

Net Investment in Capital Assets	279,528
Unrestricted	<u>5,075</u>
Total Net Position	<u><u>\$ 284,603</u></u>

See accompanying notes to the basic financial statements.

CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT  
CURRY COUNTY, OREGON

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2019

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Public Transportation	\$ 637,960	\$ -	\$ 463,195	\$ (174,765)
Total Governmental Activities	<u>\$ 637,960</u>	<u>\$ -</u>	<u>\$ 463,195</u>	<u>(174,765)</u>
General Revenues				
Investment Earnings				531
Miscellaneous				34,321
Gain (Loss) on Sale of Capital Assets				<u>3,800</u>
Total General Revenues				<u>38,652</u>
Changes in Net Position				(136,113)
Net Position - Beginning				432,940
Prior Period Adjustment				<u>(12,224)</u>
Net Position - Ending				<u>\$ 284,603</u>

See accompanying notes to the basic financial statements.

CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT  
CURRY COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUND  
June 30, 2019

	PUBLIC TRANSIT FUND
ASSETS:	
Cash and Cash Equivalents	\$ 5,223
Accounts Receivable	<u>84,067</u>
Total Assets	<u><u>\$ 89,290</u></u>
LIABILITIES AND FUND BALANCE:	
Liabilities:	
Accounts Payable	<u>\$ 84,215</u>
Total Liabilities	<u>84,215</u>
Fund Balances:	
Committed	<u>5,075</u>
Total Liabilities and Fund Balance	<u><u>\$ 89,290</u></u>

See accompanying notes to the basic financial statements.

CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT  
CURRY COUNTY, OREGON

RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
June 30, 2019

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Total Fund Balances - Governmental Fund	\$ 5,075
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The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in the governmental fund. The Statement of Net Position includes those capital assets among the assets of the District as a whole.

Capital Assets	\$ 811,988	
Accumulated Depreciation	<u>(532,460)</u>	
Net Capital Assets		<u>279,528</u>
Net Position		<u>\$ 284,603</u>

See accompanying notes to the basic financial statements.

CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT  
CURRY COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GENERAL FUND (PUBLIC TRANSIT FUND)  
- ACTUAL AND BUDGET -  
For the Year Ended June 30, 2019

	PUBLIC TRANSIT FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES:				
Intergovernmental	\$ 685,537	\$ 685,537	\$ 463,195	\$ (222,342)
Investment Earnings	200	200	531	331
Miscellaneous	60,000	60,000	34,321	(25,679)
Total Revenues	745,737	745,737	498,047	(247,690)
EXPENDITURES:				
Materials and Services	427,697	427,697 (1)	502,672	(74,975)
Capital Outlay	322,580	322,580 (1)	-	322,580
Total Expenditures	750,277	750,277	502,672	247,605
Excess of Revenues Over (Under) Expenditures	(4,540)	(4,540)	(4,625)	(85)
OTHER FINANCING SOURCES (USES)				
Proceeds From Sale of Capital Assets	-	-	3,800	3,800
Net Change in Fund Balance	(4,540)	(4,540)	(825)	3,715
Beginning Fund Balance	4,540	4,540	5,900	1,360
Ending Fund Balance	\$ -	\$ -	\$ 5,075	\$ 5,075

(1) Appropriation Level

See accompanying notes to the basic financial statements.

CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT  
CURRY COUNTY, OREGON

RECONCILIATION OF THE GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2019

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Total Net Changes in Fund Balances - Governmental Funds	\$	(825)
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Capital asset additions are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets additions exceeds depreciation.

Depreciation Expense	<u>\$ (135,288)</u>	<u>(135,288)</u>
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Change in Net Position of Governmental Activities	\$	<u><u>(136,113)</u></u>
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See accompanying notes to the basic financial statements.

**CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT**  
**CURRY COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT**  
**CURRY COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

**A. THE FINANCIAL REPORTING ENTITY**

The Curry County Public Transit Service District (the District) was formed pursuant to ORS chapters 451 and 198 in 2005 for the purpose of providing regular, safe, reliable, and affordable transportation for senior citizens, persons with disabilities, and the general public of Curry County.

The financial transactions are limited to the receipting of grant revenues and payment of contracted services to a not-for-profit organization.

The financial statements include all activities and organizations with which the District exercises authoritative appointment of governing authority or where financial dependency on the District exists. There are no potential component units as determined under generally accepted accounting principles. The District is considered a component unit of Curry County, Oregon, because the County Commissioners are the Board of Directors of the District but there is no financial benefit or burden to the County. As such the District is included in the basic financial statements of Curry County, Oregon, for the year ended June 30, 2018. The reports can be viewed at the County Clerk's office, County Courthouse, 29821 Ellensburg Ave., Gold Beach, OR 97444 or on the County website at <http://www.co.curry.or.us/Departments/Finance>.

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)**

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

The government-wide statements report information irrespective of fund activity, and the fund financial statements report information using the funds. There are only "governmental activities" and one "program" as shown in the Statement.

**NET POSITION**

Net position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following categories:

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There were no restrictions on net position at June 30, 2019.

**CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT**  
**CURRY COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION**  
**(CONTINUED)**

Net investment in capital assets – consists of assets that are invested in equipment and other capital assets, net of depreciation and any related debt.

Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.

**FUND FINANCIAL STATEMENTS**

The accounts are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

**GOVERNMENTAL FUND TYPES**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers grant revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Interest and other revenue associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

There is the following major governmental fund:

**GENERAL FUND (PUBLIC TRANSIT FUND)**

The Fund's purpose is for providing financial resources to public transportation service facilities. The principal revenue sources are rider fees, donations, fund raisers, sale of equipment, grants, operating subsidies and other such non-property tax sources.

**C. USE OF ESTIMATES**

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT**  
**CURRY COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)**

**1. Accounts Receivable**

Accounts receivable represents reimbursements for payments that the District made to Curry Public Transit, Inc., a not-for-profit entity which subcontracts projects for the District.

**2. Capital Assets**

Capital assets, which include transit vehicles, are reported in the applicable statement of net position column in the government wide financial statements. All assets with an expected useful life beyond a single reporting period and that meet the capitalization threshold specified for the asset classification shall be capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

<u>Category</u>	<u>Threshold</u>	<u>Useful Life</u>
Machinery & Equipment	\$7,000	3-7 years
Vehicles (all licensed)	\$10,000	3-5 years

**3. Cash and Cash Equivalents**

Cash is pooled with Curry County. Please refer to the County's basic financial statements, issued under separate cover, for additional information pertaining to the nature and collateralization of the County's cash and investments.

**4. Fund Equity**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, is followed. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).

**CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT**  
**CURRY COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)**

- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution, which is the District's highest level of decision making authority.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Authority to classify ending fund balances as Assigned was delegated to the Liaison Commissioner, the department head or the County Accountant.
- Unassigned fund balance is the residual classification of the General Fund.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

At June 30, 2019, the entire fund balance of \$5,075 was considered committed for Public Transit District activities.

**D. BUDGET**

A budget is prepared and legally adopted on the modified accrual basis of accounting in the main program categories required by the Oregon Local Budget Law. The budget process begins early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The board may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is adopted and appropriations are made no later than June 30th.

The expenditures budget is appropriated for materials and services and capital outlay.

Expenditures cannot legally exceed the above appropriations levels. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted. Budget amounts shown in the basic financial statements reflect the original appropriations. Actual expenditures were within authorized appropriations for the year ended June 30, 2019, except for materials and services, which were over-expended by \$74,975.

**CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT**  
**CURRY COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. CAPITAL ASSETS**

The changes in capital assets for the fiscal year ended June 30, 2019 are as follows:

	<u>June 30, 2018</u>	<u>Adjustment</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2019</u>
Capital Assets, Being Depreciated:					
Vehicles	\$ 873,570	\$ -	\$ -	\$ (61,582)	\$ 811,988
Less Accumulated Depreciation for:					
Vehicles	<u>446,530</u>	<u>12,224</u>	<u>135,288</u>	<u>(61,582)</u>	<u>532,460</u>
Total Capital Assets, Net	<u>\$ 427,040</u>				<u>\$ 279,528</u>

Of the District's capital assets, \$532,460 represents the depreciated cost on busses to which the Oregon Department of Transportation is a lienholder and is restricted for use conforming to ODOT Public Transit Grants.

Depreciation expense for governmental activities is charged to functions as follows:

Materials & Services Expense	\$135,288
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During the year ended June 30, 2019, fully depreciated vehicles were sold for a gain of \$3,800. Additionally, an adjustment of \$12,224 was made to accumulated depreciation to update the current year ending balance.

**F. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

**Level 1** – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

**Level 2** – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

**Level 3** – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

**CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT**  
**CURRY COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY (CONTINUED)**

Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

**2. RISK MANAGEMENT**

There is exposure to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. Commercial insurance is purchased to minimize exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three fiscal years.

**3. RELATED PARTY**

The Curry County Public Transit Service District entered into a cooperative agreement with Curry Public Transit, Inc. (CPTI). Curry Public Transit, Inc. is a non-profit corporation formed on March 6, 2006 for the purpose of providing public transit services in Curry County. CPTI is responsible for maintaining a level of transit services (routes, scheduling, and charters) as prescribed by the District. CPTI is responsible for the daily operations of the transit system including staffing, maintenance of vehicles, and financial management (payment of bills, receipt of revenue, preparation of financial statements, etc.). The District provides oversight on CPTI's performance and compliance with the level of service set by the District. The Cooperative Agreement between Curry County Public Transit Service District (District), Curry County (County), and Curry Public Transit, Inc. (CPTI) describes the duties and responsibilities of the respective parties. Curry County provides daily operational support services for the District including administrative, legal, treasury, accounting and audit support without receiving compensation from the District. The District Governing Body costs are also supported by the County. The District is allowed \$2,000 per year from the ODOT STF grant to help pay for the annual audit. ODOT considers the County and the District as the same entity and all transit grant funds received by the County are passed through to the District to CPTI. For the year ended June 30, 2019, the district paid \$67,000 to CPTI for services.

**4. COMMITMENTS & CONTINGENCIES**

There is participation in a number of state assisted grant and contract programs. These programs are subject to program compliance audits by the grantors or their representatives.

**5. EMPLOYEES AND BENEFITS**

The Curry County Public Transit Service District does not have any employees specific to the District. All personnel who handle these responsibilities are employees of the County.

**CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT**  
**CURRY COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**6. PRIOR PERIOD ADJUSTMENT**

A prior period adjustment was made in the Statement of Activities to update the current year ending balance of accumulated depreciation (See Note 1E).

**7. SUBSEQUENT EVENT**

In March 2020 the State issued shelter-in-place orders as well as the closure of all nonessential businesses due to the spread of COVID-19. The financial impact on the District is not determinable as of the issuance of the basic financial statements.

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**CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT**  
**CURRY COUNTY, OREGON**

**INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS**

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August 24, 2020

### **Independent Auditors' Report Required by Oregon State Regulations**

We have audited the basic financial statements of the Curry County Public Transit Service District (The District) as of and for the year ended June 30, 2019, and have issued our report thereon dated August 24, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

#### **Compliance**

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of basic financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Programs funded from outside sources.**

In connection with our testing nothing came to our attention that caused us to believe the 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 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

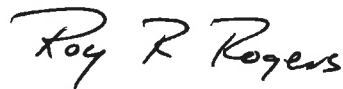
1. Expenditures were within authorized appropriations except as noted on page 16 of the financial report.

### **OAR 162-10-0230 Internal Control**

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

We noted matters involving the internal control structure and its operations that we consider to be a material weakness and a significant deficiency under standards established by the American Institute of Certified Public Accountants, which are noted in our management letter dated August 24, 2020.

This report is intended solely for the information and use of the Commissioners, management and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in black ink that reads "Roy R. Rogers". The signature is written in a cursive style with a large, stylized "R" in the middle.

ROY R. ROGERS, CPA  
PAULY, ROGERS AND CO., P.C.