



REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

**CURRY COUNTY PUBLIC TRANSIT SERVICE DISTRICT
(A COMPONENT UNIT OF CURRY COUNTY, OREGON)**

June 30, 2022



MOSSADAMS

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**Curry County Public Transit Service District
Board of Commissioners**

Board of Commissioners

Term Expires

John Herzog, Chair

January 5, 2025

Brad Alcorn, Vice Chair

January 4, 2026

Jay Trost, Commissioner

January 5, 2025

Report of Independent Auditors

Board of Commissioners
Curry County Public Transit Service District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of the Curry County Public Transit Service District (the District), a component unit of the Curry County, Oregon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

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

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

Required Supplementary Information

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

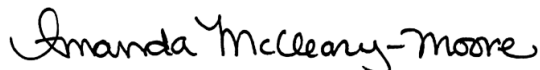
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the list of board of commissioners on page 1 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Minimum Standards for Audits of Oregon Municipal Corporations*

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated July 12, 2023, on our consideration of the County's compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. 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 "Amanda McCleary-Moore". The signature is written in a cursive, flowing style.

Amanda McCleary-Moore, Partner
Medford, Oregon
July 12, 2023

Curry County Public Transit Service District

(A Component Unit of Curry County, Oregon)

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, 2022. We encourage readers to consider this information in conjunction with the financial statements, which begin on page 9.

Financial Highlights

- The District's assets exceeded its liabilities at the close of the fiscal year by \$245,170 (net position). Of this amount \$242,266 is invested in capital assets.
- The District's total net position decreased by \$93,321.
- At the close of the year, the District reported an ending fund balance of \$2,904.

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 is 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 8 and 9 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.

Curry County Public Transit Service District

(A Component Unit of Curry County, Oregon)

Management's Discussion and Analysis

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 13) 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 15 to 21.

Government-wide Financial Analysis

The District's assets are comprised of accounts receivable and capital assets. These assets represent 44%, and 56% of total assets, respectively.

	2019-20	2020-21	2021-22
ASSETS			
Cash and cash equivalents	\$ 4,374	\$ -	\$ -
Accounts receivable	142,903	245,146	188,189
Capital assets, net	148,672	342,115	242,266
	<u>295,949</u>	<u>587,261</u>	<u>430,455</u>
LIABILITIES			
Current liabilities	143,006	248,770	179,842
	<u>143,006</u>	<u>248,770</u>	<u>179,842</u>
NET POSITION			
Investment in capital assets	148,672	342,115	242,266
Unrestricted	4,271	(3,624)	2,904
	<u>\$ 152,943</u>	<u>\$ 338,491</u>	<u>\$ 245,170</u>

Curry County Public Transit Service District (A Component Unit of Curry County, Oregon) Management's Discussion and Analysis

The District's net position decreased by \$93,321, which is attributable to the current year's decrease in investments in capital assets for depreciation expense. Of the District's net position, \$242,266 is the investment in capital assets. Unrestricted net position may be used to meet the district's ongoing obligations to citizens and creditors.

	2019-20	2020-21	2021-22
REVENUES			
General revenues			
Operating grants	\$ 556,772	\$ 1,091,225	\$ 810,793
Miscellaneous	31,347	24,107	28,923
Total revenues	<u>588,119</u>	<u>1,115,332</u>	<u>839,716</u>
EXPENSES			
Public transportation	<u>719,779</u>	<u>929,784</u>	<u>933,037</u>
Total expenses	<u>719,779</u>	<u>929,784</u>	<u>933,037</u>
CHANGE IN NET POSITION	(131,660)	185,548	(93,321)
BEGINNING NET POSITION	284,603	152,943	338,491
ENDING NET POSITION	<u>\$ 152,943</u>	<u>\$ 338,491</u>	<u>\$ 245,170</u>

The District's revenues decreased by \$275,616 from the prior fiscal year. The decrease is mostly due to the expiration of the ST grant.. Expenses increased by \$3,253 which is attributable mostly to increase in operating costs such as fuel, spare parts and insurance.

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 fund balance of \$2,904 which is for District's activities.

Budgetary Highlights

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

Curry County Public Transit Service District

(A Component Unit of Curry County, Oregon)

Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of depreciation, amounts to \$242,266. The investment in capital assets consists of transit vehicles. Depreciation expense amounted to \$99,849 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.

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
(A Component Unit of Curry County, Oregon)
Statement of Net Position
June 30, 2022

ASSETS

Cash and cash equivalents	\$ -
Accounts receivable	188,189
Capital assets, net of depreciation	<u>242,266</u>
Total assets	<u>430,455</u>

LIABILITIES

Accounts payable	179,842
Due to Primary Government	<u>5,443</u>
Total liabilities	<u>185,285</u>

NET POSITION

Investment in capital assets	242,266
Unrestricted	<u>2,904</u>
Total net position	<u><u>\$ 245,170</u></u>

Curry County Public Transit Service District
(A Component Unit of Curry County, Oregon)
Statement of Activities
Year Ended June 30, 2022

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Public transportation	\$ 933,037	\$ -	\$ 810,793	\$ (122,244)
Total governmental activities	<u>\$ 933,037</u>	<u>\$ -</u>	<u>\$ 810,793</u>	<u>(122,244)</u>
GENERAL REVENUES				
Investment earnings				42
Miscellaneous				<u>28,881</u>
Total general revenues				<u>28,923</u>
CHANGES IN NET POSITION				(93,321)
NET POSITION, beginning				<u>338,491</u>
NET POSITION, ending				<u>\$ 245,170</u>

Curry County Public Transit Service District
(A Component Unit of Curry County, Oregon)
Balance Sheet – Governmental Fund
June 30, 2022

ASSETS

Cash and cash equivalents	\$ -
Accounts receivable	<u>188,189</u>
Total assets	<u><u>\$ 188,189</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 179,842
Due to Primary Government	<u>5,443</u>
Total liabilities	<u>185,285</u>

FUND BALANCES

Unassigned	<u>2,904</u>
Total liabilities and fund balance	<u><u>\$ 188,189</u></u>

Curry County Public Transit Service District
(A Component Unit of Curry County, Oregon)
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2022

Total fund balances – governmental fund	\$	2,904
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The cost of capital assets (vehicles) 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	1,167,010
Accumulated depreciation	(924,744)
Net capital assets	<u>242,266</u>
Net position	<u>\$ 245,170</u>

Curry County Public Transit Service District
(A Component Unit of Curry County, Oregon)
Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund (Public Transit Fund) – Actual and Budget
Year Ended June 30, 2022

	Public Transit Fund		
	Original Budget	Final Budget	Variance to Final Budget
REVENUES			
Intergovernmental	\$ 1,519,404	\$ 1,519,404	\$ 810,793
Investment earnings	-	-	42
Miscellaneous	27,500	27,500	28,881
Total revenues	1,546,904	1,546,904	839,716
EXPENDITURES			
Materials and services	952,754	952,754	833,188
Capital outlay	594,150	594,150	-
Total expenditures	1,546,904	1,546,904	833,188
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	6,528
BEGINNING FUND BALANCE	-	-	(3,624)
ENDING FUND BALANCE	\$ -	\$ -	\$ 2,904

Curry County Public Transit Service District
(A Component Unit of Curry County, Oregon)
Reconciliation of the Governmental Fund Statement of Revenues,
Expenditures, and Changes in Fund Balance to the Statement of Activities
Year Ended June 30, 2022

Total net changes in fund balances – governmental fund		\$	6,528
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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>(99,849)</u>		<u>(99,849)</u>
Change in net position of governmental activities		\$	<u><u>(93,321)</u></u>

Curry County Public Transit Service District

(A Component Unit of Curry County, Oregon)

Notes to Basic Financial Statements

Note 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.

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, 2022. 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>.

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.

Curry County Public Transit Service District

(A Component Unit of Curry County, Oregon)

Notes to Basic Financial Statements

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, 2022.

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.

Curry County Public Transit Service District
(A Component Unit of Curry County, Oregon)
Notes to Basic Financial Statements

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.

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.

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 acquisition 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 and equipment	\$ 7,000	3–7 years
Vehicles (all licensed)	\$ 10,000	3–5 years

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.

Curry County Public Transit Service District

(A Component Unit of Curry County, Oregon)

Notes to Basic Financial Statements

Fund balance

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).
- 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.

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.

Curry County Public Transit Service District
(A Component Unit of Curry County, Oregon)
Notes to Basic Financial Statements

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, 2022.

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).

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.

Curry County Public Transit Service District
(A Component Unit of Curry County, Oregon)
Notes to Basic Financial Statements

Note 2 – Capital Assets

The changes in capital assets for the fiscal year ended June 30, 2022 are as follows:

	<u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Capital assets, being depreciated				
Vehicles	\$ 1,167,010	\$ -	\$ -	\$ 1,167,010
Less accumulated depreciation for vehicles	<u>824,895</u>	<u>99,849</u>	<u>-</u>	<u>924,744</u>
Total capital assets, net	<u>\$ 342,115</u>	<u>\$ (99,849)</u>	<u>\$ -</u>	<u>\$ 242,266</u>

Of the District's capital assets, \$924,744 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:

Public transportation	\$ (99,849)
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Note 3 – 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.

Curry County Public Transit Service District
(A Component Unit of Curry County, Oregon)
Notes to Basic Financial Statements

Note 4 – 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, and 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, 2022, the District paid \$65,700 to CPTI for services.

Note 5 – Commitments and 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.

Note 6 – 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 Curry County.

**Report of Independent Auditors
Required by Oregon State Regulations**

Report of Independent Auditors Required by Oregon State Regulations

To the Board of Commissioners
Curry County Public Transit Service District

We have audited, in accordance with auditing standards generally accepted in the United States of America, the governmental activities and major fund of Curry County Public Transit Service District (the District), a component unit of Curry County, Oregon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Curry County Public Transit Service District basic financial statements, and have issued our report thereon dated July 12, 2023.

Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

- Accounting records and internal control
- Public fund deposits
- Budget
- Insurance and fidelity bonds
- Programs funded from outside sources
- Public contracts and purchasing

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 grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

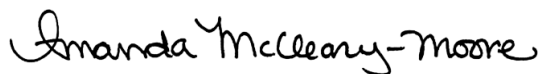
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

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



Amanda McCleary-Moore,
for Moss Adams LLP
Medford, Oregon
July 12, 2023

