

SEAL ROCK WATER DISTRICT
Board of Commissioners
Regular Monthly Board Meeting Agenda
Thursday, January 11, 2024, @ 4:00 p.m.
Public Meeting by Zoom Video Conference

SRWD will conduct this meeting using Zoom video conferencing due to the restricted capacity for in-person gatherings and our commitment to prioritize the safety of the public and our employees. We strongly encourage the public to participate in this meeting electronically. To access further information, including registration details, please visit the SRWD website at www.srwd.org on the day of the meeting. We invite members of the public to submit written comments regarding agenda items by emailing tkarlsen@srwd.org no later than 2:00 p.m. on the day of the meeting. Submitted comments will be shared with the SRWD Board of Commissioners and will become part of the permanent record.

- **Call Regular Meeting to Order:**

- **Announcements/Visitor Public Comments:**

Public comment period provides the public with an opportunity to address the Commissioners regarding items on the agenda. Please limit comments to (3) minutes.

- **Consent Calendar:**

Managers' reports included under the consent calendar are an executive summary provided to Commissioners as an update of system conditions, projects, and programs. Management welcomes your feedback and requests more detailed information regarding any item before or during the meeting:

- | | |
|---------------------------------------|-------------------------------|
| ● Invoice List | December 2023 to January 2024 |
| ● Board Meeting Minutes | December 14, 2023 |
| ● Financial Report / Approve Invoices | December 2023 to January 2024 |
| ● USDA PMR Phase IV No. 30 | January 11, 2024 |
| ● General Manager's Monthly Report | December 2023 to January 2024 |

- **Discussion and Information Items:**

- Consider Primary Source Water Project.
Presented by: Adam Denlinger, General Manager
Jeff Hollen, SRWD General Counsel

- **Decision Items:**

- Consider approving the FY 2024 - 2025 Budget Calendar.
Presented by: Joy King-Cortes, Office Manager
- Consider Appointing the SRWD Budget Officer for the 2024 -2025 Budget Process.
Presented by: Adam Denlinger, General Manager
- Consider Appointing/Reappointing the SRWD Budget Committee Members for the 2024 -2025 Budget Process. Presented by: Adam Denlinger, General Manager

- **Reports, Comments, and Correspondence:**

- The district office will be closed on January 15th in Honor of the Martin Luther King Jr. Holiday.
- Draft SRWD Water Management and Conservation Plan (WMCP) November 2023
- June 30, 2023, Final Audit electronically filed with Or Secretary of State Audit division December 28, 2023.
- 2024 SDAO Annual Conference in Seaside, February 9th through the 11th.

- **Executive Session: according to ORS 192.660(2), Concerning:**

The SRWD Board may meet in Executive Session, pursuant to ORS 192.660(2)(h); To consult with legal counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed. Representatives of the news media and designated staff shall be allowed to attend the executive session. All other members of the audience are asked to leave the room. Representatives of the news media are specifically directed not to report on any of the deliberations. No final decisions shall be made in Executive Session.

- **Adjournment:** Next Meeting: **February 8, 2024, @ 4:00 p.m.** Regular Board Meeting or establish date.

THIS AGENDA MAY BE AMENDED UNTIL 3:00 PM THE DAY BEFORE THE MEETING

SPECIAL ACCOMMODATIONS WILL BE PROVIDED WITH 48 HOUR NOTICE; CALL 541-563-3529.
IF HEARING IMPAIRED, PLEASE DIAL 711 OR CALL TTY#1-800-735-1232
This Institution is an Equal Opportunity Employer and Service Provider

ORIGINAL

Report Criteria:

- Detail report.
- Invoices with totals above \$0 included.
- Paid and unpaid invoices included.

Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount
01-5064				
GLEN MORRIS	170	Stipend	01/11/2024	50.00
KAREN OTTA	86	Stipend	01/11/2024	50.00
PAUL HIGHFILL	31	Stipend	01/11/2024	50.00
ROB MILLS	169	Stipend	01/11/2024	50.00
SAUNDRA MIES-GRANTHAM	169	Stipend	01/11/2024	50.00
Total 01-5064:				250.00
Grand Totals:				250.00

Dated: JAN-3-2024

General Manager: G. Quinn

Dated: _____

Treasurer: _____

ORIGINAL

Report Criteria:

- Detail report.
- Invoices with totals above \$0 included.
- Paid and unpaid invoices included.

Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount
01-1310				
JACKIE LEE PALSER ESTATE	122723	Refund Overpayment Final Bill	12/27/2023	34.22
MARK &/OR STEPHANIE CARM	122123	Refund Overpayment Final Bill	12/21/2023	45.90
ZANE &/OR STEPHANIE KESEY	122023	Refund Overpayment (customer error)	12/20/2023	5,764.57
Total 01-1310:				5,844.69
01-5200				
THE AUTOMATION GROUP, INC	W13954	Seal Rock Intertie & Various SCADA Tasks 10/24/2023	12/14/2023	3,900.12
Total 01-5200:				3,900.12
01-5271				
CHARTER COMMUNICATIONS	001293712192	Internet (Office)	12/19/2023	129.98
PIONEER CONNECT TELEPHO	010124	Telephone Services/Internet	01/01/2024	1,682.71
Total 01-5271:				1,812.69
01-5272				
AT&T MOBILITY	12152023	Wireless	12/15/2023	198.56
Total 01-5272:				198.56
01-5273				
PIONEER CONNECT TELEPHO	010124	WTP Telephone Services/Internet	01/01/2024	214.64
Total 01-5273:				214.64
01-5274				
AT&T MOBILITY	12152023	Wireless WTP	12/15/2023	51.48
Total 01-5274:				51.48
01-5290				
STAPLES BUSINESS ADVANTA	8072562547	Avery Durable 3" 3-Ring View Binders, EZD Ring, White 6/Pack	12/09/2023	58.54
STAPLES BUSINESS ADVANTA	8072562547	Logitech M185 Wireless Optical Mouse, Swift Grey	12/09/2023	12.34
STAPLES BUSINESS ADVANTA	8072562547	Avery Print-On Dividers, 5 Tab, White, 8 1/2 x 11, 5 sets/pk	12/09/2023	38.00
STAPLES BUSINESS ADVANTA	8072562547	Staples Bond Cash Register/POS Rolls, 2 1/4" x 130', Dozen	12/09/2023	22.92
STAPLES BUSINESS ADVANTA	8072562547	Falcon Dust-Off Air Dusters, 2/Pack	12/09/2023	12.71
STAPLES BUSINESS ADVANTA	8072562547	Pilot G2 Gel-Ink Pen Refill, Fine Tip, Red 2 pack	12/09/2023	8.76
STAPLES BUSINESS ADVANTA	8072562547	Pilot G2 Retractable Gel Pens, Fine Point, Red Ink, 12/Pack	12/09/2023	11.72
STAPLES BUSINESS ADVANTA	8072562547	Tombow Mono Correction Tape, White, 2 Pack	12/09/2023	10.54
STAPLES BUSINESS ADVANTA	8072562547	Simply Economy 1" 3-Ring View Binder, White	12/09/2023	32.64
STAPLES BUSINESS ADVANTA	8072562547	TRU RED "8.5 x 11" Copy Paer, 20lbs., 92 Brightness, 500/Sheets/Ream, 5 Ream	12/09/2023	133.44
STAPLES BUSINESS ADVANTA	8072562547	Adams 2023 1099-NEC Tax Forms Kit 50/Pack	12/09/2023	37.99
Total 01-5290:				377.60
01-5291				
US POSTAL SERVICE - WALDP	122123	Bulk Mailing	12/21/2023	896.30
Total 01-5291:				896.30

Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount
01-5310				
LINCOLN COUNTY DEPT OF PL	120823	Water Treatment Plant: Operation & Maintenance of holding tanks	12/08/2023	100.00
Total 01-5310:				100.00
01-5600				
WALDPORT ACE HARDWARE	250	primer cement handy pack	12/18/2023	13.99
WALDPORT ACE HARDWARE	250	cable tie 8" 25pk	12/18/2023	7.59
WALDPORT ACE HARDWARE	250	dw drill blk/gld ser 16pc	12/18/2023	19.99
WALDPORT ACE HARDWARE	250	duct tape 1.88x 60yd	12/18/2023	15.98
Total 01-5600:				57.55
01-5610				
CENTRAL LINCOLN P.U.D.	122223	Utility Services	12/22/2023	2,778.58
Total 01-5610:				2,778.58
01-5611				
CENTRAL LINCOLN P.U.D.	122223	WTP Utility Services	12/22/2023	1,819.24
Total 01-5611:				1,819.24
01-5629				
ABOVEBOARD ELECTRIC, INC.	10686	Water Plant. Disconnected CIP heater & removed burnt wiring & removed & install	12/14/2023	1,353.51
M & E SEPTIC SERVICE, INC.	1/6125	Pumping of Holding Tank - WTP (3,000 gallons)	12/06/2023	1,050.00
USA BLUE BOOK	INV00220788	Membrane Cap Kit,CLF10/CLT10 Chlorine Snrs,SS Tip(8633100)	12/13/2023	393.90
Total 01-5629:				2,797.41
01-5630				
JAMES WOLFE TRUCKING	5200	dump truck time	12/07/2023	237.50
JAMES WOLFE TRUCKING	5202	dump truck time	12/08/2023	237.50
WALDPORT ACE HARDWARE	250	cap 1/2inch slip sch 40	12/18/2023	1.98
Total 01-5630:				476.98
01-5633				
JAMES WOLFE TRUCKING	5200	ROCK 1 load to south bay road line break	12/07/2023	184.20
JAMES WOLFE TRUCKING	5200	Fuel recovery (per job time)	12/07/2023	25.00
JAMES WOLFE TRUCKING	5202	ROCK 1 load to south bay road line break	12/08/2023	184.05
JAMES WOLFE TRUCKING	5202	Fuel recovery (per job time)	12/08/2023	25.00
Total 01-5633:				418.25
Grand Totals:				21,744.09 <i>W</i>

Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount
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Dated: JAN-3-2024

General Manager: A. Wick

Dated: _____

Treasurer: _____

Report Criteria:

- Detail report.
 - Invoices with totals above \$0 included.
 - Paid and unpaid invoices included.
-

**SEAL ROCK WATER DISTRICT
MINUTES OF THE
Regular Board Meeting
by Zoom Conference Call and In Person
December 14, 2023**

Introduction to Remote Meeting:

SRWD held this meeting through Zoom video conferencing. Due to the limited capacity for in-person meetings, the public was encouraged to attend the meeting electronically.

Present:

No commissioners were present on the Zoom Conference Call. Present in person in the board room were Commissioner Rob Mills, Board President; Commissioner Karen Otta, Treasurer; Commissioner Glen Morris, Member; Commissioner Paul Highfill, Member; and Attorney Jeff Hollen, Legal Counsel. Staff: Adam Denlinger, General Manager; Joy King-Cortes, Office/Finance Manager and Trish Karlsen, Bookkeeper.

Excused Absences: Commissioner Sandra Mies-Grantham.

Call Regular Meeting to Order:

President Rob Mills called the regular board meeting to order at 2:04 p.m., Thursday, December 14, 2023 and introduced the commissioners and staff present in the board room. No member of the public was in attendance in person. Present on Zoom was John French.

Announcements/Public Comments:

President Rob Mills asked if there were any announcements. Commissioner Glen Morris had no announcement; Commissioner Karen Otta had no announcement; Commissioner Paul Highfill had no announcement; General Manager, Adam Denlinger had no announcement; Joy King-Cortes, Office/Finance Manager announced that the Project Monitoring Report was updated to reflect the correct PMR number which was 39 and the correct date which was 11/30/23; Trish Karlsen, Bookkeeper had no announcement; Attorney Jeff Hollen had no announcement; President Rob Mills had no announcement.

Public Comments:

President Rob Mills asked John French who attended through Zoom if he had a comment but there was an audio issue and no sound was heard coming from Zoom.

Consent Calendar:

Items on the consent calendar are the November/December 2023 Invoices List for approval; November 9, 2023, Regular Board Meeting minutes; November/December 2023 Financial Report; and General Manager's Monthly Report. President Rob Mills asked if each commissioner reviewed the consent calendar items. Commissioner Glen Morris answered YES; Commissioner Karen Otta answered YES; Commissioner Paul Highfill answered YES. Commissioner Karen Otta motioned to approve the consent calendar. Commissioner Glen Morris seconded the motion. The motion passed 4 – 0.

Discussion and Information Items:

Primary Source Water Project Update:

Water Treatment Plant (WTP) Operators noticed that one of the three heater rods, essential for heating water to perform a Clean in Place (CIP) on the filter skids, had failed. The WTP was temporarily shut down to perform temporary repairs. Operators can successfully run the WTP using the two remaining heaters, but the heating process takes longer, extending the time necessary to perform a CIP. A new heater element has been ordered, with a six-week lead time. It was not caused by an electrical failure. The importance of having spare heater rods in the WTP was discussed in case failure happens again in the future. The GM is working on getting spare heater rods.

Operators also took delivery of a new trailer-mounted emergency generator on December 8th. Purchased with System Development Charges (SDC) funds, this generator will power the Beaver Creek Intake Pump Station. Crews received operational training from the vendor, including a simulation of power loss at the Intake Pump Station.

SRWD crews responded to several incidents related to recent storms. The Hatfield Marine Science Center (HMSC) reported just under ten inches of rain in the first week of December. The monthly average for December is 11.36 inches of rain. Crews recorded some of the highest levels on Beaver Creek. On December 8th, the Beaver Creek Intake was completely submerged underwater. Local firefighters reported that a vehicle was in Beaver Creek, lodged under a bridge three miles upstream of the district's intake. Crews temporarily shut down the intake until the report could be verified.

Despite experiencing very high tides and sea swells, along with high flow levels in the Beaver Creek system, measurable conductivity was well within acceptable limits.

63 As of today, December 14th staff learned that the submerged vehicle by Elkhorn Bridge was removed from the water. The
64 vehicle was submerged in an upright position. The water at the intake location was not affected.
65 On December 7th, Field Operators responded to a water leak on the district's South Bay Road system. Arriving on site,
66 they discovered major settling in several road areas and a slide at the four-mile marker, causing a leak on the district's 12-
67 inch mainline feeding South Bay Road customers. This is the same pipe used to supply water from the City of Toledo to
68 the district before the district completed the Beaver Creek Source Water project. Crews had to completely shut down the
69 system, disrupting service to approximately six customers. They worked throughout the day and into the evening to
70 restore service. Due to numerous slides and settling conditions, further repairs to the system are anticipated soon. This
71 incident required the district to issue a Loss of Pressure Boil Water Notice to the affected area. This will be an ongoing
72 issue since soil in several locations is moving due to heavy rains.
73

74 **Emergency Container:**

75 This is a continuation of the discussion regarding the emergency container that Mary Cutting presented to the board
76 during the November 9 board meeting for consideration to place the emergency container on the district right-of-way.
77 Adam Denlinger, GM reported that he reviewed the easement agreement, and it provides for 60 feet of access to the WTP
78 also for the district to use to provide water to the community. In the terms of the agreement, the district is not authorized to
79 store any equipment and other things in the right-of-way. Inside the fence of the WTP site, it's not advisable to store the
80 emergency container anywhere. The district will need the space for a smaller water tank as originally planned for the
81 future growth of the district. The district might also need to install a Granular Activated Carbon (GAC) system needed in
82 the summer when water quality is affected by the warmer temperature. The Makai Community represented by Mary
83 Cutting might need to get an easement from property owners to have a place for the emergency container.
84

85 **Decision Items:**

86 **Financial Audit Report for FY 2022-23:**

87 Joy King-Cortes, Office/Finance Manager reported that Grimstad and Associates completed the audit of the district's
88 financials for FY 2022-23. The Management Discussion Analysis (MD&A) has been completed by staff and is being
89 reviewed by the auditor. The MD&A will become part of the Audit Report. The audit performed by Grimstad and
90 Associates represents a yellow book audit and not a single audit since the district didn't spend the threshold of \$750,000
91 in project cost for FY 2022-23. Commissioner Glen Morris motioned to approve and accept the audit report and file it with
92 the Oregon Secretary of State Audit Division. Commissioner Karen Otta seconded the motion. The motion passed 4-0.
93

94 **Recessed Regular Session to go into Executive Session:**

95 President Rob Mills recessed the regular session at 2:32 p.m. to go into Executive Session, pursuant to ORS
96 192.660(2)(h); To consult with legal counsel concerning the legal rights and duties of a public body regarding current
97 litigation or litigation likely to be filed. Representatives of the news media and designated staff shall be allowed to attend
98 the executive session. All other members of the audience were asked to leave the room and sign off from Zoom.
99 Representatives of the news media are specifically directed not to report on any of the deliberations. No final decisions
100 shall be made in the Executive Session.
101

102 **Adjourned the executive session/Reconvened regular board meeting:**

103 President Rob Mills adjourned the executive session and reconvened the regular board meeting at 3:16 p.m.
104

105 **Decision:**

106 Commissioner Karen Otta motioned to authorize the District to approve a stipulation to arbitration dated December 2023,
107 and authorize the General Manager to execute the stipulation. This authorization leaves the General Manager the
108 discretion to also not enter into stipulation. Commissioner Glen Morris seconded the motion. The motion passed 4 – 0.
109

110 **Reports, Comments, Correspondence:**

111 The district office will be closed on December 25 in observance of Christmas Day and January 1 in observance of New
112 Year's Day. The GM will be out of the office from December 15 and will be back on January 2, 2024. In his absence, Brad
113 Wynn will be the contact person of the field crew for any field issues and Joy King-Cortes will respond to any
114 administrative issues. The GM will respond by email when needed.
115

116 **Adjournment:** Commissioner Karen Otta motioned to adjourn the meeting. Commissioner Glen Morris seconded the
117 motion. President Rob Mills adjourned the meeting at 3:18 p.m.
118

119 **Next Board Meeting:** January 11, 2024, at 4:00 p.m. Regular Board Meeting.
120

SRWD Monthly Financial Report

Monthly Statistics		Comments			
Total customers	2677	Includes new connects Less Abandoned / Forfeited meter plus 3 SRWD meters (shop X 2 & office) plus 1 Hydrant meter			
New connections	2				
Reinstalls	0				
Abandonments/Forfeitures/Meter Removed	1				
Financial Report	Checking/MM	LGIP/PFMMMA	Fund Balances	Comments	
General	\$711,506.09	\$18,443.37	\$729,949.46		
Bond	\$1,030,292.06	\$0.00	\$1,030,292.06		
Capital Projects	\$66,605.40	\$68,671.70	\$135,277.10	\$7,421,586 Interim Loan Proceeds	
Revenue Bond	\$2,794.11	\$525.13	\$3,319.24		
Rural Development Reserve	\$0.00	\$106,920.95	\$106,920.95		
Dist. Office/Shop Reserve	\$0.00	\$0.00	\$0.00		
Depreciation/SLARA Reserve	\$0.00	\$304,497.28	\$304,497.28		
SDC (formerly SIP)	\$0.00	\$557,714.53	\$557,714.53	\$1,300,501.50 SDC collections thru 12/31/2023	
Water Source Improvement Rsrv	\$0.00	\$256,356.12	\$256,356.12		
TOTALS	\$1,811,197.66	\$1,313,129.08	\$3,124,326.74		
General Fund Review	Current	FYTD	Budgeted Amount	Comments	
Revenue	\$333,929.80	1,612,589.86	\$3,205,120.00		
Expenses	\$134,951.65	1,426,608.42	\$3,205,120.00	Contingency \$100,000; Transfers \$416,320; Total expenses budgeted \$2,677,800.	
Net Gain or (Loss) from Operations	\$198,978.15	\$185,981.44			
Water Sales Revenue Comparison	Month	FYTD	Comments		
Water Sales Current Year	\$185,103.45	\$1,319,254.19	Leak Adjustments & Billings Adjustments (YTD = July - June)		
Actual+In Lieu of Water Sales Less H2O CR	\$190,100.08	\$1,349,134.17	Billing Adj FYTD \$0.00		
Water Sales Prior Year	\$167,654.13	\$1,115,202.02	Leak Adj/Write off FYTD \$120.02		
Actual+In Lieu of Water Sales Less H2O CR	\$172,654.13	\$1,145,164.53	TOTAL FYTD ADJUSTMENTS \$120.02		
Over or (Under)	\$17,449.32	\$204,052.17	Note: Rate increase effective 6/1/2023		
Gallage Comparison	Current	Prior Year	Cost Comparison	Current	Prior Year
Gallons Purchased/Intertie/WTP Treated	8,488,074	9,369,470	Toledo Charges	\$0.00	\$50,923.16
Gallons Sold (includes accountable loss & intertie)	5,988,150	6,461,721	SRWD Sales	\$185,103.45	\$167,654.13
Variance %	29.45%	31.03%	Ratio: Sales/Cost	0.00	3.29
Gallons Produced/Treated at WTP	6,500,000		11/13/2023-12/11/2023		
Gallons from Toledo Master Meter	0		Toledo Master Meter Readings read by SRWD field crew		
SRWD Intertie Usage (Purchased)	1,988,074		Additional water SRWD used/purchased from Newport Intertie		
Total Water Received/Produced	8,488,074				
City of Newport Intertie Usage (Sold)	0		Gallons sold to City of Newport for water used from the Newport Intertie		
Total Gallons Accounted	6,145,929		From flushing, leaks, CL2 Analyzer, & fire hydrant use		
Total Gallons Unaccounted	2,342,145				
Water Loss Percentage	27.59%				
Approval To Pay Bills	Payroll 12/1/2023 \$30,754.61		Payroll 12/15/2023 \$34,780.21		Payroll 12/29/2023 \$29,561.70
Month of:	December	(after meeting)	January		
	GF A/P	\$21,744.09	GF A/P	\$14,912.76	up to 1/5/2024
	SDC Fund	\$0.00	SDC Fund	\$0.00	
	Bond/Rev Bond Fund	\$0.00	Bond/Rev Bond Fund	\$0.00	
	Depreciation/SLARA	\$0.00	Depreciation/SLARA	\$0.00	
	MP - Phase 4 (IFA)	\$0.00	MP - Phase 4 (IFA)	\$0.00	
	MP- Phase 4 (USDA)	\$0.00	MP- Phase 4 (USDA)	\$0.00	possibly reimbursable
	MCWPP	\$0.00	MCWPP	\$0.00	
	MCWCC	\$0.00	MCWCC	\$0.00	
Monthly Accrual Statistics	Beg. Balance	Accrued	Used/Paid	Balance	
	11/30/2023			12/31/2023	
Office Overtime Hours (2-01)	0.00	0.00	0.00	0.00	
Field Overtime Hours (2-02)	0.00	21.25	21.25	0.00	
PTO (3-01)	3155.66	189.27	192.00	3152.93	
Comp Time (9-01 / 9-02)	130.16	33.00	31.75	131.41	



1037 NW Grebe Street
 Seal Rock, Oregon 97376
 Phone: 541.563.3529 – Fax: 541.563.4246
www.srwd.org



Seal Rock Water District

General Manager's Report:
 Board Meeting – January 11, 2024

This report serves as an executive summary for the Board meeting agenda. It provides recommendations for actions to be taken if necessary. Detailed information, staff reports, and supporting materials can be found in the full agenda packet.

PHASE-IV BEAVER CREEK SOURCE WATER PROJECT:

Water Treatment Plant (WTP) Operators continue working with Jacobs Engineers and the membrane filter skid provider, WesTech to resolve technical performance issues related to programming. Persistent issues related to the performance of backwash sequencing may need to be corrected by WesTech technicians during an onsite visit. Operators were forced to switch to the district's secondary source water provider in the last week of December due to tidal influences at the intake site.

Field operations staff continued to monitor a system leak on the South Bay Road while additional repair materials were on order. Crews were successful at performing permanent repairs to the water system in this area on January 2nd. However, distribution operators continue to monitor several slides along South Bay Road that have the probability of creating additional leaks in the future.

District staff working with Consultants from GSI Water Solutions completed the draft Water Management and Conservation Plan (WMCP) which was submitted to Oregon Water Resources Department (OWRD) for review and public comment. The overall goal of this project is to develop an updated WMCP for the District that meets the required WMCP content described in Oregon Administrative Rules Chapter 690, Division 86. Staff included a copy of the Draft WMCP with the January Board Meeting Packet.

Other notable activities for the month include:

- Attended the Mid Coast Water Conservation Consortium Meeting.
- Attended the OWRD Place-Based Planning Coordinating Committee Meeting.
- Met with GSI Water Solutions to review progress on MC-WPP, the Water Management and Conservation Plan, and Beaver Creek streamflow and temperature monitoring.
- Attended the Monthly Oregon Water Utility Council (OWUC) meeting.
- Attended SDAO Legislative meeting.
- Attended SDAO Board Meeting.
- Staff attended meetings with 120 Water consultants to discuss progress on the district's Lead and Copper Service Line Inventory.
- Facilitated monthly SRWD Staff/Safety meeting.

Seal Rock Water District is an Equal Opportunity Service Provider and Employer.

Adam Denlinger, General Manager

adenlinger@srwd.org

www.srwd.org



1037 NW Grebe Street
Seal Rock, Oregon 97376
Phone: 541.563.3529 - Fax: 541.563.4246
www.srwd.org



Seal Rock Water District

Proposed Budget Calendar 2024-25

#	Description	Schedule	Dates
1	Appoint Budget Officer	January Regular Board Meeting	Jan. 11, 2024
2	Appoint/Reappoint Budget Committee	January Regular Board Meeting	Jan. 11, 2024
3	Publish Notice of Budget Meeting	Not less than 5 days and not more than 30 days before the meeting	March 27, 2024
4	Post Notice of Budget Meeting to Website	Post same day as notice published (no less than 10 days before meeting)	March 27, 2024
5	*Budget Committee Meets for the first time	3rd Thursday in April	April 18, 2024
6	Publish Notice/Summary Budget Hearing (LB-1)	5 to 30 days before Hearing	May 1, 2024
7	Post Notice/Summary Budget Hearing (LB-1) to Website	Post same day as notice published (no less than 10 days before meeting)	May 1, 2024
8	Budget Hearing/determine Tax Levy	May Regular Board Meeting	May 9, 2024
9	Consider Resolutions to: <ul style="list-style-type: none">• Adopt budget• Make appropriations• Levy taxes by fund	June Regular Board Meeting or special meeting but before June 30th	June 13, 2024
10	Submit tax certification to Assessor Office	By July 15th (date set by law)	July 5, 2024
11	Submit copy of complete budget to County Clerk	By September 30	July 5, 2024

**Additional meetings can be held if the budget is not approved by the Budget Committee on April 18, 2024*

Appointed/Reappointed Budget Committee Members (3 YEARS TERM)

NAME	DATE APPOINTED	TERM
(1) Ronald Anderson 545 NW Terrace Street Waldport, OR. 97394	Appointment May 2022	1. (FY 22-23 Budget) June 2022 2. (FY 23-24 Budget) June 2023 3. (FY 24-25 Budget) June 2024 4. (FY 25-26 Budget) June 2025
(2) Cheryl Oldenburg PO Box 1782 Waldport Oregon 97394	Appointment Jan 2021	1. (FY 21-22 Budget) June 2021 2. (FY 22-23 Budget) June 2022 3. (FY 23-24 Budget) June 2023 4. (FY 24-25 Budget) June 2024
(3) Barry Compton PO Box 53 South Beach OR 97366	Reappointed Jan 2020	1. (FY 20-21 Budget) June 2020 2. (FY 21-22 Budget) June 2021 3. (FY 22-23 Budget) June 2022 4. (FY 23-24 Budget) June 2023
(4) John Garcia 253 SE 143 rd Street South Beach OR 97366	Appointment April 2023	1. (FY 22-23 Budget) June 2023 2. (FY 23-24 Budget) June 2024 3. (FY 24-25 Budget) June 2025 4. (FY 25-26 Budget) June 2026
(5) Barbara Flewellyn 13705 NW Alikea Dr. Seal Rock OR 97376	Reappointed Jan 2020	1. (FY 20-21 Budget) June 2020 2. (FY 21-22 Budget) June 2021 3. (FY 22-23 Budget) June 2022 4. (FY 23-24 Budget) June 2023

Draft for District Review

Water Management and Conservation Plan

Seal Rock Water District



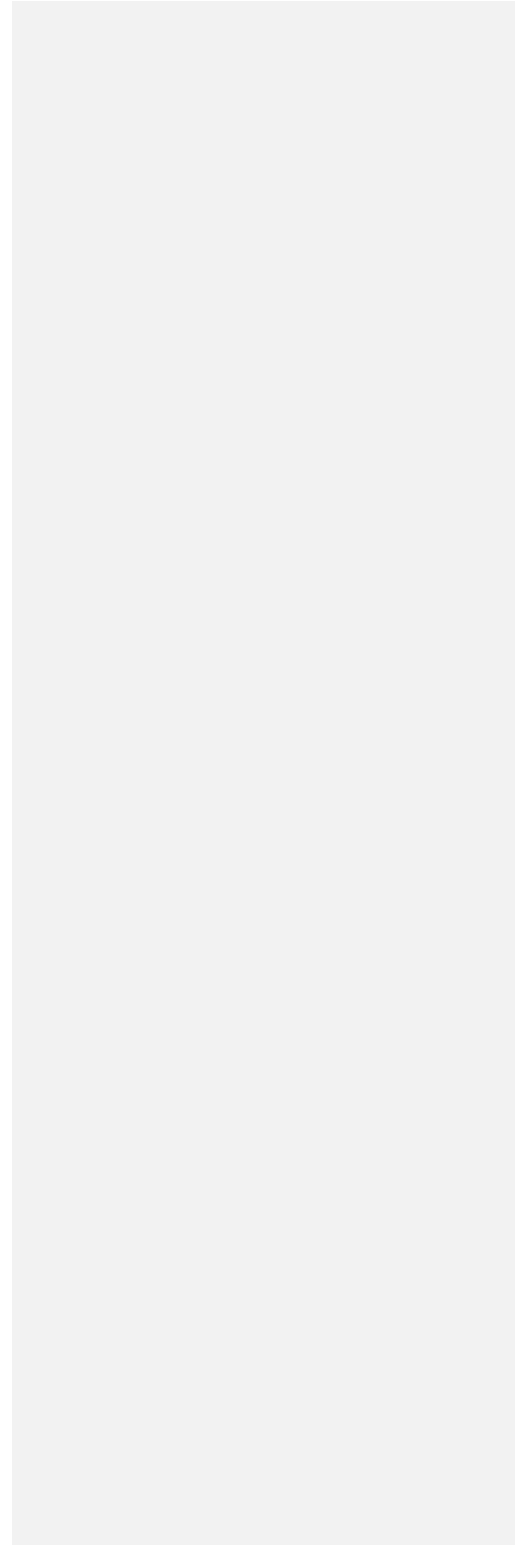
November 2023

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Contents

- 1. Municipal Water Supplier Plan Elements 1-1**
 - 1.1 Introduction 1-1
 - 1.2 Plan Requirement 1-1
 - 1.3 Plan Organization 1-1
 - 1.4 Affected Local Governments 1-2
 - 1.5 Plan Update Schedule 1-2
 - 1.6 Time Extensions 1-2
- 2. Municipal Water Supplier Description 2-1**
 - 2.1 Terminology 2-1
 - 2.2 Water Sources and Interconnections 2-2
 - 2.3 Agreements 2-2
 - 2.4 Current Service Area Description and Population 2-5
 - 2.5 Demand 2-5
 - 2.5.1 Annual Demand 2-5
 - 2.6 Customer Characteristics and Use Patterns 2-7
 - 2.6.1 Customer Classes and Consumption 2-7
 - 2.6.2 Largest Customers 2-9
 - 2.7 Water Loss 2-10
 - 2.8 Water Rights 2-10
 - 2.8.1 Summary of Water Rights 2-10
 - 2.8.2 Aquatic Resource Concerns 2-15
 - 2.8.3 Assessment of Water Supply 2-16
 - 2.9 System Description 2-17
- 3. Water Conservation Element 3-1**
 - 3.1 Progress Report 3-1
 - 3.2 Other Conservation Measures 3-1
 - 3.3 Measurement and Reporting 3-1
 - 3.4 Required Conservation Measures 3-2
 - 3.4.1 Annual Water Audit 3-2
 - 3.4.2 System-wide Metering 3-3
 - 3.4.3 Meter Testing and Maintenance 3-3
 - 3.4.4 Water Rate Structure 3-3
 - 3.4.5 Water Rate Structure 3-4
 - 3.4.6 Water Loss Analysis 3-4
 - 3.4.7 Public Education 3-6
 - 3.5 Additional Conservation Measures 3-7
 - 3.5.1 Technical and Financial Assistance Programs 3-7
 - 3.5.2 Supplier-Financed Retrofit or Replacement of Fixtures 3-7
 - 3.5.3 Rate Structure and Billing Practices that Encourage Conservation 3-8
 - 3.5.4 Water Reuse, Recycling, and Non-potable Opportunities 3-8
 - 3.6 Other Measures 3-8
- 4. Water Curtailment Element 4-1**
 - 4.1 Introduction 4-1

4.2	History of System Curtailment Episodes.....	4-1
4.3	Capability Assessment	4-1
4.4	Curtailment Stages and Initiating Conditions.....	4-2
4.5	Curtailment Measures.....	4-3
4.5.1	Stage 1 (Voluntary)	4-3
4.5.2	Stage 2 (Mandatory).....	4-3
4.5.3	Stage 3 (Mandatory).....	4-3
4.5.4	Stage 4 (Mandatory).....	4-4
4.6	Drought Declaration.....	4-4
4.7	Summer Conservation Messaging	4-4
5.	Municipal Water Supply Element	5-1
5.1	Delineation of Service Area.....	5-1
5.2	Population Projections	5-1
5.3	Demand Forecast.....	5-1
5.4	Schedule to Exercise Permits and Comparison of Projected Need to Available Sources...	5-2
5.5	Alternative Sources	5-2
5.6	Quantification of Maximum Rate and Monthly Volume.....	5-3
5.7	Mitigation Actions under State and Federal Law	5-3
5.8	New Water Rights.....	5-3

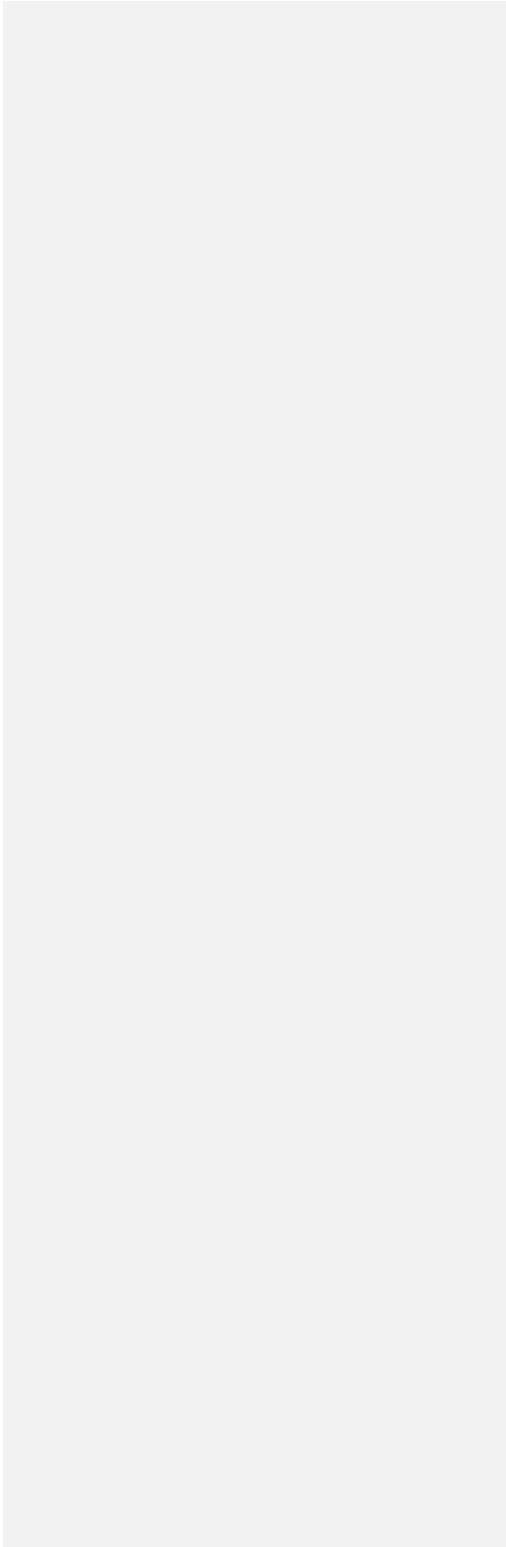
Index of Exhibits

Exhibit 2-1.	System Schematic.....	2-3
Exhibit 2-2.	Siletz River Source of Supply.....	2-4
Exhibit 2-3.	Historical Water Demand, FY 2017/18 – 2021/22	2-5
Exhibit 2-4.	Annual Demand, FY 2017/18 – 2021/22	2-6
Exhibit 2-5.	ADD and MDD, FY 2017/18 – 2021/22	2-6
Exhibit 2-6.	Annual Consumption (MG), FY 2009/10 - 2021/22	2-7
Exhibit 2-7.	Consumption by Customer Class, FY 2012/13 - 2021/22.....	2-8
Exhibit 2-7.	Monthly Consumption, 2017/18 - 2021/22.....	2-8
Exhibit 2-8.	Seasonal Changes in Demand, FY 2021/22	2-9
Exhibit 2-9.	Largest Customers by Consumption Volume, FY 2021/22	2-9
Exhibit 2-10.	Water Audit, FY 2017/18 – 2021/22	2-10
Exhibit 2-11.	Water Rights.....	2-13
Exhibit 2-12.	Listed Fish Species Potentially Located in Sources of Supply	2-16
Exhibit 4-1.	Curtailment Stages of Alert and Initiating Conditions.....	4-2
Exhibit 5-1.	20-Year Projected Population	5-1
Exhibit 5-2.	Demand Projection, 2022/23-2042/43	5-2

Appendices

- Appendix A- Letters to Affected Governments
- Appendix B- Conservation Progress Table
- Appendix C- Current Water Rates

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1. Municipal Water Supplier Plan Elements

This section satisfies the requirements of OAR 690-086-0125. This rule requires a list of affected local governments to whom the plan was made available, and a proposed date for submittal of an updated plan.

1.1 Introduction

The Seal Rock Water District (District or SRWD) is located in Lincoln County, Oregon along the coastline between the Cities of Waldport (Waldport) and Newport (Newport). The District diverts and treats water from Beaver Creek which serves as its primary source of supply. Prior to 2022, the District's primary source of supply was the Siletz River, sourced at the City of Toledo's intake and water treatment plant.

In 2023, the District served approximately 2,594 single family customer accounts and an estimated population of 5,983. The majority of customers (98 percent) are single family homes. Similar to many central and northern coastal communities of Oregon, a significant number of these homes are vacation or vacation rental homes since this area of the coast is a popular tourist destination. The District estimates that only 60 to 65 percent of these homes are owner-occupied. Given the seasonal nature of tourism, the District's transient population decreases in the non-tourist season (winter), contributing to the decrease in water system demand during this period.

The purpose of this Water Management and Conservation Plan (WMCP or Plan) is to guide future development, financing, and implementation of water management and conservation policies, programs, and practices that ensure long-term sustainable water use by the District and meet the District's regulatory obligations.

1.2 Plan Requirement

The District's first WMCP was published in 2014 to satisfy a condition in the final order approving an extension of time for its Siletz River water use permit, Permit S-40277. The final order approving the District's 2014 Plan requires the District to submit an updated WMCP by September 14, 2023. This WMCP meets all the requirements of the Oregon Administrative Rules (OAR) for WMCPs adopted by the Water Resources Commission in December 2018 (OAR Chapter 690, Division 86).

1.3 Plan Organization

The WMCP is organized into the following sections, each addressing specific sections of OAR Chapter 690, Division 86. Section 2 is a self-evaluation of the District's water supply, water use, water rights and water system. The information developed for Section 2 is the foundation for the sections that follow. The later sections use this information to consider how the District can improve its water conservation, water management and water supply planning efforts.

Section	Requirement
Section 1 – Municipal Water Supplier Plan Elements	<i>OAR 690-086-0125</i>
Section 2 – Municipal Water Suppliers Descriptions	<i>OAR 690-086-0140</i>

Section	Requirement
Section 1 – Municipal Water Supplier Plan Elements	OAR 690-086-0125
Section 3 – Municipal Water Conservation Element	OAR 690-086-0150
Section 4 – Municipal Water Curtailment Element	OAR 690-086-0160
Section 5 – Municipal Water Supply Element	OAR 690-086-0170

1.4 Affected Local Governments

OAR 690-086-0125(5)

The following governmental agencies may be affected by this WMCP:

- Lincoln County
- City of Toledo
- City of Siletz

Thirty days before submitting this WMCP to OWRD, the District made the draft WMCP available for review by each affected local government listed above along with a request for comments relating to consistency with the local government's comprehensive land use plan. The letters requesting comment are in Appendix A—no comments from local governments were received.

The District provided a copy of the draft WMCP as a courtesy to [REDACTED].

1.5 Plan Update Schedule

OAR 690-086-0125(6)

The District anticipates submitting an update of this WMCP within 10 years of the final order approving this WMCP. As required by OAR Chapter 690, Division 86, a progress report will be submitted within 5 years of the final order.

1.6 Time Extensions

OAR 690-086-0125(7)

The District is not requesting additional time to implement metering or a previous benchmark.

2. Municipal Water Supplier Description

This section satisfies the requirements of OAR 690-086-0140. This rule requires descriptions of the water supplier's water sources, service area and population, water rights, and adequacy and reliability of the existing water supply. The rule also requires descriptions of the water supplier's customers and their water use, the water system, interconnections with other water suppliers, and quantification of water loss.

2.1 Terminology

The following terminology is used in this WMCP.

Demand or system demand refers to the quantity of water treated at the District's water treatment plant (WTP) and water obtained from the District's interconnections with Toledo and Newport. The District began producing water at its WTP in 2022. Demand includes metered consumption (for example, residential, commercial, industrial, public, and irrigation customers), unmetered public uses (firefighting, hydrant flushing, other), and water lost to leakage, reservoir overflow, evaporation, and other factors.

Consumption is equal to metered water and unmetered, authorized water uses (e.g., system flushing).

Water loss is the difference between demand and consumption and is the sum of apparent and real losses. Generally, apparent losses include unauthorized consumption and meter inaccuracies, among other loss types, and real losses include leakage and distribution system reservoir overflows. OWRD's definition is as follows: "Water Losses" means a comparison of all water that enters into the Municipal Water Supplier's or Small Municipal Water Supplier's system and the Municipal Water Supplier's total Authorized Consumption.

Typically, demand and consumption in municipal systems are expressed in units of mgd, but also may be expressed in cubic feet per second (cfs) or gallons per minute (gpm). One mgd is equivalent to 1.55 cfs or 694 gpm. For annual or monthly values, a quantity of water is typically reported in million gallons (MG). Water use per person (per capita use) is expressed in gallons per capita per day (gpcd).

The following terms are used to describe specific values of system demands:

- Average day demand (ADD) equals the total annual production divided by 365 days.
- Maximum day demand (MDD) equals the highest system demand that occurs on any single day during a calendar year. It is also called the one-day MDD or peak day demand.
- Monthly demand equals the total volume of water produced in a month divided by the number of days in the month.
- Peaking factors are the ratios of one demand value to another. The most common and important peaking factors are the ratio of the MDD to the ADD and the ratio of peak hour demand to MDD.

2.2 Water Sources and Interconnections

OAR 690-086-0140(1) & (7)

Seal Rock relies on surface water to meet system demand. From approximately the late-1970s to 2022, the District relied primarily on water diverted from the Siletz River using its water use permit, Permit S-40277. The Siletz River intake and diversion facilities are located at river mile 40 and water is treated at a WTP in Toledo. A transmission system conveys water approximately 7 miles to the District with an interconnection at the District's distribution system.

In 2016, the District was issued Permit S-55012 authorizing diversion from Beaver Creek for municipal use. Following construction of the infrastructure to divert and treat this source in late 2022, Seal Rock began relying on this source of supply to meet all of its demands. Currently, the Siletz River can serve as a source of supply in the event water is not available under Permit S-55012.

The District has an interconnection with Newport that can serve as a source of supply during periods of water supply shortages (see Section 4 for more information). Exhibit 2-1 is a schematic that shows the location of the District's point of diversion along Beaver Creek, the transmission system, and major infrastructure components of the District's water system. Exhibit 2-2 identifies the point of diversion along the Siletz River and transmission system. (Exhibit 2-2 was obtained from the City of Toledo's Water System Master Plan, and thus contains information not pertinent to SRWD's system.)

2.3 Agreements

OAR 690-086-0140(1)

Seal Rock and Newport have a memorandum of understanding (MOU) that authorizes either entity to supply water to the other in the event of a physical failure or scheduled shutdown of any water supply facility. The MOU is perpetual. Seal Rock does not currently have a formal agreement with Toledo for water supply and both entities are negotiating an agreement currently.

Exhibit 2-1. System Schematic

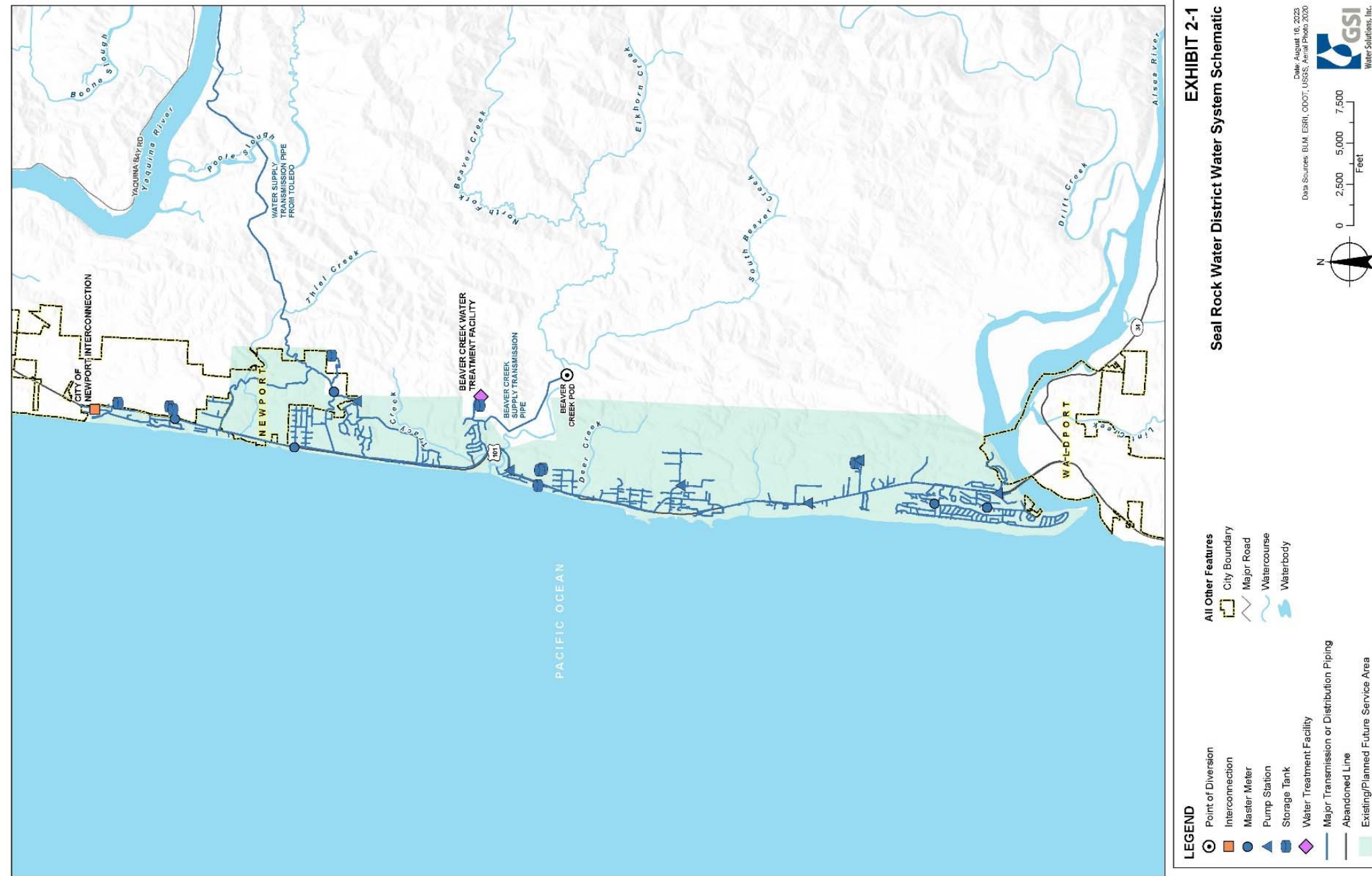
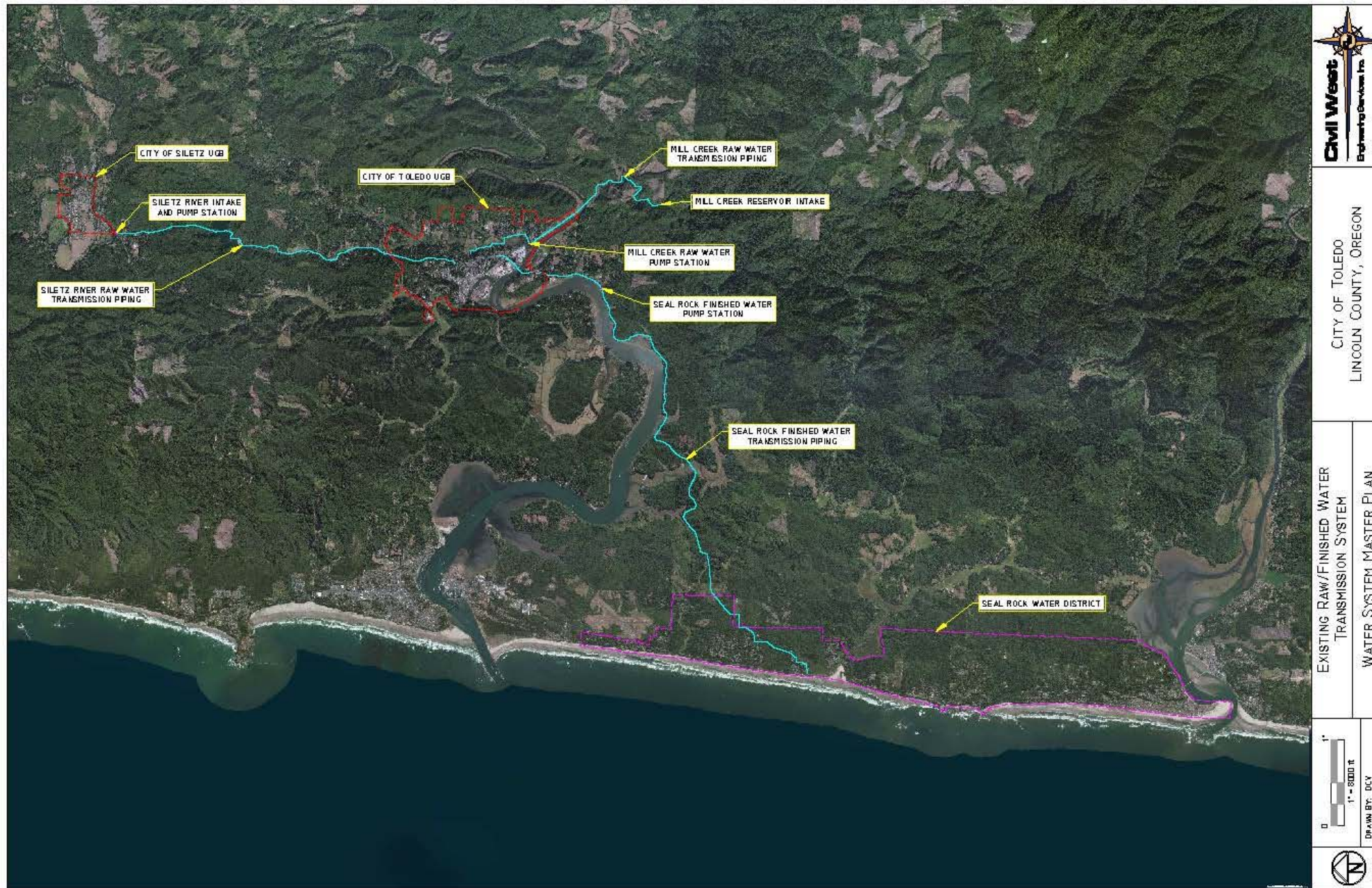


Exhibit 2-2. Siletz River Source of Supply



2.4 Current Service Area Description and Population

SRWD is located in Lincoln County, Oregon, approximately in the center of the County coastline (44°29'56"N, 124°04'55"W) in Townships 11S, 12S, and 13S in Range 12W and 11W. The District boundary extends from the north side of Alsea Bay at Waldport 11.5 miles northward to Henderson Creek near the Newport Municipal Airport. The District serves the coastline between Waldport and Newport and at no point extends more than 1.5 miles inland from the beach. The current SRWD service area encompasses 6,505 acres, or 10.2 square miles.

Since the District is an unincorporated community, detailed census data and other population figures of this area are not available. The District estimated its service area population by multiplying the number of residential metered accounts plus the total number of residential units associated with meters identified as commercial/multifamily by the estimated number of persons per household (PPH). Specifically, the District serves 2,594 residential accounts and an additional 89 residential dwelling units affiliated with commercial/multifamily-categorized meters for a total of 2,683 residential dwelling units. The U.S. Census Bureau estimates 2.23 persons per household in the County. The product of 2,683 residential dwelling units and 2.23 PPH provides an estimated service area population of 5,983.

2.5 Demand

OAR 690-086-0140(4)

2.5.1 Annual Demand

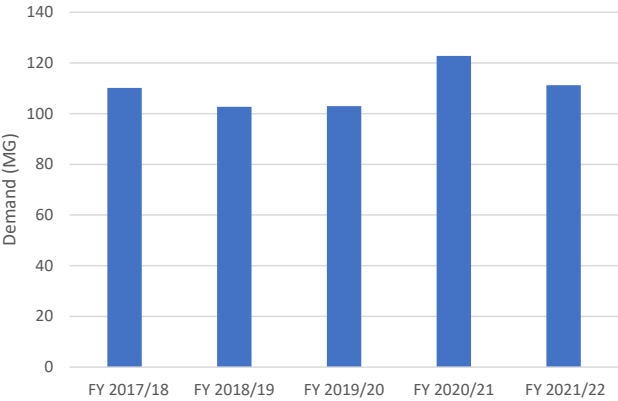
Exhibit 2-3 provides annual volumes, ADD, and MDD and a peaking factor from fiscal year (FY) 2017/18 to 2021/22. Annual demand for the District has fluctuated between 102.7 MG and 122.8 MG. These volumes are consistent with more historical volumes: the District's WMCP Progress Report shows a volume range of 108.2 MG to 128.3 MG.

Exhibit 2-3. Historical Water Demand, FY 2017/18 – 2021/22

Fiscal Year	Demand (MG)	ADD (gal)	MDD (gal)	MDD Month	Peaking Factor
2017/18	110.2	301,841	448,344	Aug	1.49
2018/19	102.7	281,414	411,621	Jul	1.46
2019/20	103.0	282,178	411,000	Jul	1.46
2020/21	122.8	336,396	406,838	Aug	1.21
2021/22	111.2	304,663	394,125	Aug	1.29

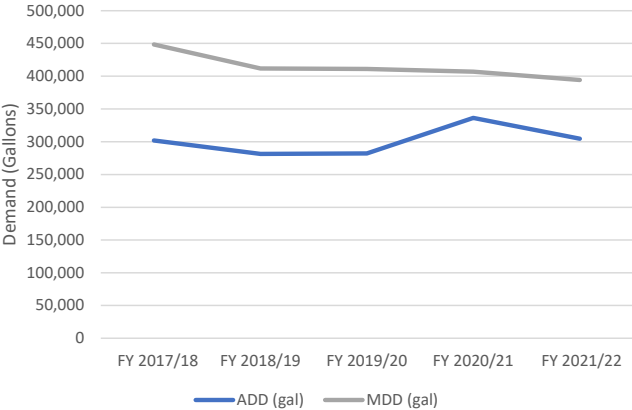
A chart of recent historical annual demand is presented in Exhibit 2-4.

Exhibit 2-4. Annual Demand, FY 2017/18 – 2021/22



ADD fluctuates with changes in annual demands. MDD highs typically are influenced by periods of dry, hot weather. The District experienced the greatest MDD in FY 2017/18 of 448,344 gallons. Exhibit 2-5 shows ADD and MDD for the previous five fiscal years.

Exhibit 2-5. ADD and MDD, FY 2017/18 – 2021/22



2.6 Customer Characteristics and Use Patterns

OAR 690-086-0140(6)

2.6.1 Customer Classes and Consumption

The District serves 2,649 customer meters categorized into Residential and Commercial classes. Of these, 2,594 meters serve Residential customers, representing 97.9 percent of all meters. The remainder of the meters (55) serve Commercial customers and represent 2.1% of all meters. The ratio of Residential to Commercial customer meter counts have remained similar over time based on a review of the District's 2014 WMCP. Residential customers include single family residences only. Some of the District's Residential customers are incorporated into the Commercial meter count as multifamily dwellings and RV and mobile home parks. The District estimates that there are 89 dwelling units affiliated with these customer types. The Commercial class also consists of commercial and retail establishments, such as restaurants and shops; institutional customers, such as the Seal Rock Fire Protection District firehouse and the Newport Municipal Airport; and District facilities; among other customers.

The annual consumption of both customer classes is shown in Exhibit 2-6 and graphically depicted in Exhibit 2-7. Despite the small number of Commercial customers relative to the number of Residential customers, the District's Commercial customers consume approximately 15 percent of all water annually. The District understands this imbalance in the small number of accounts represented by the Commercial customers and high consumption is likely due, in part, to the presence of Residential customers categorized within the Commercial class.

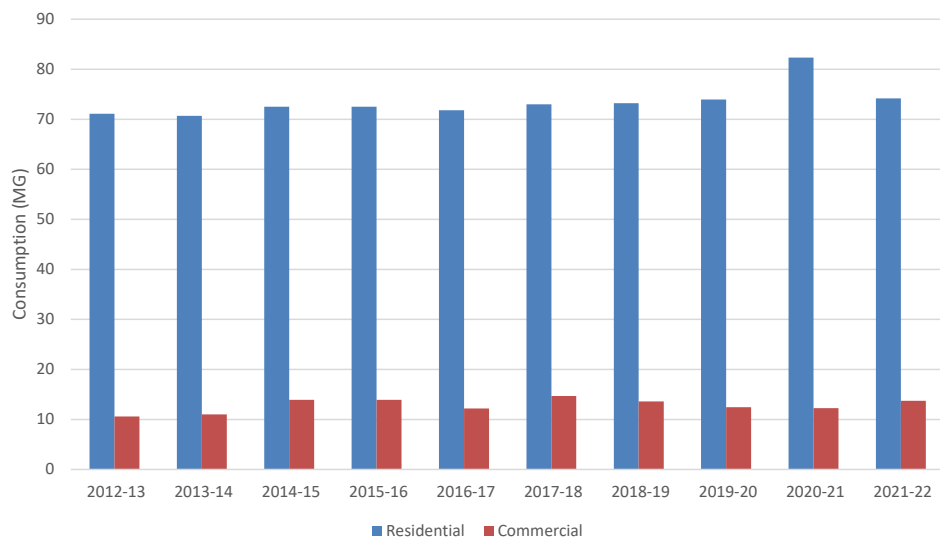
For the following two exhibits, historical consumption data before FY 2017/18 was obtained from the District's 2014 WMCP and 2019 WMCP Progress Report and data after FY 2017/18 was obtained from the District's utility billing system.

Exhibit 2-6. Annual Consumption (MG), FY 2009/10 - 2021/22

Fiscal Year	Residential ¹	Commercial ¹	Total
2009/10	-	-	87.9
2010/11	-	-	84.0
2011/12	-	-	84.0
2012/13	71.1	10.6	81.7
2013/14	70.7	11.0	81.7
2014/15	72.5	13.9	86.4
2015/16	72.5	13.9	86.4
2016/17	71.8	12.2	84.0
2017/18	73.0	14.7	87.7
2018/19	73.2	13.6	86.8
2019/20	73.9	12.4	86.4
2020/21	82.3	12.3	94.6
2021/22	74.2	13.7	87.9

¹ Consumption by customer class was not provided in the District's 2014 WMCP for FY 2009/10 through 2011/12.

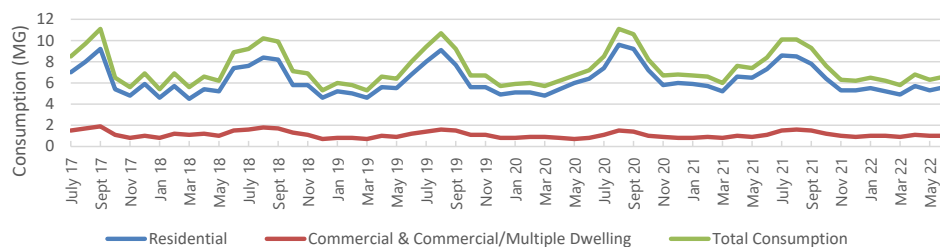
Exhibit 2-7. Consumption by Customer Class, FY 2012/13 - 2021/22



Consumption by the Residential and Commercial customer classes remained relatively consistent over this 10 year period except for a temporary and increase in Residential consumption for FY 2020/21. This temporary increase may be attributable to a greater number of people at home during the height of the pandemic.

The District’s water use shows that the monthly volume of consumption by customers varies by season, with consumption highest in the summer months and lowest in the winter months. This cyclical pattern is displayed in Exhibit 2-7 for each of the customer classes and in total and is most pronounced for the Residential class.

Exhibit 2-7. Monthly Consumption, 2017/18 - 2021/22



The primary reasons for these seasonal variations include increased outdoor water use in the form of irrigation and the seasonal influx of transient users. The District sought to understand the impacts of

seasonal variations in consumption by each customer class. The District compared FY 2021/22 Residential and Commercial consumption during the peak season months of July through September and during the winter months of December through February. As presented in Exhibit 2-8, the results show Residential customers' consumption increased by 56 percent from the winter to summer season in FY 2021/22 while consumption for the Commercial class increased 59 percent during those same months and fiscal year.

Exhibit 2-8. Seasonal Changes in Demand, FY 2021/22

	Winter Consumption ¹ (MG)	Summer Consumption ² (MG)	Percent Increase from Winter to Summer (%)
Winter Season (December - March)	26.7	13.1	56
Peak Season (June - September)	52.7	49.7	59

¹ Winter is defined as consumption in December through February.

² Summer is defined as consumption in July through September.

The similarity in percentage increases in peak season consumption indicates that one or both seasonal factors described above (tourism and outdoor uses of water) positively affect both customer classes.

2.6.2 Largest Customers

The District's 10 largest customers as measured by the volume of consumption in FY 2021/22 are Commercial class customers as shown in Exhibit 2-9. Summer season tourism is an important economic driver within the District's service area. Many of the businesses cater to this industry, including a majority of the District's 10 largest customers. A review of monthly consumption of these large customers shows that four consumed over five times the volume of water in July 2021 as compared to January 2020, an increase attributable to summer tourism.

Exhibit 2-9. Largest Customers by Consumption Volume, FY 2021/22

Customer Class	Consumption (gal)	Percentage of Total Consumption
Commercial	4,100,756	4.7%
Commercial (Multifamily)	3,189,920	3.6%
Commercial	1,321,662	1.5%
Commercial	743,484	0.8%
Commercial	623,640	0.7%
Commercial	289,276	0.3%
Commercial (Multifamily)	277,323	0.3%
Commercial	245,431	0.3%
Commercial	190,100	0.2%
Commercial	176,371	0.2%
Total	11,157,963	12.7%

2.7 Water Loss

OAR 690-086-0140(9)

The District performs annual water audits to estimate system water losses by subtracting consumption from demand. Consumption is the sum of metered and unmetered water volumes. In Exhibit 2-10, volumes in the “Metered & Billed” column represent quantities measured by service meters and billed to customers. Volumes in the “Other Authorized Uses” column includes estimates of consumption at hydrants (for flushing, fire department use, and contractor use), water quality stations, water use during valve exercises at the intertie with Newport, and water use at the District’s shop and office. The District’s annual water losses ranged from 16 percent (FY 2018/19) to 23.5 percent (FY2020/21).

Exhibit 2-10. Water Audit, FY 2017/18 – 2021/22

Fiscal Year	Demand (MG)	Consumption (MG)		Water Loss	
		Metered & Billed	Other Authorized Uses	Volume (MG)	Percentage (%)
2017/18	110.17	87.70	0.35	22.83	20.7%
2018/19	102.72	86.80	0.55	16.47	16.0%
2019/20	103.00	86.39	1.08	17.68	17.2%
2020/21	122.78	94.59	0.69	28.88	23.5%
2021/22	111.20	87.90	0.69	23.98	21.6%

The volumes of water losses reported in Exhibit 2-10 are not directly comparable to previous measures of losses. The District’s 2019 WMCP Progress Report included volumes of water used under the title “Accounted for Water Loss”. Appropriately, the volumes listed in the Progress Report included not only volumes of water associated with “Other Authorized Uses” as described in Exhibit 2-10 above, but also included estimates of accounted-for water losses due to known leaks. For this WMCP, the District has revised its calculation to exclude water loss estimates resulting from known leaks.

2.8 Water Rights

OAR 690-086-0140(5)

2.8.1 Summary of Water Rights

The District holds four surface water rights: Permit S-55021, Permit S-40277, and Certificates 32199 and 21390. The District’s water rights are summarized in Exhibit 2-11.

In 2015, the District applied for a new permit to use water from Beaver Creek, a tributary to the Pacific Ocean. OWRD’s Proposed Final Order to approve the application was protested by a third-party, which was resolved through a settlement agreement. Permit S-55012 was issued on October 3, 2016 and has a priority date of August 26, 2015. The permit authorizes the use of up to 2.0 cfs from Beaver Creek for municipal use and includes a number of conditions, including a condition that prohibits the District from withdrawing water from the Siletz River under Permit S-40277 unless water is not reasonably available under Permit S-55012. Further, the use of water under Permit S-55012, in combination with use under Permit S-40277, cannot exceed a total of 2.6 cfs. The District began using water under this

permit in April of 2022, fully transitioned to Beaver Creek as its primary source of supply in October 2022, and ceased diversions from the Siletz River at that time.

Certificate 32199 authorizes use of up to 0.4 cfs for municipal uses from Hill Creek (Deer Creek) with a priority date of 10/1/1959. Certificate 21390 authorizes use of up to 1.0 cfs for municipal uses from Henderson Creek with a priority date of 5/17/1948. (This water right was acquired as part of new service area being incorporated into the District in 1964). Consistent with the above-described settlement agreement, the District filed an application for a time-limited instream transfer (Transfer T-12765) for Certificates 21390 and 32199 to protect the water rights instream for 99 years. OWRD approved Transfer T-12765, which protects 1.0 cfs in Henderson Creek and 0.4 cfs in Hill Creek, from the points of diversion to the mouth of each creek, year-round. Transfer T-12765 protects the water instream for conservation, maintenance and enhancement of aquatic and fish life, wildlife, fish and wildlife habitat and other ecological values, recreation, and pollution abatement. The final order approving the transfer provides that the transfer will run through December 31, 2118 and that the District will only request early termination of the transfer if the water under these certificates is needed for municipal purposes and water is not reasonably available under Permit S-55012.

The District also holds Permit S-40277, which authorizes the District to use up to 2.6 cfs from the Siletz River for municipal use. Permit S-40277 has a priority date of February 28, 1973. The District historically used the Siletz River as its primary source of supply and obtained all its water supply via an interconnection with the City of Toledo, but now relies on this right as back-up in the event water is not reasonably available under its Beaver Creek permit.

**Municipal Water Supplier Description
2023 Water Management and Conservation Plan**

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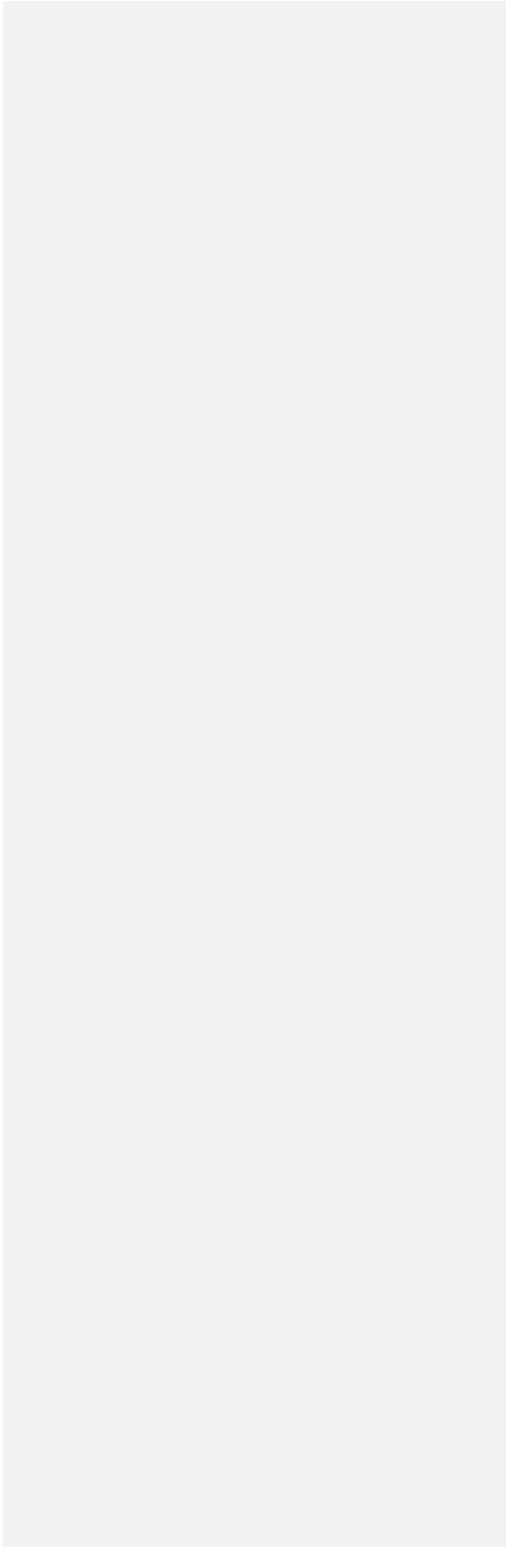


Exhibit 2-11. Water Rights

Application #	Permit #	Certificate #	Transfer #	Priority Date	Authorized Completion Date	Source	Type of Beneficial Use	Allowed Rate (cfs)	Maximum Withdrawal To Date		2022 Average Withdrawal (2)		2018-2022 Average Withdrawal (2)	
									cfs	Annually (MG) (1)	Monthly (MG)	Daily (gallons)	Monthly (MG)	Daily (gallons)
S-23182	S-18315	21390	Time-limited transfer T-12765 (Approved)	5/17/1948	N/A	Henderson Creek	Municipal Instream (through 12/31/2118)	1.0	Instream rate: 1.0 cfs	Instream volume: 235.9 MG	N/A		N/A	
S-33398	S-26489	32199	Time-limited transfer T-12765 (Approved)	10/1/1959	N/A	Hill Creek, a tributary of the Pacific Ocean	Municipal Instream (through 12/31/2118)	0.4	Instream rate: 0.4 cfs	Instream volume: 94.4 MG	N/A		N/A	
S-50094	S-40277	N/A	Permit Amendment T-11464 (Withdrawn)	2/28/1973	10/1/2043	Siletz River	Municipal	2.6	0.96 cfs (3)	135.6 MG	6.4	210,240.0	27.6	920,998.0
S-88124	S-55012	N/A	N/A	8/26/2015	10/3/2036	Beaver Creek, a tributary of the Pacific Ocean	Municipal	2.0	2.0	28.9 MG	2.4	79,302.0	(4)	(4)

(1) Annual is defined as the water year for the purposes of this table, not the calendar year.

(2) Annual, monthly, and daily volumes for each water right are derived from OWRD's water use reporting site which is based on water years.

(3) OWRD placed a development limitation on the District's ability to use Permit S-40277 to 1.82 cfs in the final order approving the District's previous WMCP. Water withdrawals began in water year 2022, thus five year average withdrawal values will be too small to display.

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2.8.2 Aquatic Resource Concerns

OAR 690-086-140(5) requires municipal water suppliers to identify the following for each of its water sources: 1) any listing of the source as water quality limited (and the water quality parameters for which the source was listed); 2) any streamflow-dependent species listed by a state or federal agency as sensitive threatened or endangered that are present in the source; and 3) any designation of the source as being in a critical groundwater area.

The District's sources of supply are Beaver Creek and the Siletz River. (The District also has water rights authorizing diversions from Hill and Henderson Creeks, however these were transferred for time-limited instream use for 99 years.) As part of a federal and state effort to protect Oregon streams from pollutants, every two years the Clean Water Act requires Oregon Department of Environmental Quality's (DEQ) to assess or re-assess water quality and report to the Environmental Protection Agency on the condition of Oregon's waters. The Clean Water Act Section 303(d) requires the DEQ to identify impaired water bodies--those that do not meet water quality standards--and where a pollutant load limit needs to be developed for additional regulation.¹

The District searched DEQ's 2022 Integrated Report for water body impairments.² DEQ categorized the Beaver Creek (Assessment Unit OR_SR_1710020505_02_106047) on DEQ's 303(d) list as an impaired water body for temperature year-round and spawning, alkalinity, and dissolved oxygen. The Siletz River is on DEQ's 303(d) list of water quality limited streams for temperature year-round and spawning, alkalinity, turbidity, and dissolved oxygen at river mile 40, the District's point of diversion. Hill and Henderson Creeks are not listed as water quality impaired.

Beaver, Hill, and Henderson Creeks and the Siletz River may support several fish species that are listed as threatened, endangered, or sensitive under state or federal laws. Exhibit 2-12 shows the listed fish species potentially located at or near the District's points of diversions.

The District does not have any sources of groundwater supply, so there are no sources within a critical groundwater area.

¹ Source: Oregon Department of Environmental Quality's (DEQ) Assessment Database from DEQ's 2022 Integrated Report

² https://rstudioconnect.deq.state.or.us/2022_IR_Database/

Exhibit 2-12. Listed Fish Species Potentially Located in Sources of Supply

Common Name	Federal Listing Status	State Listing Status
Summer steelhead	Not Listed	Sensitive
Spring Chinook salmon	Not Listed	Sensitive
Oregon Coast Coho salmon	Endangered	Sensitive
Chum salmon	Not Listed	Sensitive-Critical
Bull trout	Threatened	Not Listed
Umpqua chub	Not Listed	Sensitive-Critical
Pacific lamprey	Not Listed	Sensitive
Western Brook lamprey	Not Listed	Sensitive
Western River lamprey	Not Listed	Sensitive
White sturgeon	Not Listed	Sensitive
Green sturgeon	Not Listed	Sensitive

- State of Oregon Sensitive Species List (2019)-- https://www.dfw.state.or.us/wildlife/diversity/species/docs/Sensitive_Species_List.pdf
- Endangered Species Act Listing for West Coast Salmon and Steelhead, National Oceanic and Atmospheric Administration (2016)-- https://archive.fisheries.noaa.gov/wcr/publications/gis_maps/maps/salmon_steelhead/critical_habitat/wcr_salmonid_ch_esa_july2016.pdf
- Oregon Conservation Strategy-- <http://oregonconservationstrategy.org/ocs-strategy-species/fish/>

2.8.3 Assessment of Water Supply

OAR 690-086-0140(3)

Since late 2022, the District has relied on the use of water from Beaver Creek under Permit S-55012 to meet its water system demands. This supply has proven both adequate and reliable over the short duration during which the District has used this source and the District anticipates this source will continue to meet its needs beyond the 20 year planning period of this WMCP.

As required by Permit S-55012, the District has monitored streamflow of Beaver Creek near its diversion point annually since 2018 from May 15 to October 15. The streamflow measurements reveal flows well in excess of the District’s authorized diversion rate of 2 cfs. Nine water rights on Beaver Creek are senior to Permit S-55012. These senior rights authorize a total of 1.665 cfs for domestic and irrigation uses. Streamflow monitoring indicates that the creek can meet water demands under these senior water rights and the District’s right throughout the year.

The salinity of Beaver Creek can increase during high tides coupled with low creek levels. The District’s intake facility in the creek has been designed to accommodate for these events, thereby reducing the likelihood that the District must seek a back-up source of supply when salinity levels increase in the creek. The District closely monitors creek water quality and has only once experienced a salinity events requiring use of the District’s back-up supply sources.

The District can rely on the Siletz River as a back-up source of supply under Permit S-40277 (2.6 cfs). This right is junior in priority to an instream water right (ISWR), Certificate 67712, which has a priority date of July 12, 1966. Summer flows in the Siletz River can drop below the flows protected by the ISWR, which means the District’s use of water under Permit S-40277 could be regulated in favor of the ISWR.

Conditions in Permit S-55012 link the use of water under that permit and Permit S-40277. More specifically, the authorized diversion rate under Permit S-55012, in combination with Permit S-40277 is limited to a total of 2.6 cfs. In addition, Permit S-55012 restricts water use from the Siletz River under Permit S-40277 only to times when water is not reasonably available under Permit S-55012. Despite these potential impediments to use of the Siletz, the Siletz River remains an important source of back-up supply for the District.

2.9 System Description

OAR 690-086-0140(8)

The District's water system consists of an intake structure to divert water from Beaver Creek, transmission main to convey water to the District's WTP, a WTP, and a distribution system. The WTP is capable of treating 1.5 mgd. The District's distribution system consists of seven pump stations, three active storage tanks capable of storing 3 MG, and distribution lines. These are shown in Exhibit 2-1. The District's maintains two interconnections for back-up supply with the Cities of Toledo and Newport.

**Municipal Water Supplier Description
2023 Water Management and Conservation Plan**

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3. Water Conservation Element

This section addresses the requirements of OAR 690-086-0150(1) through (5). This rule requires a description of specific required conservation measures and benchmarks and other conservation measures implemented by the District.

The Seal Rock Water District's 2014 WMCP described a conservation program designed to lower water demands by encouraging efficient use of water. The following sections are intended to detail the progress of the District's conservation program since 2014, describe its current conservation program, and outline the District's future program plans.

3.1 Progress Report

OAR 690-086-0150(1)

The District's 2014 WMCP identified water conservation measures' benchmarks that the District intended to accomplish within five years. The District described progress implementing these measures and meeting the benchmarks in its 2019 WMCP progress report. Appendix B presents an update on the status of the District's progress toward meeting these 2014 WMCP's benchmarks since publication of its 2019 WMCP progress report.

3.2 Other Conservation Measures

OAR 690-086-0150(3)

In addition to the measures described below, the District continues to provide dye strips to customers that are used to determine toilet leaks from toilet tank to bowl. The District also continues to monitor and maintain 11 pressure reducing valves (PRVs) in multiple locations throughout the service area. Nine of these PRVs were rebuilt in 2019 and the remaining two PRVs were replaced in 2020. Of the several purposes of PRVs in a water distribution system, PRVs help reduce flow rates of fixtures, appliances, and other devices used by customers in order to promote water savings.

3.3 Measurement and Reporting

OAR 690-086-0150(2)

SRWD has a water use measurement and reporting program that complies with the measurement standards in OAR Chapter 690, Division 85. Specifically, SRWD's diversions are recorded at the point of diversion at Beaver Creek. The District's water use records for Permits S-40277 and S-55012 can be found on the OWRD Web page (http://apps.wrd.state.or.us/apps/wr/wateruse_report/).

3.4 Required Conservation Measures

OAR 690-086-0150(4)(a-e)

OAR 690-086-150(4) requires that all water suppliers establish 5-year benchmarks for implementing the following water management and conservation measures:

- Annual water audit
- System-wide metering
- Meter testing and maintenance
- Unit-based billing
- Water loss
- Public education

The District's program includes all of these conservation measures. In the following sections, the District describes these measures and identifies associated benchmarks for each.

3.4.1 Annual Water Audit

A water audit is an analysis of the water system that includes a thorough accounting of all water entering and leaving a water system. One of the primary purposes of an audit is to identify volumes of water loss. A water audit also can promote an analysis of the water supplier's own water use that can help identify losses and, in turn, implement measures to reduce losses under the water supplier's control.

The District's methodology of estimating annual water losses and the inputs used by the District for its audits are described in Section 2.7. As noted in Section 2.7, the District performed a water audit for FY 2017/18 through 2021/22, revealing an estimated water loss for FY 2021/22 of 21.6 percent.

The District has performed periodic analyses of its own water use to determine alternatives to increase efficiency. The District has an ongoing line replacement program to help reduce leaks as described in Section 3.4.5. As part of the updating of the District's next water master plan, the District will identify aging lines to replace as a means to prevent leaks. The District also does not irrigate landscaping of its facilities, thereby reducing the District's contribution to seasonal demand. Additionally, the utility billing system automatically alerts the District to excessive usage at its facilities which could indicate a leak. While no major leaks have occurred at District facilities within the last five years, if a leak did occur, the District would respond and repair the leak immediately, thereby reduce losses. Finally, the District replaced all 11 water distribution system pressure reducing valves (PRV) within the previous four years, ensuring adequate pressure is maintained in the system and is not too high to cause excessive discharge from fixtures, appliances, and other water-using devices.

Five-Year Benchmarks

- Continue to perform annual audits.
- Establish and implement a pipeline replacement program based on a new CIP associated with WMP development by FY 2026/27.

- Continue to reduce the District's own impact on peak season demand by not irrigating District facilities.

3.4.2 System-wide Metering

All water connections are fully-metered and the District installs meters for all new water connections.

Five-Year Benchmark

- Continue to maintain meters at all service connections and require installation of meters on all new water connections.

3.4.3 Meter Testing and Maintenance

Seal Rock replaced all service meters as of August 2018 with meters equipped with Advanced Meter Infrastructure (AMI). Given their age, these meters have a low failure rate and are well below the expected 20 year meter lifespan. The District has found that meter testing is not necessary or cost-effective for meters of this age and size. Instead, the District's utility billing staff identify potentially failed meters based on monthly meter readings. In these cases, Seal Rock inspects these meters for proper functioning. Approximately 12 to 15 meters are inspected monthly for failure. Those that have failed are replaced. In addition, all meters are inspected (but not tested) annually.

Seal Rock has master meters located at the diversion point on Beaver Creek and at the interties of Newport and Toledo. The Beaver Creek master meter was installed during construction of the District's WTP in 2020 and is within the industry standard lifespan of 20 years for meters. The meters at the interties are magnetic meters. The meter at the Toledo intertie was installed in 2015 and recalibrated in 2021. The Newport intertie master meter was installed in 2015 and recalibrated in 2022. The District intends to establish a program to test these master meters and the master meters installed within its distribution system and will implement this program thereafter.

Five-Year Benchmark

- Continue to inspect meters suspected of failure and replace these as needed.
- Establish a master meter testing and maintenance program by FY 2027/28 and implement the program thereafter.

3.4.4 Water Rate Structure

The District's water rate structure includes a base fee plus tiered rates based on the volume of usage. The tier rate structure is progressive such that each tier beyond tier 1 has a higher rate than its lower tier. One of the benefits of these types of structures is that customers receive pricing signals for greater water use that may encourage water conservation. Seven tiers are applied to SRWD's domestic customers' usage and six tiers to its Commercial customers. The rates for customers outside the District's boundaries are assessed a surcharge of 50% compared residential customers inside the service area. Appendix C provides current customer rates.

Five-Year Benchmark

- Continue to inspect meters suspected of failure and replace these as needed.

- Establish a master meter testing and maintenance program and schedule by FY 2027/28 and implement the program thereafter.

3.4.5 Water Rate Structure

The District's water rate structure includes a base fee plus tiered rates based on the volume of usage. The tiered rate structure is progressive such that each tier beyond tier 1 has a higher rate than its lower tier. One of the benefits of these types of structures is that customers receive pricing signals as they increase water use that may encourage water conservation. Seven tiers are applied to SRWD's domestic customers' usage and six tiers to its Commercial customers. The rates for customers outside the District's boundaries are assessed a surcharge of 50% compared residential customers inside the service area. Appendix C provides current customer rates.

Five-Year Benchmark

- Continue to bill customers based, in part, on the volume of water consumed.

3.4.6 Water Loss Analysis

The District's water audit identified a water loss in FY 2021/22 of 21.7 percent. The District strives to achieve a water loss target of 10 percent or less through its comprehensive water loss reduction program. This program consists of: 1) leak detection surveys within the distribution system, 2) service and master meter replacements, 3) service meter inspections, and 4) line replacement and repair. Periodically, the District performs distribution system leak detection surveys consisting of the use of echolocation equipment to detect leaks. These surveys are conducted by a contractor that specializes in leak detection. The most recent survey was conducted in FY 2021/22 and revealed numerous leaks in lines that were subsequently repaired or the leaking lines were replaced. As part of the District's effort to pinpoint the location of leaks discovered during the survey, the District conducted more thorough surveys in two residential areas. Water lines in these areas are buried in sand, making leaks difficult to visually detect given the porosity of sand enabling water to percolate into the sand rather than surface. This additional leak detection effort allowed the District to identify the location of these leaks and make the necessary repairs.

The District has seven master meters installed throughout the distribution system that allow the District to isolate segments of the distribution system for leak detection purposes, among other uses. With the completion of a project in 2018 to replace all service meters with meters fitted with Advanced Metering Infrastructure (AMI) technology, the District has been able to perform simple water audits daily for each isolated distribution system segment by comparing registered volumes measured at the master meters associated with each segment to consumption of customers located within those segments. Through these audits, the District identifies segments of the water system to target for additional water line leak detection efforts followed by pipeline repair or replacement as needed.

The District also conducts periodic inspections of the inline distribution system reservoirs, with the latest inspection occurring in FY 2021/22; these inspections revealed no leaks.

As an additional means to reduce losses, the District replaced all of its service meters by 2018 with AMI-capable meters, as previously noted. These new meters more accurately register water consumption by customers than the meters the District replaced, thus improving the accuracy of water audits. Moreover,

Commented [TH1]: Note to District: Please confirm.

water consumption is tracked nearly instantaneously, enabling the District to identify and flag accounts that register continuous flows at individual customer meters when continuous flows are not expected, such as the early morning hours. Detection of unusual flows that may be leaks are reported by the District to its customers upon discovery. This service has had a measurable impact on water losses for the District's customers as measured by lost revenue for the District. (Note that these water losses do not impact the District's water loss volumes since all water at service connections is metered.) Given the recent replacement of service meters, the District has observed a very low meter failure rate (a few a year). However, when the District suspects meter failure, staff will inspect these meters and replace the meters as needed. Finally, all service meters are inspected annually by District staff to ensure proper functioning.

The master meters noted above and those at interconnections and associated with the WTP are nine years old or newer, well within the average useful meter life of 20 years, the industry standard. The master meter at the District-Toledo interconnection was tested and calibrated in 2021. The District intends to establish a master meter testing program within two years to have a system for regularly confirming that these meters register flows within manufacture specifications.

The District has an aggressive and proactive replacement program for aging pipelines or pipelines that are constructed with material prone to leakage. Since publication of the District's 2010 WMP, the District has performed a majority of the line replacements identified in the WMP's capital improvement plan (CIP). Over \$5M was spent on pipeline replacement during this period. For example, 61,360 linear feet of pipeline was replaced throughout SRWD's service area from 2014 through 2016. The District will be updating its WMP in the near future, and through this process, will select additional pipelines for replacement as needed to prevent future losses. In addition to these major distribution system water line replacement projects, the District replaces lines lateral to main distribution lines upon discovery of a leak (see above for information about the method the District uses to identify system leaks).

OAR 690-086-150(4)(e) requires that a municipal water provider with water loss over 10 percent must provide a description and analysis identifying potential factors for the loss and selected actions for remedy within two years of issuance of a final order by OWRD for this WMCP. If, after five years, water losses are greater than 10 percent, the municipal water provider will develop and implement a regularly scheduled and systematic program to detect and repair leaks in the transmission and distribution system, a line replacement program, or a water loss control program consistent with American Water Works Association's standards. To meet this rule, the District will provide a description and analysis to OWRD as required.

Given that water losses are above 10 percent despite the District's aggressive efforts to implement industry-standard practices used to reduce leakage, the District intends to perform an in-depth water audit. This audit should reveal potential reasons for losses and will be used to seek remedies to reduce those losses.

Five-Year Benchmark

- Continue to conduct leak detection surveys by water system segment.
- Continue to repair or replace leaking pipelines upon discovery.
- Establish and implement a pipeline replacement program based on a new CIP associated with

WMP development by FY 2026/27.

- Continue to monitor for potentially failed meters, inspect those meters, and repair or replace meters as needed.
- Continue to inspect meters annually.
- Establish a master meter testing and maintenance program by FY 2025/26.
- Perform a water audit based on the American Water Works Association’s water audit tool by FY 2024/25.

3.4.7 Public Education

The District has a public education program designed to encourage efficient indoor and outdoor uses of water, which includes promoting water conservation through a variety of outreach methods and conducting in-person outreach.

The District manages a conservation webpage, found at <https://www.srwd.org/water-conservation-ways-you-can-conserve>. This webpage provides numerous conservation tips and other educational information, including links to other websites with additional water conservation information, including a link to the Mid-Coast Water Conservation Consortium (Mid-Coast Water) website.

Starting in 2021, SRWD partnered with other water providers in the region to establish Mid-Coast Water. One of the purposes of Mid-Coast Water is to produce water conservation outreach materials for members to meet their outreach needs and to provide consistent messaging across the Mid-Coast. This effort is particularly focused on outreach during the summer and upon declaration of a drought by Lincoln County and the State of Oregon. The District disseminates outreach materials produced by Mid-Coast Water in addition to taking advantage of other conservation-related opportunities provided by Mid-Coast Water. Outreach materials include billing inserts and messages, social media posts, press releases, newsletter articles, and website content for individual member websites. The District utilizes many of these materials in its outreach efforts to its customers and customizes some as needed to include information about Beaver Creek. In addition, Mid-Coast Water maintains a Mid-Coast Water website devoted to water conservation: www.midcoastwater.org. Information found on this website includes indoor and outdoor conservation tips, news and events, and educator resources. Mid-Coast Water also developed an elementary school classroom lesson on the topic of water conservation in January 2022.

Another important component of the District’s educational program includes in-person outreach to customers. The District has provided seminars targeting the four active homeowner associations within its service area and performed community meetings, both on the topics of proposed water system improvements and efficient uses of water. The District intends to continue to offer these types of events to its customers as opportunities arise.

Five-Year Benchmarks

- Continue to be a member of Mid-Coast Water and to use the outreach materials and services available to educate the District’s customers.

- Continue to maintain the District’s website with conservation information.
- Continue to meet with community groups to discuss conservation as opportunities arise.

3.5 Additional Conservation Measures

OAR 690-086-0150(5)(a-e)

OAR 690-086-0150(5) requires municipal water suppliers that serve a population greater than 1,000 and propose to expand or initiate the diversion of water under an extended permit for which resource issues have been identified, or if the population served is greater than 7,500, to provide a description of the specific activities, along with a five-year schedule to implement several additional conservation measures. The District proposes to expand or initiate the diversion of water under an extended permit with resources issues; therefore, OAR 690-086-0150(6) applies.

3.5.1 Technical and Financial Assistance Programs

The District provides free indoor and outdoor water conservation kits to its customers. The indoor water conservation kit contains a showerhead, bathroom faucet aerators, kitchen faucet aerators, and toilet leak detection tablets. The outdoor water conservation kit contains a multi-spray hose nozzle, rain gauge, soil moisture meter, and water conservation wheel with water conservation tips. The District also distributes some items individually on occasion, such as toilet leak detection tablets.

Technical assistance is provided to customers in order to help customers reduce leaks. When customers contact the District about suspected leaks, District staff will research customer usage, for example, searching for signs of usage when none is expected (early morning hours) that may not have been caught by the utility billing (UB) system. If usage is discovered, District staff will alert the customer of a possible leak and recommend the customer conducts a leak detection survey throughout the home. The District’s webpage has information on how to detect toilet leaks for customer reference. The District will contact customers if leaks are suspected when alerted by the UB system, as well.

Five-Year Benchmarks

- Continue providing conservation kits to customers.
- Continue to provide technical assistance to customers when leaks are suspected on the customers' side of meters.
- Continue to provide leak detection information to customers on conservation webpage.

3.5.2 Supplier-Financed Retrofit or Replacement of Fixtures

The District is considering expanding its conservation program to include one or more rebates for the purchase and installation of high efficiency fixtures through Mid-Coast Water. Mid-Coast Water plans to apply for funding to support development and implementation of this rebate program in Fiscal Year 2023-2024. The exact types of rebates have yet to be determined. If funding is secured, SRWD will consider participation in the rebate program by offering these rebates to its customers. The District’s decision will be based on the required resources of the District necessary to implement and maintain the program and type of rebate(s) offered. Regarding rebate type, the District may be interested in a

toilet rebate program that would encourage adoption of toilets capable of 1.28 gallons per flush (gpf) or less, which is less than the current federal standard of 1.6 gpf.

Five-Year Benchmark

- Evaluate participation in a rebate program sponsored by Mid-Coast Water if and when it becomes available.

3.5.3 Rate Structure and Billing Practices that Encourage Conservation

Seal Rock bills customers monthly based on an inclining block rate structure. The upper tier rates are nearly five times the lowest tier rates, sending a strong pricing signal to users to use water efficiently. Monthly billing offers timely information on consumption to allow customers to adjust habits toward efficient use more quickly than less frequent billing cycles.

Five-Year Benchmarks

- Continue billing customers monthly for the amount of water used, at least in part.
- Continue to promote water conservation in water bills.

3.5.4 Water Reuse, Recycling, and Non-potable Opportunities

The District has limited opportunities for water reuse in its service area. The District currently recycles process water from its WTP.

In addition, the District participates in the Mid-Coast Water Planning Partnership (www.midcoastwaterpartners.com), which is a group of stakeholders in the Mid-Coast that is working to implement more sustainable water supply solutions in the region, such as water reuse. The Department of Environmental Quality discussed water reuse at the Planning Partnership meeting in November 2023. The District will continue to learn about opportunities for water reuse.

Measure Benchmark

- Continue to participate in the Mid-Coast Water Planning Partnership to identify potential reuse opportunities.
- Continue recycling process water at the WTP.

3.6 Other Measures

The District is a member and the fiscal agent of Mid-Coast Water and the Mid-Coast Water Planning Partnership. The District's memberships and the critical roles it fills for both groups highlight the District's commitment to water conservation.

Measure Benchmark

Maintain membership with Mid-Coast Water and the Mid-Coast Water Planning Partnership.

4. Water Curtailment Element

This section satisfies the requirements of OAR 690-086-0160. This rule requires a description of past supply deficiencies and any current capacity limitation. It also requires inclusion of stages of alert and the associated triggers and curtailment actions for each stage.

4.1 Introduction

A water curtailment plan is intended to reduce water consumption to sustainable levels, usually as the consequence of a water supply/service emergency or interruption. In accordance with OAR 690-086-0160, each water supplier must develop a curtailment plan with specific event triggers, operating guidelines for various event stages, and measures to reduce consumption.

Most water systems have critical elements that, if damaged or destroyed, would restrict or prevent the delivery of treated water to consumers. Situations that could create a water supply shortage for the District include, but are not limited to: drought; contamination of Beaver Creek; long-term interruption of power supply to the WTP; major water transmission line break or distribution system facility failure; fire in the source water watersheds; tsunami, or earthquake. This curtailment plan provides the District with a "roadmap" for navigating and managing shortages.

4.2 History of System Curtailment Episodes

OAR 690-086-0160(1)

The District experienced water supply shortages in 2018, 2019, and 2021 caused by drought conditions in the region and drought impacts on the District's source at that time, the Siletz River. This drought reduced flows in the Siletz River, a key source of supply of the District and the Cities of Toledo, Newport, and Siletz, requiring implementation of curtailment. On August 20, 2018 and September 6, 2019, and in July 2021 these water providers' released a joint message to customers requesting voluntary reductions in water use. The District implemented Stage 2 of its curtailment plan in these years and lifted curtailment following increased river flows resulting from run off from fall rains that were adequate to increase river flows.

4.3 Capability Assessment

The District evaluated its ability to provide water during the events identified above that may cause supply shortages and determined that it will be able to continue to meet demand for some of these events at least for a short duration. The District has interconnections with the Cities of Newport and Toledo and these water providers may be able to provide water to the District during events specific to the District, such as a WTP failure. However, during events that affect surface waters regionally, for example a drought, these providers may not have the ability to provide water to the District. In these and other instances when emergency supplies are not available from neighboring water providers, the District may rely on its storage capacity short-term, amounting to 3 MG, for approximately 10 days, assuming these reservoirs are full and demand is near its historical average ADD of 0.3 mgd at the time

of shortage. In the event of a power failure, the District has back-up power supplies to maintain full service to its customers.

The District does not have a capacity limitation currently that prevents the District from meeting demands since all its infrastructure is sized appropriately.

4.4 Curtailment Stages and Initiating Conditions

OAR 690-086-0160(2) and (3)

The District developed a four-stage curtailment plan to be invoked in the event of a water supply shortage. These stages are of increasing severity and could be initiated and implemented in progressive steps or a later stage could be implemented directly. The plan includes both voluntary and mandatory measures, depending upon the cause, severity, and anticipated duration of the shortage.

Exhibit 4-1 presents the four curtailment stages, as well as their initiating conditions (i.e., triggers). Initiation of a curtailment stage is based on the specific circumstances of the actual event. The decision to implement curtailment will also consider the knowledge and judgment of District staff members familiar with the water system. Staff members may evaluate such considerations as assessments of the extent of system damage or contamination, duration of repair, costs, fire hazards, and weather forecasts.

Exhibit 4-1. Curtailment Stages of Alert and Initiating Conditions

Curtailment Stages	Initiating Conditions
Stage 1	Declining trend in storage volumes observed and anticipated to continue, potentially dropping below volumes required to maintain minimum fire flows in one or more reservoirs.
Stage 2	Declining trend in storage and failure to replenish above the level required to maintain minimum fire flows in one or more reservoirs over a two day period.
Stage 3	A declining trend in storage and failure to replenish above the level required to maintain minimum fire flows in one or more reservoirs over a three day period.
Stage 4	<ul style="list-style-type: none"> • A declining trend in storage and failure to replenish above the level required to maintain minimum fire flows in one or more reservoirs over more than a three day period. • Immediate loss of one or more sources of supply or significant reduction in production capability of one or more sources of supply. • Immediate failure or near failure of primary infrastructure (e.g. WTP or significant distribution line) resulting in major reduction of system capacity to meet demand

4.5 Curtailment Measures

OAR 690-086-0160(4)

The following measures are intended to curtail use of water by customers voluntarily (Pre-Curtailment and Stage 1) or as required by the District (Stages 2 through 4) and use by the District. The District may approve additional curtailment measures or modify these measures. None of the following curtailment measures are intended to jeopardize the health and safety of the public.

4.5.1 Stage 1 (Voluntary)

The District will issue a general request for voluntary reductions in water use by all users using the following curtailment measures:

1. Inform community of the curtailment stage, such as through billing inserts, social media, signage, and the District website.
2. Strongly encourage effective water conservation practices, *such as repairing indoor leaks and installing more water-efficient water fixtures, like showerheads and faucet aerators*. Offer water conservation items (e.g., conservation kits, showerheads, and faucet aerators) to customers.
3. Request voluntary reduction in water consumption, such as:
 - Restrict irrigation of lawns, gardens, and landscaping to the hours from 9:00 PM to 7:00 AM).
 - Cease outdoor washing of equipment, vehicles, pavement, or other facilities.
 - Cease draining or filling pools and ponds.
 - Cease operation of public-display fountains and waterfalls and irrigation of public lands.
 - Cease scheduled flushing of water lines and fire-fighting drills.

4.5.2 Stage 2 (Mandatory)

In Stage 2, voluntary measures from Stage 1 become mandatory and the District adds the following:

1. Require high-volume consumers (e.g., restaurants, hotels/motels, recreation centers) to post notices about mandatory conservation measures; and require restaurants to only serve drinking water served upon request.
2. Suspend any planned expansions of water system, including the addition of new connections.
3. *Cease flushing of water lines.*
4. *Work with Commercial and industrial customers to reduce non-essential water use.*

4.5.3 Stage 3 (Mandatory)

In Stage 3, mandatory measures are carried over from Stage 2 unless modified below and new measures are added.

1. *Prohibit use of non-recirculating hot tubs, whirlpools, or spas.*
2. *Prohibit water usage for all outdoor purposes (unless gray water is utilized).*
3. *Prohibit use of water from a fire hydrant except for fire-fighting.*
4. Cease non-essential commercial and industrial water use; impose usage limits for commercial and industrial customers.
- 5.

6. *Post notices of the curtailment stage in commercial facilities and rental units*

4.5.4 Stage 4 (Mandatory)

In Stage 4, mandatory measures are carried over from Stage 3 unless modified below and new measures are added.

1. Prohibit all non-essential consumption of water until further notice.
2. *Cease water use in commercial and industrial establishments except for critical functions, such as fire protection.*
3. If available and deliverable, treated water may be rationed to consumers by periodic operation of the distribution system during designated hours on specified days.
4. Otherwise, another supply of treated water would be arranged, most likely requiring water to be shipped to the community by vehicles and made available at emergency distribution centers.
5. Seek immediate state and/or federal assistance for a rapid restoration of the normal water supply and delivery system for the community.

4.6 Drought Declaration

If a declaration of a severe drought in the County is declared by the Governor per ORS 536.720, the Oregon Water Resources Commission may order political subdivisions within any drainage basin or subbasin to implement a water conservation or curtailment plan or both, approved under ORS 536.780. The conservation and curtailment elements of this WMCP meet these requirements. If the District falls within a severe drought area declared by the Governor, such as the County, the District will consider whether curtailment measures are needed to meet system demands. Regardless of whether curtailment is needed, the District will continue to encourage customers to conserve water.

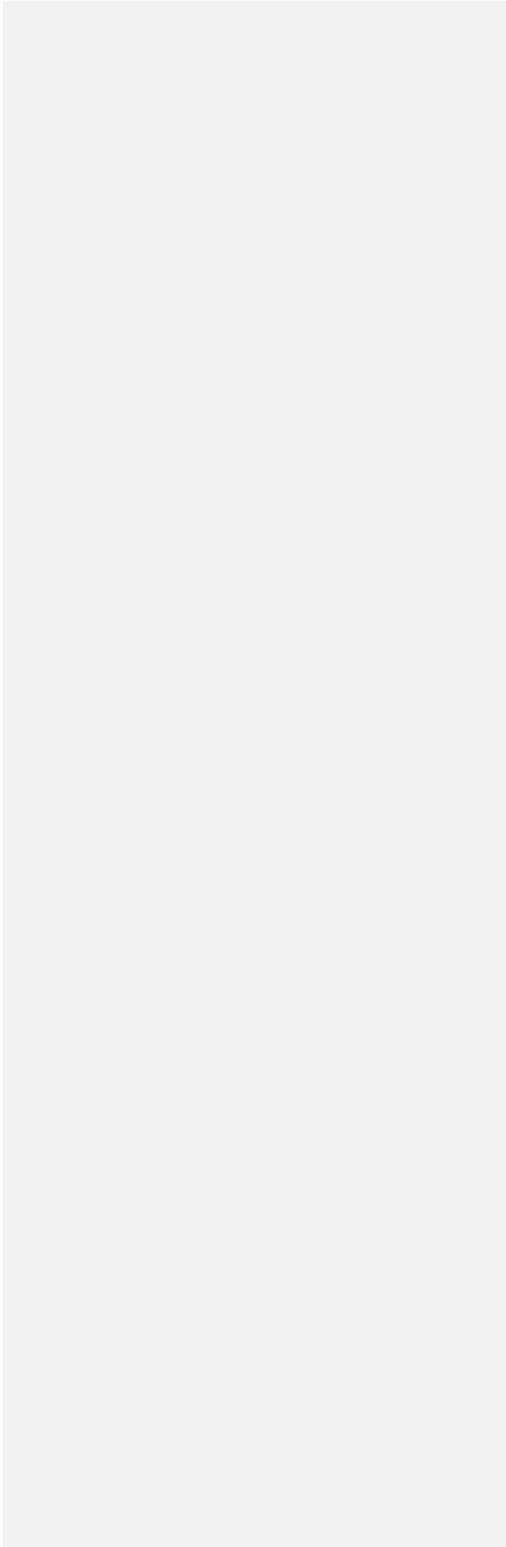
In the event that a regional drought is declared by the Lincoln County Board of Commissioners in response to a recommendation from the Lincoln County Drought Committee, the District will promote a general awareness among the District's customers of drought conditions in the County.

For either drought declaration, the District will distribute a special announcement (e.g., billing insert or mailer) to the District's customers notifying them of this declaration and providing conservation tips, as well as post information about the declaration on the District's website.

4.7 Summer Conservation Messaging

As described in Section 3, SRWD has expanded its programming to include summer conservation messages developed by Mid-Coast Water and will build off of that content by adding information specific to the Beaver Creek water supply. The summer conservation messaging would be issued annually and disseminated using such means as those described in Section 3 and Curtailment Stage 1.

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5. Municipal Water Supply Element

This section satisfies the requirements of OAR 690-086-0170.

This rule requires descriptions of the District's current and future service area and population projections, demand projections for 10 and 20 years, and the schedule for when the District expects to fully exercise its water rights. The rule also requires comparison of the District's projected water needs and the available sources of supply, an analysis of alternative sources of water, and a description of required mitigation actions.

5.1 Delineation of Service Area

OAR 690-086-0170(1)

The District's service area is not expected to expand beyond its existing boundary as delineated in Exhibit 2-1 over the planning period of this WMCP update. Projected growth will occur within this boundary as infill and development of underutilized properties, resulting in an increase of service area population and possibly commercial businesses. These increases will, in turn, potentially increase District demands.

5.2 Population Projections

OAR 690-086-0170(1)

SRWD's population projections are based on the growth rate found in population projections for the County published by Portland State University's Population Research Center. The average annual growth rate (AAGR) for the County from 2020 to 2045 is projected to be 0.4 percent. The District applied this rate to its 2023 service area population estimate of 5,983 to obtain population projections for FY 2032/33 and 2042/43.

Exhibit 5-1. 20-Year Projected Population

Fiscal Year	Population
2022/23	5,983
2032/33	6,227
2042/43	6,481

5.3 Demand Forecast

OAR 690-086-0170(3)

To forecast demand, the District projected the total number of meters to be served by the District in 2033 and 2043 and applied a water use factor to these future meter counts. The District projected future meter counts by increasing the FY 2022/23 meter count by the 2020-2045 population AAGR of 0.4 percent as noted above. The water use factor used to estimate future ADD was 130 gallons per day

per connection calculated by dividing the greatest ADD observed over the previous 5 years (0.34 mgd in FY 2020/21) by the estimated number of connections in that year (2,607). These ADDs were multiplied by the average five-year peaking factor of 1.38 to obtain MDD in FY 2032/33 and 2043/44. The greatest ADD was selected as a multiplier because it is plausible that the District will again experience ADD's similar to FY 2020/21 in the future. As a result, the District's projections of demand are conservative, decreasing the chances that the District underestimates the rate of water needed from its sources to meet its 20 year demand.

Exhibit 5-2. Demand Projection, 2022/23-2042/43

Year	Population	Meter Count	ADD	MDD	ADD	MDD
			mgd		cfs	
FY 2022/23	5,983	2,649	0.34	0.51	0.53	0.79
FY2032/33	6,227	2,757	0.36	0.53	0.55	0.82
FY2042/43	6,481	2,869	0.37	0.55	0.58	0.86

The District predicts that it will serve a total of 2,869 meters by FY 2042/2043 and reach an MDD of 0.55 mgd or 0.86 cfs in that same year.

5.4 Schedule to Exercise Permits and Comparison of Projected Need to Available Sources

OAR 690-086-0170(2) and (4)

The District relies on water from Beaver Creek under Permit S-55012 as its primary source of supply. Based on customer demands and WTP operational needs the District has beneficially used the full rate of water authorized under this permit and anticipates fully developing the permit (meeting all permit conditions, completing construction, etc.) prior to the permit's initial completion date of October 3, 2036. As a result, there is no initial diversion or anticipated expanded diversion of water under Permit S-55012.

The extension of time for Permit S-40277 provides the District access to up to 0.96 cfs (see extension of time final order dated February 23, 2005). The District intends to continue to rely on *extended* Permit S-40277 authorizing diversions on the Siletz River as a back-up source of supply when water from Beaver Creek is not reasonably available. During these events, Seal Rock anticipates it could require up to 0.55 mgd or 0.86 cfs of *extended* Permit S-40277 to meet the projected demand in FY 2042/43, as shown in Exhibit 5-2. Because the District already has access to up to 0.96 cfs under Permit S-40277 no request for "greenlight water" is needed. The District anticipates applying water for full beneficial use under Permit S-40277 by the permit's completion date of October 1, 2043.

5.5 Alternative Sources

On February 23, 2005, OWRD issued the extension of time for Permit S-40277 to October 1, 2043. The final order on the extension of time concluded "Diversion of water beyond 0.96 cfs under Permit S-40277 shall only be authorized upon issuance of a final order approving a new/revised Water Management and Conservation Plan consistent with OAR Chapter 690, Division 86." Since the District

intends to access less than 0.96 cfs no expansion or initial diversion of water under Permit S-40277 is required.

5.6 Quantification of Maximum Rate and Monthly Volume

OAR 690-086-0170(6)

OAR 690-086-0170(6) requires a quantification of the maximum rate of withdrawal and maximum monthly use if any expansion or initial diversion of water allocated under an existing permit is necessary to meet demands in the 20-year planning horizon. As described above, this provision does not apply to the District.

5.7 Mitigation Actions under State and Federal Law

OAR 690-086-0170(7)

Under OAR 690-086-0170(7), for expanded or initial diversion of water under an existing permit, the water supplier is to describe mitigation actions it is taking to comply with legal requirements of the Endangered Species Act (ESA), Clean Water Act (CWA), and other applicable state or federal environmental regulations. As described above, this provision does not apply to the District.

5.8 New Water Rights

OAR 690-086-0170(8)

Under OAR 690-086-0170(8), if a municipal water supplier finds it necessary to acquire new water rights within the next 20 years in order to meet its projected demand, an analysis of alternative sources of the additional water is required. The analysis must consider availability, reliability, feasibility and likely environmental impacts and a schedule for development of the new sources of water. SRWD does not anticipate the need to acquire new water rights within the planning period.

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

AUDIT REPORT

JUNE 30, 2023

Prepared By
SIGNE GRIMSTAD
Certified Public Accountant
530 NW 3rd, Suite E
PO Box 1930
Newport, Oregon 97365

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

COMMISSIONERS

President	Robert Mills	765 NW Terrace St. Seal Rock, OR 97376
Secretary	Sandra Mies-Grantham	7227 SW Abalone St. South Beach, OR 97366
Treasurer	Karen Otta	9080 S. Coast Hwy. South Beach, OR 97366
Commissioner	Paul Highfill	Box 4 Seal Rock, OR 97376
Commissioner	Glen Morris	PO Box 283 Newport, OR 97365

ADMINISTRATION

District General Manager	Adam Denlinger
--------------------------	----------------

REGISTERED AGENT

Joy King-Cortes
1037 NW Grebe Street
Seal Rock, OR 97376

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

TABLE OF CONTENTS

INTRODUCTORY SECTION

Title Page
List of Commissioners
Table of Contents

FINANCIAL SECTION

Page

Independent Auditor's Report	1-3
Management's Discussion and Analysis	I-XIV
Basic Financial Statements	
Statement of Net Position - Proprietary Fund	4
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	5
Statement of Cash Flows - Proprietary Fund	6
Fiduciary Funds – Statements of Net Assets and Changes in Net Assets	7
Notes to Financial Statements	8-26

REQUIRED SUPPLEMENTARY INFORMATION SECTION

Schedule of the District's Proportionate Share of the Net Pension Liability (Asset) - Oregon Public Employee Retirement System.....	27
Schedule of the District's Contributions - Oregon Public Employee Retirement System	28
Notes to the Schedules of the District's Proportionate Share of the Net Pension Liability (Asset) and Schedule of Contributions	29

SUPPLEMENTARY INFORMATION SECTION

Description of Budgetary Funds.....	30
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
General Fund	31
Capital Projects Fund	32
Debt Service Fund.....	33
Rural Development Requirement Reserve Fund	34
Revenue Bond Reserve Fund	35
System Development Charges Fund	36
Water Source Improvement Reserve Fund.....	37
SLARRA/Depreciation Reserve Fund.....	38
SRWD Land & Building Reserve Fund	39

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

TABLE OF CONTENTS

SUPPLEMENTARY INFORMATION SECTION – Continued	<u>Page</u>
Reconciliation of Revenues and Expenditures (Budgetary Basis) to the Statement of Revenues, Expenses and Changes in Net Position	40
COMPLIANCE SECTION	
Independent Auditor’s Report Required by Oregon State Regulations	41-42

GRIMSTAD & ASSOCIATE

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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Board of Commissioners
Seal Rock Water District
Seal Rock, Oregon

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Seal Rock Water District (District) 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial portion of the business-type activities and the aggregate remaining fund information of Seal Rock Water District, as of June 30, 2023 and the respective changes in financial position, and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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 the 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

My 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

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AICPA OSCP & OAIA

an auditor's report that includes my opinion. 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 and *Government 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 and *Government Auditing Standards*, I:

- 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 my 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.

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, defined benefit employee pension plan (PERS) schedules and notes, on pages I-XIV, and 30-32, respectively, are 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively

comprise the District's basic financial statements. The accompanying budget and actual fund schedules, reconciliation of budget basis to net position 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 my opinion, the budget and actual fund schedules, and reconciliation of budget basis to net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

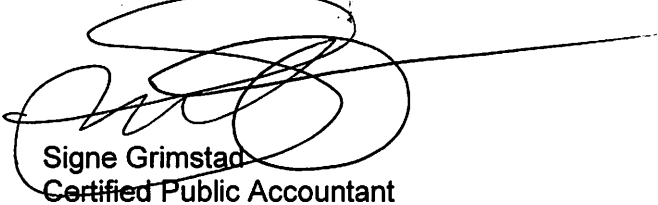
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 30, 2023 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by Oregon State Regulations

In accordance with the Minimum Standards Audit of Oregon Municipal Corporations, I have issued my report dated November 30, 2023 on my consideration of Seal Rock Water District's compliance with certain 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 my testing of compliance and the results of that testing and not to provide an opinion on compliance.

GRIMSTAD & ASSOCIATE



Signe Grimstad
Certified Public Accountant

Newport, Oregon
November 30, 2023



1037 NW Grebe Street
Seal Rock, Oregon 97376
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Seal Rock Water District

Management Discussion and Analysis (MD&A) Fiscal Year Ended June 30, 2023

The intent of the Management Discussion and Analysis is to provide highlights of the Seal Rock Water District's financial activities for the fiscal year 2023, ending June 30, 2023. The readers are encouraged to read this narrative overview in conjunction with the accompanying financial statements.

Financial Highlights

- Total Assets and Deferred Outflows of Resources of the District are \$37,120,803 with Capital Assets of \$33,022,015 net of accumulated depreciation. Current Assets are \$3,295,445 and other noncurrent assets are \$519,914. Deferred Outflows of Resources for Pension Contributions are \$283,429 on June 30, 2023.
- The assets of Seal Rock Water District exceeded its liabilities at the close of the fiscal year by \$13,965,333 (Net Position). Of this amount, \$1,212,082 (unrestricted net position) may be used to meet the District's ongoing obligations.
- Net investment in capital assets, less related debt is \$11,812,265. Revenue Bonded debt is \$5,916,168 and General Obligation debt is \$13,946,258. Notes Payable is \$18,404 and Forgivable Loan is \$1,030,000.
- The District's net position increased by \$645,667 from June 30, 2022.
- Total Operating Revenues for the fiscal year 2022-23 was \$2,236,794 which is an increase of .36% over the prior year. This change reflects the increases in water services and other operating revenue.
- Total Operating Expenses for the fiscal year 2022-23 were \$3,005,505. This figure is 6.63% higher than the prior year, due primarily to increases in Payroll & Benefits, Maintenance and Repair, Professional Services and Depreciation.
- Total Liabilities and Deferred Inflows of Resources are \$23,155,470 with long-term liabilities at \$20,691,019, current liabilities at \$2,178,387, and deferred inflows of resources for pension at \$286,064.

Overview of Financial Statements

Seal Rock Water District is a single enterprise utility district and follows proprietary fund reporting. Accordingly, the financial statements are represented using the economic resources measurement focus and the accrual basis of accounting. The District's basic financial statements are comprised of three components: 1) Statement of Net Position, 2) Statement of Revenues, Expenses, and Changes in Net Position, and 3) Statement of Cash Flows. This report also contains other supplementary information in addition to the basic financial statements themselves.

The Statement of Net Position presents the current and long-term portions of assets and liabilities separately and may provide a useful indicator of whether the financial position of the District is improving or deteriorating if viewed over time. This statement includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in assets and the obligations to the District's creditors (liabilities). The Statement of Net Position also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The Statement of Revenues, Expenses and Changes in Fund Net Position presents information showing profitability and creditworthiness as well as how the District's financial position changed during the fiscal year. This statement shows income and expenses from operations, non-operating revenues and expenses, and a reconciliation of the change in net position from the beginning to the end of the fiscal year. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all of its costs through user fees and other charges.

The Statement of Cash Flows is prepared using the direct method and is concerned solely with input and outlay of cash from operating, investing, and financing activities. This statement also includes reconciliation to the Statement of Revenues, Expenses, and Changes in Net Position. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. It answers such questions as, where did the cash come from, what was the cash used for, and what was the change in the cash balance during the reporting period.

Notes to Financial Statements

The notes to the financial statements found on pages 8 through 26 provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis

Over time, changes in net position may serve as a useful indicator of the District's financial position. In the Seal Rock Water District's case, assets exceeded liabilities by \$13,965,333 at the close of the fiscal year, an increase of \$645,667 from the prior year. This is primarily due to the increases in Net Invested in Capital Assets, Restricted, and Unrestricted Assets. The

District took out an interim loan with Truist Bank to fund its Beaver Creek Source Water Project. This interim loan was paid off by USDA-RUS using the District's Revenue Bond and General Obligation Bond on December 17, 2021.

84.6% of the District's net position (\$11,812,265) reflects its investment in capital assets (e.g., land, building, equipment, reservoirs, and pipelines); less related debt obligations used to acquire those assets that are still outstanding. The District uses these assets to provide services to ratepayers, consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to pay this debt must be provided from user fees to customers (ratepayers) or other sources, since capital assets cannot be used to liquidate these liabilities.

Net Position

	2023	2022	2021	Difference 2023-2022	%
ASSETS					
Current Assets	\$3,295,445	\$3,209,114	\$4,296,612	\$86,331	2.69%
Capital Assets	33,022,015	33,260,987	29,475,738	(238,972)	-0.72%
Other noncurrent Assets	519,914	559,811	597,939	(39,897)	-7.13%
Total Assets	36,837,374	37,029,912	34,370,289	(192,538)	-0.52%
Deferred Outflows-Pension Contributions	283,429	323,863	359,182	(40,434)	-12.48%
Total Assets & Deferred Outflows	37,120,803	37,353,775	34,729,471	(232,972)	-0.62%
LIABILITIES					
Current Liabilities	2,178,387	1,956,926	9,152,118	221,461	11.32%
Long Term Liabilities	20,691,019	21,582,369	15,470,352	(891,350)	-4.13%
Total Liabilities	22,869,406	23,539,295	24,622,470	(669,889)	-2.85%
Deferred Inflows-Pension	286,064	494,813	55,723	(208,749)	-42.19%
Total Liabilities & Deferred Inflows	23,155,470	24,034,108	24,678,193	(878,638)	-3.66%
NET POSITION					
Net Invested in Capital Assets	11,812,265	11,408,203	7,097,401	404,062	3.54%
Restricted	940,986	841,631	1,919,165	99,355	11.81%
Unrestricted	1,212,082	1,069,832	1,034,712	142,250	13.30%
Total Net Position	\$13,965,333	\$13,319,666	\$10,051,278	\$645,667	4.85%

A portion of the District's net position (6.7% or \$940,986) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position (8.7% or \$1,212,082) may be used to meet the District's ongoing obligations to ratepayers and creditors.

Operating and non-operating activities increased the District's net position by \$645,667, an increase of 4.85% over the previous year. The change in net position is comprised of operating and non-operating income of \$557,575 and capital contributions of \$88,092 which represents system development charges.

Governmental Accounting Standard Board Statement 68 (GASB 68) requires governmental entities that participate in a pension plan to include an entry for the employer's proportionate share of the system's Unfunded Liability (UL). The District's proportionate share of the Net Pension Liability as of June 30, 2023, was .004629040 or \$708,799.

At end of the FY 2022-23, the District's financial reports reflected deferred outflows of resources of \$283,429. This amount was derived by adding the differences between expected and actual experience, which was \$34,406 changes in assumptions which was \$111,214, net difference between projected and actual earnings on investments which was \$0, changes in proportionate share which was \$6,052 and the contributions the District made subsequent to measurement date which was \$131,757. The District also reported deferred inflows of resources of \$286,064. This amount was the total of differences between employer contributions and the employer's proportionate share of system contributions; changes in proportionate share, the net difference between projected and actual earnings on investments, and changes in assumptions.

GASB Statement 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions became effective on June 30, 2019. This statement requires the reporting of liabilities (assets) pertaining to retiree health care and other post-employment benefits (OPEB). The District provides an implicit rate subsidy for retiree health insurance premiums through the Special District Association of Oregon (SDAO) and a contribution to Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan. The total OPEB liability is based on a valuation provided by an independent actuarial firm based on assumptions including inflation rate, projected salary increases, discount rate, medical, dental, and vision increases, mortality rate, and other inputs. The total OPEB liability was estimated at June 30, 2023, by Milliman Actuarial Services for both plans. On June 30, 2023, the District's net OPEB liability (asset) and deferred inflows and outflows were determined by Management not to be material to the financial statements taken as a whole.

Change in Net Position

	2023	2022	2021	Difference 2023-2022	%
OPERATING REVENUES					
Water Service	\$2,151,988	\$2,151,835	\$1,853,652	\$153	0.01%
Service Connections	46,922	36,891	57,792	10,031	27.19%
Other Operating Revenue	37,884	40,042	22,714	(2,158)	-5.39%
Total Operating Revenues	2,236,794	2,228,768	1,934,158	8,026	0.36%
OPERATING EXPENSES					
Payroll and Benefits	1,118,627	997,891	1,071,362	120,736	12.10%
Water Purchase	159,497	641,121	621,478	(481,624)	-75.12%
Maintenance and Repair	256,262	203,402	285,923	52,860	25.99%
General and Admin	150,496	138,522	125,869	11,974	8.64%
Professional Services	184,378	107,476	75,891	76,902	71.55%
Depreciation	1,136,245	730,313	736,715	405,932	55.58%
Total Operating Expenses	3,005,505	2,818,725	2,917,238	186,780	6.63%
OPERATING INCOME (LOSS)	(768,711)	(589,957)	(983,080)	(178,754)	30.30%
NON OPERATING REVENUES (EXPENSES)					
Interest Income	45,601	35,979	41,042	9,622	26.74%
Property Taxes	1,485,878	875,938	820,654	609,940	69.63%
Grants/Loan Proceeds	248,380	3,232,775	59,390	(2,984,395)	-92.32%
Disposal of Assets	(264)	0	(2,529)	(264)	0.00%
Interest Expense	(453,309)	(348,744)	(308,282)	(104,565)	29.98%
Total Nonoperating Revenues (Expenses)	1,326,286	3,795,948	610,275	(2,469,662)	-65.06%
Income (Loss) Before Contributions	557,575	3,205,991	(372,805)	(2,648,416)	-82.61%
CAPITAL CONTRIBUTIONS	88,092	62,399	113,785	25,693	41.18%
CHANGES IN NET POSITION	645,667	3,268,390	(259,020)	(2,622,723)	-80.25%
Net Position - Beginning of Year	13,319,666	10,051,276	10,310,298	3,268,390	32.52%
Net Position - End of Year	\$13,965,333	\$13,319,666	\$10,051,278	\$645,667	4.85%

Financial Condition

The District's financial condition improved over the previous year with adequate liquid assets for ongoing operations at a level necessary to meet demand. Unrestricted net position increased by \$142,250 over the previous year.

On November 8, 2011, the voters of the District approved a \$15 million General Obligation Bond Authority. The G.O. Bond is payable from property taxes revenue. This is to finance the District's Water System Improvements as outlined in the 2010 Master Plan and Amendments to the Master Plan; refinance outstanding borrowings to reduce costs to taxpayers and pay for the District's share of the City of Toledo's capital costs associated with providing water to the District. On June 13, 2012, the District issued a \$5 million General Obligation Bond. Part of the Bond proceeds was used to refinance two Revenue Bonds which lowered the interest rate to 3.22% from 6.5%. The remaining Bond proceeds funded the construction of Phase 1 and Phase 2 of the District's Water System Improvements. The District's remaining \$6.5 million General Obligation Bond Authority was issued in 2022 to finance a portion of the District's Phase IV Beaver Creek Primary Source Water Project. Phase IV improvements reached substantial completion in August 2022.

The District received notification on July 2, 2019, from the United States Department of Agriculture Rural Development (USDA-RD) program coordinator, through a Letter of Condition (LOC) that the District's application for funding in the amount of \$11,895,500 was approved. The application requested federal assistance towards the completion of the District's Phase 4 Beaver Creek Source Water Project. The USDA-RUS loan funds are not to exceed \$9,096,000 with a grant amount not to exceed \$2,799,500. The loan amount will be payable over a period of 25 years from property taxes. Additionally, through a USDA-RD sub-grant funding application, in May 2020 the district received a Letter of Conditions (LOC) awarding the district an additional \$1,500,000 in grant funding for the Beaver Creek Source Water Project. On November 4, 2021, the District received a letter from USDA-RD effectively amending the July 9, 2019, Letter of Conditions (LOC) to change the finance rate from 2.75% to 1.75%. The annual payment will now be \$325,682 with an interest rate of 1.75%. This financing was closed on December 15, 2021. Funds provided by USDA-RD and the \$2,451,000 loan and \$1,030,000 forgivable loan approved by Business Oregon, Infrastructure Finance Authority (IFA) are being used to develop a new water intake on Beaver Creek, a membrane treatment plant, storage reservoirs, and raw and finished water pipelines. The Beaver Creek raw water pipeline is a 14-inch high-density polyethylene (HDPE) following South Beaver Creek Road then into North Beaver Creek Road, through private property to the treatment site. The proposed treatment facility is located east of the Makai Community on property already owned by the District and selected because of its elevation and proximity to Beaver Creek, among other reasons. The treatment type is membrane filtration which meets the Oregon Health Authority's target microbial removal rates. The storage reservoir is a 500,000 gallons welded steel tank and 50 foot in diameter, constructed on the Makai site at the treatment facility. The finished water pipeline is a 12 inch High Density Polyethylene (HDPE) Pipe trenched to connect the new storage facility to the District's existing system. Contractual project completion was August 2021. While this project has reached substantial completion as of August 2022, the district and our engineer are in arbitration with the contractor over the date of substantial completion.

The facilities are designed and constructed in accordance with sound engineering practices and meet the requirements of Federal, State, and local agencies. Delays in the project pushed the schedule for startup and commissioning to June 15, 2021. However, due to continued delays, the certificate for substantial completion was not achieved until August 2022.

Part of the philosophy of the District has been to maintain a program of small annual rate increases to lessen the need for large one-time increases and to meet the anticipated annual increases from the District's wholesale water supplier.

Historically, the SRWD Board of Commissioners evaluates the need for a rate adjustment and then requests that staff develop a proposal of rate scenarios for increasing the rate before the information is provided to the community during a public hearing. The 2023 proposed rate adjustment takes into consideration the true cost of meeting the operational and maintenance needs of the water distribution and now water treatment facility. Due to conditions outside the control of the district primarily centered around the economy, the district is seeing an increase of as much as 35% in the cost of materials and supplies.

Consideration for the proposed rate adjustment was built into the proposed FY 2023-24 budget with an average rate adjustment of 12.57%. The effect of the increase for a domestic customer that uses 1,000 gallons per month is \$9.75 a month (from \$46.00 to \$55.75). The calculation process for outside district customer water rates remains at 150% of the inside district rate.

Operating expenses are Payroll and Benefits, Water Purchase, Maintenance and Repairs, General and Administrative, Professional Services, and Depreciation. They combined for a net increase of \$186,780 over the prior year and a Net Operating loss increase of 30.30% over the prior year, due to the increase in Payroll and Benefits, Maintenance and Repair, Professional Services and Depreciation. Net Position increased by \$645,667 due primarily to increases in non-operating revenue in the form of Property Taxes collections and Capital Contributions from System Development Charges for new meter installations.

Capital Assets and Debt Administration

Capital Assets

Seal Rock Water District's investment in capital assets as of June 30, 2023, is \$33.02 million (net of depreciation). This investment in capital assets includes land, buildings, reservoirs, pipelines, pump stations, automotive, and office equipment. The District's total investment in capital assets decreased by .72% compared to the prior year. This figure includes the construction of the new water treatment plant, the raw water intake pump station, and new meter installations.

Major capital asset events during the current fiscal year included the following:

On February 15, 2018, the District entered into a financial agreement with Oregon Business Development Department (OBDD) through the States Safe Drinking Water Revolving Loan Fund (SDWRLF) Program to fund a portion of the District's Phase 4 Primary Source Water Improvements Project. Phase 4 improvements consist of developing a primary source water intake, raw water transmission system, and membrane water treatment facility. Conditions of the financing agreement include a loan in the amount of \$2,451,000 and a forgivable loan (grant) amount of \$1,030,000. The terms of the loan amount include a 1.00% interest rate, and the life of the loan is 30 years. In March 2016 the SRWD Board of Commissioners approved a scope of engineering services agreement with Jacobs Engineering to begin Phase 4 Final Design and Membrane Treatment Equipment purchase. Proceeds of the loan provided by OBDD are being used to finance Phase 4 final design. In early 2020 the District Board of Commissioners, with authorization from USDA Rural Development approved the contract to begin the construction of the Beaver Creek Source Water Project. The expected completion date for this project was August 2021. However, while significant progress has been made, delays by the contractor pushed start up and commissioning of the water treatment facility to June 2022 with substantial completion certified by the engineer in August 2022. Substantial completion is in dispute by the contractor and the district is currently in arbitration with the contractor over scheduling and completion of the project. Final completion of the project has not been achieved.

Long Term Debt

At the end of the fiscal year, Seal Rock Water District had long-term debt outstanding of \$20,910,830. \$5,916,168 of this is secured by revenue bonds, \$18,404 is notes payable and \$13,946,258 (includes bond premium of \$107,183) is general obligation bonds payable from property tax revenue. There is a portion of this long-term debt that is payable within the next fiscal year, therefore, classified as current debt of \$988,741.

The District issues bonds to fund capital improvements or to refinance existing bonds at more advantageous interest rates.

Economic Factors and Next Year's Budget and Finances

The District adopted a budget of \$10,749,570 for the fiscal year 2023-24. The following circumstances were known by the District at the time the financial statements were prepared and audited.

- PERS employer contribution rates for fiscal year 2023-24 are 21.70% for Tier 1/Tier 2 and 18.65% for OPSRP.
- Health Insurance Premium continues to increase.
- The district continues to be open to the possibility of developing an emergency water supply agreement with the City of Toledo for the emergency supply of water similar to the agreement the district has with the City of Newport.

- On December 1, 2017, the District presented the Phase 4 Beaver Creek Source Water Improvements Project before the Oregon Business Development Department (OBDD) Infrastructure Finance Authority (IFA) Board of Commissioners. As a result, the District received approval for project funding in the amount of \$3,481,000.00 through Oregon State Safe Drinking Water Revolving Loan Fund (SDWRLF) Program. SDWRLF package includes a loan in the amount of \$2,451,000 at 1% interest rate for 30 years, and \$1,030,000.00 in forgivable loan (grant). 100% of this funding has been used towards the completion of Beaver Creek Source Water Project.
- As of April 10, 2020, the District obtained a \$9,096,000 interim loan from Truist Bank to finance the Beaver Creek Source Water Project and to fund the refinancing of the Line of Credit with Cashmere Valley Bank. This financing was permanently satisfied by bond proceeds through USDA-RD and a resolution approved by the Board on November 15, 2021, with USDA General Obligation Bond Loan that closed on December 17, 2021, in the amount of \$6,549,000 at 1.75% interest rate for 25 years. The \$2,547,000 revenue bond portion of this financing was closed on November 18, 2020, at 1.75% interest rate for 30 years.

Under the authority of the SRWD Board of Commissioners, District staff have been working with consultants to evaluate the development of a primary source of water for the District. Planning documents completed and adopted by the Board include the *Reconnaissance Level Source Water Study* adopted by the SRWD Board of Commissioners in March 2015; *Phase IV Conceptual Design Report for the SRWD Beaver Creek Water Supply*, adopted by the Board in September 2016; *Preliminary Engineering Report*; and *Environmental Report* both completed in May 2017, and adopted by the SRWD Board. The final design and contract document were completed in February 2019 and approved by USDA-RD in November 2019. The Board authorized staff to apply for funding through the United States Department of Agriculture, Rural Development (USDA-RD) funding program to fund a portion of Phase 4 improvements in the amount of \$11,895,500. The application was approved through a Letter of Conditions (LOC) provided to the district on July 2, 2019. Additionally, through a USDA-RD sub-grant funding application, in May 2020 the district received a Letter of Conditions (LOC) awarding the district an additional \$1,500,000 in grant funding for the Beaver Creek source water project. While this project reached substantial completion certified by the engineer in August 2022, final completion has yet to be achieved and is likely to be decided through arbitration tentatively scheduled for early 2024. All of these factors were considered in preparing the Seal Rock Water District's budget for FY 2023-24.

The following tables represent relevant historic tax information for the District.

**SEAL ROCK WATER DISTRICT
TAX RATE HISTORY AND TAX COLLECTION RECORD**

Fiscal Year	Real Market Value(1)	Taxable Assessed Value(2)	Net Tax Imposed	Billing Rate Per \$1,000 of Taxable Assessed Value	Bond Levy Rate Per \$1,000 of Assessed Value (3)	Year of Levy (4)	Percentage Collected as of 11/30/23
2023-24	1,653,145,447	835,264,130	1,227,554	0.1259	1.3468	In Process of Collection	89.56%
2022-23	1,410,651,095	801,232,070	1,543,294	0.1259	1.8033	97.87%	98.66%
2021-22	1,174,447,691	766,966,200	893,505	0.1259	1.0421	98.08%	99.22%
2020-21	981,026,166	734,519,500	835,296	0.1259	1.0142	97.96%	99.56%
2019-20	921,297,820	707,936,610	860,627	0.1259	1.0937	97.23%	99.94%
2018-19	856,241,708	676,620,410	853,360	0.1259	1.1384	97.12%	99.97%
2017-18	852,959,535	635,866,995	1,059,581	0.1259	1.5021	96.90%	99.98%

- (1) Value represents the Real Market Value of taxable properties, including special assessed properties such as farms. This value is also commonly referred to as the "Measure 5 value" by county assessors.
- (2) Assessed Value used to compute levy rates is the total Assessed Value of property in the District, excluding urban renewal and any other offsets.
- (3) Bond Levy Rate is the voter-approved levy rate for obligation bonds outside of the tax limitation measure.
- (4) In process of collection.

Source: Lincoln County Treasurer and Assessor, November 30, 2023

**LINCOLN COUNTY
MAJOR TAXPAYERS
FOR 2023-24**

Owner of Record (Taxpayer)	Total Assessed Value	% of Total County Assessed Value	Taxes Imposed	% of All Countywide Taxes Imposed
Georgia Pacific Toledo LLC	\$245,949,790	2.54%	\$3,872,962	2.64%
Central Lincoln PUD	101,001,000	1.04%	1,435,445	0.98%
Weyerhaeuser Company	114,066,100	1.18%	1,434,118	0.98%
Northwest Natural Gas Co.	81,628,000	0.84%	1,363,930	0.93%
Pacificorp	53,585,470	0.55%	748,505	0.51%
Charter Communications	44,966,180	0.46%	740,720	0.50%
Devil's Lake Road LLC	41,247,320	0.43%	704,271	0.48%
Worldmark The Club	48,445,660	0.50%	621,644	0.42%
Hallmark Inns & Resorts Inc	23,331,080	0.24%	423,410	0.29%
Dulchich Realty/Pacific Choice Seafoods	19,773,050	0.20%	358,839	0.24%
Total Top Ten Tax Payers in the County	\$773,993,650	7.99%	\$11,703,845	7.96%
Remaining County Taxpayers	8,910,315,380	92.01%	135,251,684	92.04%
Total County	\$9,684,309,030	100.00%	\$146,955,529	100.00%

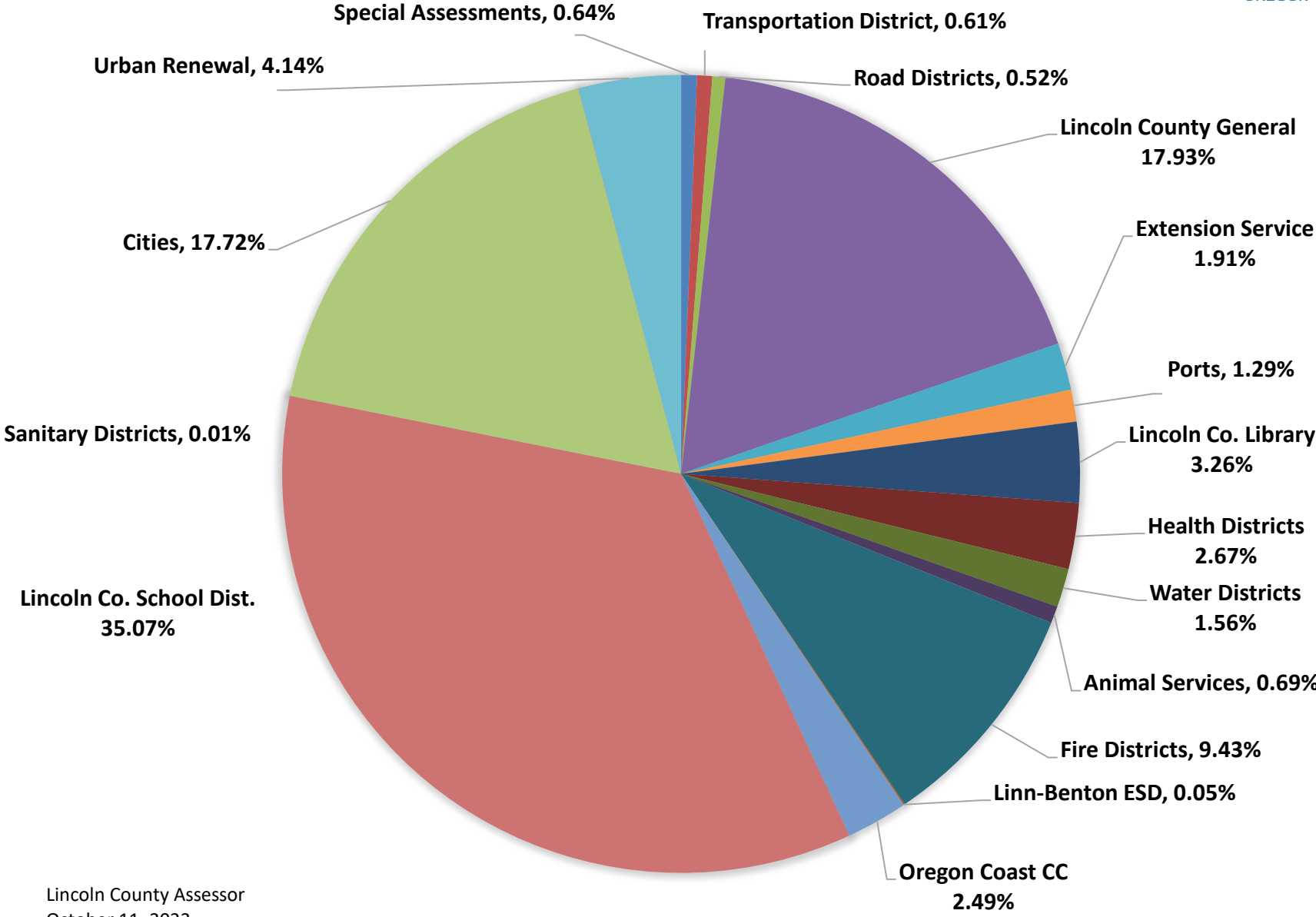
Requests for Information

The financial report is designed to provide a general overview of Seal Rock Water District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office Manager, Seal Rock Water District, 1037 NW Grebe Street, Seal Rock, Oregon 97376.

LINCOLN COUNTY 2023-24 YOUR TAX DOLLAR DISTRIBUTION



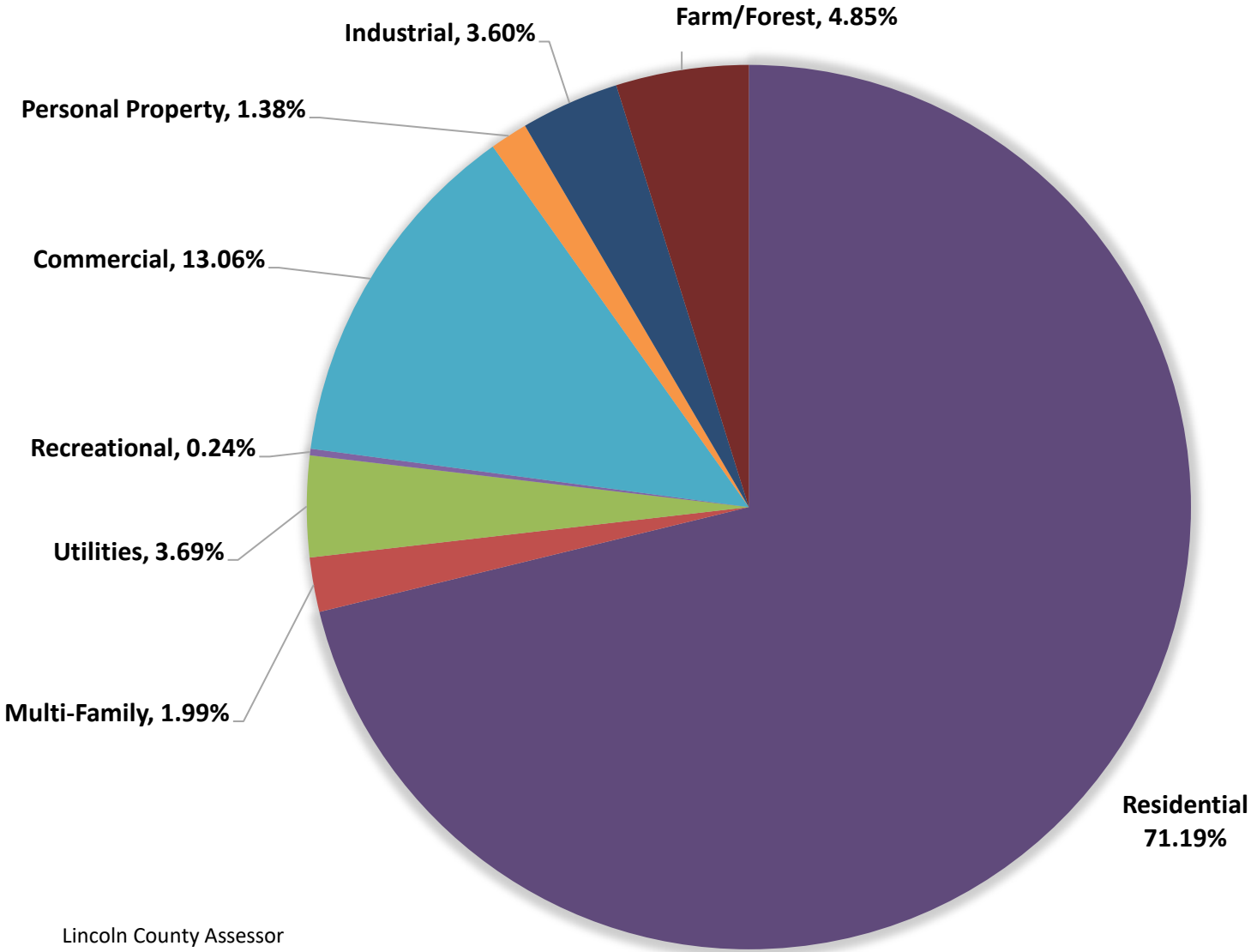
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WHO PAYS LINCOLN COUNTY PROPERTY TAXES 2023-24



III X



Lincoln County Assessor
October 11, 2023

Supplemental Continuing Disclosure Information

Seal Rock Water District

November 30, 2023

General Obligation Debt Capacity/Limitation	2022-23	2023-24
Real Market Value	1,410,651,095	1,653,145,447
General Obligation Debt Capacity (10.0% of RMV)	141,065,110	165,314,545
Outstanding Obligations Subject to Limitation ⁽¹⁾	14,560,307	13,671,339
Remaining General Obligation Debt Capacity	126,504,803	151,643,206
Percent of Remaining Debt Capacity/Total Debt Capacity	89.68%	91.73%
Percent of Outstanding Obligation/Total Debt Capacity	10.32%	8.27%
Percent of Outstanding Obligation/Real Market Value	1.03%	0.83%

Source : the District

Consolidated Tax Rates Per \$1,000
TAX CODE AREA: 326 (AV \$204,561,250)
REPRESENTS 24.4% OF DISTRICT'S ASSESSED VALUE ON ROLL

Fiscal Year	Real Market Value ⁽¹⁾	Taxable Assessed Value ⁽²⁾	Net Tax Imposed	Billing Rate Per \$1,000 of Taxable	Bond Levy Rate Per \$1,000 of Assessed Value ⁽³⁾	Consolidated Rate	Percent Collected as of	
							Year of Levy (4)	11/30/2023
2023-24	1,653,145,447	835,264,130	1,227,554	0.1259	1.3468	1.4727	In Process of Collection	89.59%
2022-23	1,410,651,095	801,232,070	1,543,294	0.1259	1.8033	1.9292	97.87%	98.66%
2021-22	1,174,447,691	766,966,200	893,505	0.1259	1.0421	1.1680	98.08%	99.22%
2020-21	981,026,166	734,519,500	835,296	0.1259	1.0142	1.1401	97.96%	99.56%
2019-20	921,297,820	707,936,610	860,627	0.1259	1.0937	1.2196	97.23%	99.94%
2018-19	856,241,708	676,620,410	853,360	0.1259	1.1384	1.2643	97.12%	99.97%
2017-18	852,959,535	635,866,995	1,059,581	0.1259	1.5021	1.6280	96.90%	99.98%

(1) Value represents the Real Market Value of taxable properties, including special assessed properties such as farms. This value is also commonly referred to as the "Measure 5 value" by county assessors.

(2) Assessed Value used to compute levy rates is the total Assessed Value of property in the District, excluding urban renewal and any other offsets.

(3) Bond Levy Rate is the voter-approved levy rate for obligation bonds outside of the tax limitation measure.

(4) In process of collection.

Source: Lincoln County Treasurer and Assessor, November 30, 2023

Seal Rock Water District
Outstanding Debt Obligations
As of November 30, 2023

Outstanding Debt	Date of Issue	Date of Maturity	Amount Issued	Outstanding Principal Amount
Revenue Obligations				
Water Revenue Installment Bonds (USDA)	6/1/2012	6/1/2042	1,505,000	1,088,436
Notes Payable - IFA	12/1/2016	12/1/2023	126,285	0
2020 Revenue Bond (USDA)	11/18/2020	11/18/2051	2,547,000	2,347,711
2022 Revenue Bond (IFA)	12/1/2022	12/1/2051	2,451,000	2,341,589
Total Revenue Obligations			6,629,285	5,777,736
General Obligation Bonds				
General Obligation Bonds, Series 2011	10/27/2011	10/27/2041	1,626,200	1,178,408
General Obligation Bonds, Series 2012	6/13/2012	6/1/2032	5,000,000	2,155,000
General Obligation Bonds, Series 2013	2/27/2013	6/1/2036	2,075,000	1,360,000
General Obligation Bonds, Series 2016	12/1/2016	12/1/2041	3,451,000	2,640,006
General Obligation Bonds, Series 2021	12/17/2021	12/17/2047	6,549,000	6,337,925
Total General Obligations			18,701,200	13,671,339
Total Outstanding Obligations			\$25,330,485	\$19,449,075

Source: The District.

SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON

STATEMENT OF NET POSITION - PROPRIETARY FUND
as of June 30, 2023

ASSETS

Current assets

Cash and cash equivalents	\$ 2,706,727
Accounts receivable	212,730
Property taxes receivable	45,720
Receivable grants/loans	4,767
Prepaid expenses	78,370
Inventory	208,827
Note receivable	38,304
Total current assets	3,295,445

Noncurrent assets

Prepaid bond insurance	14,337
Note receivable, long-term	505,577
Total noncurrent assets	519,914

Capital assets

Land	400,729
Construction in progress	314,140
Plant and equipment (net of depreciation)	32,307,146
Total capital assets	33,022,015

Total assets	36,837,374
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Deferred outflows of resources - pension contributions

Total assets and deferred outflows of resources	283,429
	37,120,803

LIABILITIES

Current liabilities

Accounts payable	908,371
Compensated absences	50,320
Unearned revenue	57,687
Accrued interest, \$144,602 payable from restricted	173,268
Current portion of long-term debt, \$858,351 payable from restricted	988,741
Total current liabilities	2,178,387

Long-term liabilities

Net pension liability	708,799
Compensated absences, net	60,131
Forgivable loan (refundable advance)	1,030,000
Revenue bonds, net	5,733,335
General obligation bonds, net	13,158,754
Total long-term liabilities	20,691,019
Total liabilities	22,869,406

Deferred inflows of resources - pension

Total liabilities and deferred inflows of resources	286,064
	23,155,470

NET POSITION

Net invested in capital assets	11,812,265
Restricted	
Debt service	748,917
Construction	192,069
Unrestricted	1,212,082
Total net position	\$ 13,965,333

The notes to the financial statements are an integral part of this statement.

SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND
 for the Year Ended June 30, 2023

OPERATING REVENUE	
Water service pledged as security for revenue bonds	\$ 2,151,988
Service connections	46,922
Other operating revenue	<u>37,884</u>
Total operating revenue	<u>2,236,794</u>
OPERATING EXPENSES	
Payroll and benefits	1,118,627
Water purchase	159,497
Maintenance and repairs	256,262
General and administrative	150,496
Professional services	184,378
Depreciation	<u>1,136,245</u>
Total operating expenses	<u>3,005,505</u>
OPERATING INCOME (LOSS)	<u>(768,711)</u>
NONOPERATING REVENUE (EXPENSES)	
Interest income	45,601
Property taxes	1,485,878
Grants	248,380
Loss on disposal of capital assets	(264)
Interest expense	<u>(453,309)</u>
Total nonoperating revenue (expenses)	<u>1,326,286</u>
Income (loss) before contributions	557,575
CAPITAL CONTRIBUTIONS	<u>88,092</u>
Change in net position	645,667
NET POSITION - Beginning of year	<u>13,319,666</u>
NET POSITION - End of year	<u><u>\$ 13,965,333</u></u>

The notes to the financial statements are an integral part of this statement.

SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
for the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 2,181,050
Cash payments for goods and services	(891,026)
Cash payments for employees and benefits	(1,173,496)
Net cash provided (used) by operating activities	116,528
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	1,473,210
Grants	354,832
Note receivable receipts	36,536
Net cash provided (used) by noncapital financing activities	1,864,578
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(608,936)
Loan proceeds	851
Principal paid on debt	(931,520)
Interest paid on debt	(473,236)
Capital contribution by customers	88,092
Net cash provided (used) by capital and related financing activities	(1,924,749)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	45,601
Net increase (decrease) in cash and cash equivalents	101,958
Cash and cash equivalents - Beginning of year (restricted \$1,385,048)	2,604,769
Cash and cash equivalents - End of year (restricted \$1,664,735)	\$ 2,706,727
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (768,711)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	1,136,245
Rounding adjustment	1
(Increase) decrease in operating assets	
Accounts receivable	(50,759)
Inventory	(15,914)
Prepaid expenses	(8,123)
Increase (decrease) in operating liabilities	
Accounts payable	(116,356)
Accrued compensated absences	5,027
Net pension liability	(59,896)
Unearned revenue	(4,986)
Net cash provided (used) by operating activities	\$ 116,528

The notes to the financial statements are an integral part of this statement.

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
as of June 30, 2023

	<u>MCWCC</u>	<u>MCWPP</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 18,102	\$ 9,212	\$ 27,314
LIABILITIES			
Accounts payable	-	-	-
NET ASSETS			
Held by fiduciary	<u>\$ 18,102</u>	<u>\$ 9,212</u>	<u>\$ 27,314</u>

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
for the Year Ended June 30, 2023

	<u>MCWCC</u>	<u>MCWPP</u>	<u>Total</u>
ADDITIONS			
Water Districts contributions	\$ 62,000	\$ -	\$ 62,000
Government grants	-	30,119	30,119
Total additions	<u>62,000</u>	<u>30,119</u>	<u>92,119</u>
DEDUCTIONS			
Consultant services	43,908	23,723	67,631
Indirect costs	-	2,246	2,246
Total deductions	<u>43,908</u>	<u>25,969</u>	<u>69,877</u>
Changes in fiduciary net assets	18,092	4,150	22,242
Net assets, beginning of year	<u>10</u>	<u>5,062</u>	<u>5,072</u>
Net assets, end of year	<u>\$ 18,102</u>	<u>\$ 9,212</u>	<u>\$ 27,314</u>

Mid-Coast Water Conservation Consortium (MCWCC) was established by 4 Lincoln County municipalities and 1 water district to develop a framework for a mid-coast water conservation consortium.

Mid-Coast Water Planning Partnership (MCWPP) was established to study the availability of water for current and future use on the central Oregon coast under the direction of Oregon Water Resources Department (ORWD).

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Seal Rock Water District (District) prepares its financial statements in accordance with Accounting Principles Generally Accepted in the United States of America (USGAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing USGAAP for state and local governments through its pronouncements (statements and interpretations).

The more significant of the District's accounting policies are described below.

Reporting Entity

The District is a municipal corporation and is exempt from federal income taxes. The District operates under the laws of the State of Oregon for the purpose of providing water service to customers within the boundaries of the District. There are five commissioners elected for terms of four years. The elections are held on odd numbered years with terms expiring on a staggered basis.

There are various other governmental agencies and special service districts which provide services within the District's boundaries. However, the District is not financially accountable for any of these entities and accordingly, their financial information is not included in these financial statements.

Basis of Accounting and Presentation

The District is considered to be a single enterprise similar to a commercial entity for financial reporting purposes. Accordingly, these financial statements are maintained on the flow of economic resources measurement focus using the accrual basis of accounting utilizing accounting principles applicable to commercial enterprises. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when liabilities are incurred.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the proprietary funds considered all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

The District's investment policies are governed by Oregon statutes. The statutes authorize the District to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, high-grade commercial paper and the State Treasurer's Local Government Investment Pool (LGIP). See Note 3.

Inventory

Inventories are valued at cost, which approximates net realizable value, using the first-in/first-out (FIFO) method. The cost of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Restricted Assets

Cash and receivables held in the Debt Service, RD Requirement Reserve, and Revenue Bond are classified as restricted assets on the Statement of Net Position as their use is limited to servicing debt and construction.

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Restricted Assets

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

Property Taxes

Property taxes are levied and become a lien on all taxable property as of July 1. Taxes are levied on November 15 with collection dates: November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (e.g. streets, roads, sidewalks and similar public domain items) are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined in the District's capitalization policy as having a historic cost or fair value in excess of \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are valued at their estimated fair value at the date of the donation.

Additions, improvements, and other capital outlays that significantly improve the useful life or increase the capacity of an asset are capitalized. Other costs incurred for maintenance and repairs are expensed. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Buildings and structures	50 years
Equipment	5 - 25 years
Vehicles	5 years
Infrastructure	50 years

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused personal time off (PTO). All PTO pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirement.

Pensions

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27*, the District's net pension (asset)/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the OPERS and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The District has one item that qualifies for reporting in this category, that is deferred amounts relating to pensions. This amount is deferred and recognized as an outflow of resources in the period when the District recognizes pension expense. Deferred outflows are included in the proprietary funds Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, that is deferred amounts relating to pensions. This amount is deferred and recognized as an inflow of resources in the period when the District recognizes pension income. Deferred inflows are included in the proprietary funds Statement of Net Position.

Net Position

Net Position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District's financial statements.

Net position is divided into three components:

Net investment in capital assets - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position - consists of assets that are restricted by the District's creditors, by enabling legislation, by grantors, and other contributors.

Unrestricted - all other net position is reported in this category.

Operating Revenues, Non-Operating Revenues and Operating Expenses

The District has defined operating revenues to include all service charges and other applicable charges for services directly attributable to providing water. Operating expenses are defined as those expenses directly related to providing the services reflected within operating revenues including depreciation and amortization. Non-operating revenues are revenues not directly attributable to the services provided. This includes investment interest, capital contributions, and gain (loss) on sale of capital assets.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2023

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Law and Practice

Pursuant to Oregon Local Budget Law, Oregon Revised Statutes Chapter 294.305 through 294.770, the District manages its operations through fund accounting. An operating budget is adopted prior to each fiscal year for all funds. The budget is adopted on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual (measurable and available to finance expenditures of the current period). Expenses are generally recognized when the related liability has been incurred. The exception is interest on general long-term debt, which is recognized when due.

Major functional categories identify the legal level of budgetary control above which expenditures are not authorized. The major functional categories are personnel services, materials and services, capital outlay, debt service, interfund transfers, and operating contingency. The Board of Commissioners may select a lower level of appropriations than the budget committee in which case the legal level of appropriation is stated in the appropriation resolution. The expenditure budget for the year is adopted through the appropriation resolution and only the Board may adjust appropriations. Appropriations lapse at the end of the fiscal year, June 30.

NOTE 3 - DEPOSITS AND INVESTMENTS

Cash, cash equivalents and investments as of June 30 are classified in the accompanying Statement of Net Position as follows:

	Balance
Cash and cash equivalents	\$ 1,041,992
Cash and cash equivalents - restricted	1,664,735
Total cash, cash equivalents and investments	\$ 2,706,727

Cash, cash equivalents and investments as of June 30 consist of the following:

	Balance
Petty cash	\$ 800
Deposits with financial institutions	2,349,211
Investments - external investment pool	356,716
Total	\$ 2,706,727

Restricted cash represents funds for debt retirement of \$771,735 and construction of \$893,000.

Deposits

At the end of the fiscal year, the District's total deposits with financial institutions have a bank value of \$2,747,010.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. For deposits in excess of federal depository insurance, the Oregon Legislature Assembly passed House Bill 2901 effective July 1, 2008 eliminates the requirement of certificates of participation and created a shared liability structure of qualified depositories. At year end, \$250,000 of the District's deposits were insured by the FDIC and the remaining balance was in a qualified depository bank, Umpqua Bank.

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Investments

At year end, the District has total funds of \$356,716 (fair value) in the Local Government Investment Pool.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Oregon State Treasurer maintains the Oregon Short Term Fund (OSTF), of which the Local Government Investment Pool (LGIP) is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. LGIP was created to offer a short-term investment alternative to Oregon local governments and it is not registered with the U.S. Securities and Exchange Commission. The investments are regulated by the OSTF and approved by the Oregon Investment Council. At the end of the fiscal year, the fair value of the District's deposits with the LGIP approximately equals the value of the pool shares. The OSTF financial statements are available at <http://ost.state.or.us>.

Investments in the LGIP are available upon demand (one day).

Credit risk

Oregon Statutes limit investments to general obligations of U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, high-grade commercial paper and the State Treasurer's Local Government Investment Pool. The District has no investment policy that would further limit its investment choices. The LGIP is not subject to credit rating.

Concentration of credit risk

The District places no limit on the amount the District may invest in any one issuer.

NOTE 4 - RECEIVABLES

Receivables at June 30, consist of the following:

	<u>Balance</u>	<u>Unrestricted</u>	<u>Restricted</u>
Property taxes	\$ 45,720	\$ 3,642	\$ 42,078
Accounts receivable	212,730	212,730	0
Grants/loan receivable	4,767	0	4,767
Total receivables	\$ 263,217	\$ 216,372	\$ 46,845

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2023

NOTE 4 – RECEIVABLES - Continued

Accounts Receivable

Uncollected accounts receivable are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible accounts has been established.

Property Taxes

Uncollected property taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

NOTE 5 - NOTE RECEIVABLE

In November 2001, the District entered into an Intergovernmental Urban Service Agreement (IGA) with the City of Newport transferring part of the District's service area in South Beach to City of Newport for \$1,800,000 including interest at 6.5% for lost revenue, payable over 30 years with annual payments of principal plus interest totaling \$60,000. The properties in the South Beach service area continue to pay property taxes to the District for the outstanding bonded indebtedness.

In May 2014, Amendment No. 1 to the IGA clarified the boundaries of the service area and that the properties located in the service area are subject to taxes for bonded indebtedness.

In March 2015, Amendment No. 2 to the IGA specified that the City of Newport's debt to the District for lost revenue plus the portion of the bonded indebtedness, excluding the 2013 refunding general obligation bond (originally the 2007 general obligation bond) for the withdrawn properties is \$1,800,000. The City of Newport's share of the 2013 refunding general obligation bond was calculated as \$55,322, which was paid in full on July 1, 2015. The remaining term for the bonds is twenty years.

	<u>Balance</u>	<u>Unrestricted</u>	<u>Restricted</u>
Note receivable, City of Newport	\$ 543,881	\$ 475,967	\$ 67,914

The note receivable maturity schedule is as follows:

Year Ending June 30	Balance	Unrestricted	Restricted
2024	\$ 38,304	\$ 30,961	\$ 7,343
2025	39,942	32,464	7,478
2026	40,448	34,040	6,408
2027	42,338	35,693	6,645
2028	44,210	37,425	6,785
2029-2034	235,950	216,480	19,470
2035-2039	95,998	88,904	7,094
2040-2043	6,691	0	6,691
Totals	\$ 543,881	\$ 475,967	\$ 67,914

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2023

NOTE 6 - CAPITAL ASSETS

Below are the major classes of capital assets:

	7/1			6/30
	Balance	Increases	Decreases	Balance
Non-depreciable				
Land	400,729	-	-	400,729
Construction in progress	15,842,016	640,517	(16,168,393)	314,140
Total nondepreciable	<u>16,242,745</u>	<u>640,517</u>	<u>(16,168,393)</u>	<u>714,869</u>
Depreciable				
Buildings	1,992,897	9,249,265	-	11,242,162
Furn/equip/vehicles	1,092,573	226,873	(122,379)	1,197,067
Water system	22,689,377	6,949,275	-	29,638,652
Total depreciable	<u>25,774,847</u>	<u>16,425,413</u>	<u>(122,379)</u>	<u>42,077,881</u>
Accumulated Depreciation				
Buildings	446,194	227,663	-	673,857
Equipment	737,154	93,237	(122,115)	708,276
Water system	7,573,257	815,345	-	8,388,602
Total acc deprec	<u>8,756,605</u>	<u>1,136,245</u>	<u>(122,115)</u>	<u>9,770,735</u>
Total, net of depreciation	<u>17,018,242</u>	<u>15,289,168</u>	<u>(264)</u>	<u>32,307,146</u>
Capital assets, net	<u>33,260,987</u>	<u>15,929,685</u>	<u>(16,168,657)</u>	<u>33,022,015</u>

Depreciation expense for the year was \$1,136,245.

NOTE 7 - LONG-TERM DEBT

Revenue Bonds

A revenue bond in the amount of \$1,505,000, payable from water system net operating revenue, was issued June 1, 2012. The bond is payable in annual installments of \$74,332 with interest at 2.75%, maturity 2042. Current balance is \$1,088,436.

A revenue bond in the amount of 2,547,000, payable from water system net operating revenue, was issued November 18, 2020, is payable in annual installments of \$109,853 including interest at 1.75%, matures November 18, 2050, and requires reserve accumulating monthly receipts of \$915 to total one annual loan payment in 10 years. Current balance is \$2,415,296.

A revenue bond in the amount of \$2,451,000, payable from water system net operating revenue, was issued December 19, 2017. The bond is payable in annual installments of \$94,972 with interest at 1%, beginning December 1, 2022, maturing December 1, 2051. Current balance is \$2,412,436.

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2023

NOTE 7 - LONG-TERM DEBT - Continued

Revenue Bonds - Continued

The annual requirements to amortize the revenue bonds are as follows:

Year Ending June 30,	Principal	Interest	Total Future Requirements
2024	\$ 182,833	\$ 96,324	\$ 279,157
2025	185,832	93,325	279,157
2026	189,118	90,039	279,157
2027	192,353	86,804	279,157
2028	195,654	83,504	279,158
2029-2033	1,029,932	365,853	1,395,785
2034-2038	1,123,016	272,770	1,395,786
2039-2043	1,151,055	169,996	1,321,051
2044-2048	936,005	88,119	1,024,124
2049-2052	<u>730,370</u>	<u>20,913</u>	<u>751,283</u>
Totals	<u>\$ 5,916,168</u>	<u>\$ 1,367,647</u>	<u>\$ 7,283,815</u>

Notes Payable

On April 10, 2020, Truist Bank provided interim financing for the Beaver Creek Water Source Project Phase IV construction totaling \$9,096,000. The interim loan matures on March 15, 2022 with interest only payments each September 1 and March 1 at 1.81%. Loan principal plus accrued interest is due at loan maturity. The interim loan was reduced to \$6,549,000 with proceeds from the 2020 revenue bonds discussed above totaling \$2,547,000 in November 2020. The remaining balance of the loan was paid in full from the proceeds of general obligation bonds of \$6,549,000 that were issued on December 17, 2021. See the general obligation bonds section of this note.

On August 13, 2015, the Oregon Infrastructure Financing Authority approved a forgivable loan of \$20,000 and a long-term note with proceeds not to exceed \$130,000, at a rate of 1%, on a cost-reimbursement basis for Project S16002. The project was completed in December 2016 and funds received on January 26, 2017 totaled \$146,285. Requirements for the forgivable loan were met and \$20,000 was recorded as a grant in 2017. The loan portion totaled \$126,285 and is payable in annual payments of principal and interest beginning December 31, 2017 through 2023. The outstanding balance was \$18,404 at June 30, 2023.

On December 19, 2017 the Oregon Business Development Department (OBDD) awarded a forgivable loan of \$1,030,000 and a long-term loan with proceeds not to exceed \$2,451,000 on a cost-reimbursement basis for Project S18011. OBDD funds disbursed to the District totaled \$2,451,000 for the long-term loan and \$1,030,000 for the forgivable loan at June 30, 2023. The long-term loan was reclassified to the revenue bonds section of this note on the prior page. The forgivable portion of the loan does not require repayment if the District completes the Project on time and at Project completion date, has average monthly residential water rates for the water supplied by the new water system which are at or above the affordability rate of \$50.21 per 7,500 gallons.

The annual requirements to amortize the notes payable, excluding the forgivable loan, are as follows:

Year Ending June 30,	Principal	Interest	Total Future Requirements
2024	<u>\$18,404</u>	<u>\$ 183</u>	<u>\$18,587</u>

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2023

NOTE 7 - LONG-TERM DEBT - Continued

General Obligation Bonds

General Obligation Bonds are direct obligations and pledge the full faith and credit of the government.

On October 27, 2011 the District issued a GO Bond for \$1,626,000 with a rate of 3.75%, maturing 2042. The current balance is \$1,223,732.

On June 13, 2012 the District issued a GO Bond for \$5,000,000 with a rate of 2 - 4%, maturing 2032. The current balance is \$2,155,000.

On February 13, 2015 the District issued a GO Refunding Bond for \$2,075,000 with a rate of 2-4%, maturing 2036. The current balance is \$1,360,000.

On December 1, 2016 the District issued a GO Bond for \$3,451,000 with a rate of 1.875%, maturing 2041. The current balance is \$2,762,418.

On December 17, 2021 the District issued a GO Bond for \$6,549,000 with a rate of 1.75%, maturing 2047. The current balance is \$6,337,925.

The annual requirements to amortize the general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Total Future Requirements
2024	\$ 787,504	\$ 320,183	\$ 1,107,687
2025	804,964	300,573	1,105,537
2026	758,178	279,909	1,038,087
2027	781,281	261,006	1,042,287
2028	799,565	241,122	1,040,687
2029-2033	3,413,290	927,938	4,341,228
2034-2038	2,805,675	540,931	3,346,606
2039-2043	2,439,805	249,155	2,688,960
2040-2048	<u>1,248,813</u>	<u>55,209</u>	<u>1,304,022</u>
Totals	<u>\$13,839,075</u>	<u>\$3,176,026</u>	<u>\$ 17,015,101</u>

During the current year, the following changes occurred in long term debt:

	7/1 Balance	Additions	Payments	6/30 Balance	Due in One Year	Interest Paid
Revenue Bond	\$ 3,613,367	\$ 2,451,000	\$ 148,199	\$ 5,916,168	\$ 182,833	\$ 130,958
Notes payable	2,487,805	(2,451,000)	18,401	18,404	18,404	368
Forgivable loan	1,029,149	851	0	1,030,000	0	0
GO Bonds	<u>14,603,994</u>	<u>0</u>	<u>764,919</u>	<u>13,839,075</u>	<u>787,504</u>	<u>340,318</u>
Total	<u>\$21,734,315</u>	<u>\$ 851</u>	<u>\$931,519</u>	20,803,647	<u>\$ 988,741</u>	<u>\$ 471,644</u>
				Bond premium <u>107,183</u>		
				Total <u>\$20,910,830</u>		

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2023

NOTE 8 - COMPENSATED ABSENCES

Compensated absences are liquidated by the General Fund. Changes in compensated absences are as follows:

	<u>7/01 Balance</u>	<u>Earned</u>	<u>Taken</u>	<u>6/30 Balance</u>	<u>Due in One Year</u>
Compensated absences	\$ <u>105,424</u>	\$ <u>55,346</u>	\$ <u>50,319</u>	\$ <u>110,451</u>	\$ <u>50,320</u>

NOTE 9 - RETIREMENT BENEFITS

A. PENSION PLAN - Defined Benefit

Oregon Public Employees Retirement System (PERS)

Plan Description

Employees of the District are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report (CAFR) and Actuarial Valuation that can be obtained by writing to: Oregon PERS, PO Box 23700, Tigard OR 97281-3700 or at: <http://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx> .

1. PERS Tier One/Tier Two Pension (Chapter 238)

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or had reached at least 50 years of age before ceasing employment with a participating employer (ages 45 and 55 for police/fire members and general service members respectively). Participants are eligible for retirement after reaching ages 50 and 55 for police/fire members and general service members respectively. Tier One general service member benefits are reduced if retirement occurs prior to age 58 with fewer than 25 years of service, Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2023

NOTE 9 - RETIREMENT BENEFITS – Continued

1. PERS Tier One/Tier Two Pension (Chapter 238)

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

- I. The member was employed by a OPERS employer at the time of death,
- II. The member died within 120 days of after termination of OPERS-covered employment,
3. The member died as a result of injury sustained while employed in a OPERS-covered job, or
4. The member was on an official leave of absence from an OPERS-covered job at the time of death.

Disability Benefits - A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job related injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty-related disability, service time is computed to ages 55 and 58 for fire members and general service members respectively when determining the monthly benefit.

Benefit Changes After Retirement - Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living adjustments (COLA). The COLA is capped at 2.0 percent.

2. OPSRP Defined Benefit Pension Program (238A)

Pension Benefits - The ORS 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age.

Police and Fire: 1.8 percent is multiplied by the number of years of service and the final average salary. To be classified as a fire member the individual must be continuously employed as a fire member for at least five years immediately preceding retirement.

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

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

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

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

Benefit Changes After Retirement - Under ORS 238A.210, monthly benefits are adjusted annually through cost-of-living adjustments (COLAs). The COLA is capped at 2.0 percent.

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2023

NOTE 9 - RETIREMENT BENEFITS - Continued

3. OPSRP Individual Account Program (238A)

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

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

Recordkeeping - PERS contracts with Voya Financial to maintain IAP participant records.

Contributions:

The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the OPERS defined benefit plan and the other Post-Employment Benefit Plans. In some circumstances, payments are made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements. This was not the case for the District for the year ending June 30, 2023 or for any other periods reflected in these Financial Statements, the Notes to the Financial Statements, or the Supplementary Information section. Employer contribution rates during the period were based on the December 31, 2021 actuarial valuation. The rates, expressed as a percentage of payroll, first became effective July 1, 2023.

The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments and their rates have been reduced. District contributions for the year ending June 30, 2023 were \$132,033, excluding amounts to fund employer specific liabilities. The rates in effect for the year ended June 30, 2023 were 21.70 percent for Tier One/Tier Two General Service, 18.65 percent of OPSRP General Service Members, 23.44 percent for OPSRP Police and Fire Members, and 6 percent for OPSRP Individual Account Members.

The employees contribute 6% of their salary to their retirement and the employer contributes the required employer's contribution.

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2023

NOTE 9 - RETIREMENT BENEFITS - Continued

Net Pension Liability

At June 30, 2023, the District reported a net pension liability of \$708,799 for its proportionate share of the system-wide pension liability. The net pension liability was measured as of December 31, 2021, and the system-wide pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to June 30, 2023. The District's proportionate share of the system-wide net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected long-term contributions of all participating employers, actuarially determined. These proportion percentages for the District were 0.00462904 and 0.00501718 for the years ended June 30, 2023 and 2022 respectively. For the year ended June 30, 2023, the District recognized pension expense (income) of (\$59,896). At June 30, 2023, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 34,406	\$ 4,420
Changes of assumptions	111,214	1,016
Net difference between projected and actual earnings on investments	0	126,720
Changes in proportionate share	6,052	66,247
Contributions made subsequent to measurement date	131,757	0
Differences between employer contributions and employer's proportionate share of system contributions	0	87,661
Total	<u>\$ 283,429</u>	<u>\$ 286,064</u>

Deferred outflows of resources of \$283,429 relates to District contributions made subsequent to the measurement date to be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other pension amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Deferred Outflow/(Inflow) of resources (prior to post- measurement date contributions)</u>
2024	\$ (28,002)
2025	(46,607)
2026	(81,733)
2027	33,869
2028	(11,919)
Total	<u>\$ (134,392)</u>

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2023

NOTE 9 - RETIREMENT BENEFITS - Continued

Actuarial Valuations

The employer contribution rates effective July 1, 2021, through June 30, 2023, were set using the entry age normal cost method. For the Tier One/Tier Two component of the PERS defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by employees during the current service year) and (2), an amount for the amortization of unfunded accrued actuarial liabilities, which are being amortized over a fixed period with new unfunded accrued actuarial liabilities being amortized over 20 years. For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by employees during the current service year) and (b) an amount for the amortization of unfunded accrued actuarial liabilities, which are being amortized over a fixed period with new unfunded accrued actuarial liabilities being amortized over 16 years.

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Valuations

Valuation Date	December 31, 2021, rolled forward to June 30, 2022
Experience Study Report	2022, published September 2022
Actuarial Cost Method	Entry age normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Fair value of assets, excluding reserves
Actuarial Assumptions	
Inflation rate	2.40%
Long-term expected rate of return	6.90%
Discount rate	6.90%
Projected salary increases	3.40% overall payroll growth
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i> Pub-2010 Disabled Retiree, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2023

NOTE 9 - RETIREMENT BENEFITS - Continued

Actuarial Valuations

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probabilities of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about future results. Experience studies were performed as of December 31 on even numbered years. The methods and assumptions shown above are based on the 2020 experience study, which reviewed experience for the four-year period ending December 31, 2020.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2022 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plans were invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class/Strategy</u>	<u>Assumed Asset Allocation</u>		
	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Debt securities	15.0	25.0	20.0
Public equity	27.5	37.5	32.5
Private equity	14.0	21.0	17.5
Real estate	9.5	15.5	12.5
Alternatives portfolio	7.5	17.5	15.0
Opportunity portfolio	0.0	5.0	0.0
Risk parity	0.0	2.5	2.5
Total			<u><u>100.0%</u></u>

<u>Asset Class</u>	<u>Target Allocation</u>	<u>20-Year Annualized Geometric Mean</u>
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Total		<u><u>100.00%</u></u>

Assumed Inflation - Mean 2.40%

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2023

NOTE 9 - RETIREMENT BENEFITS - Continued

Discount Rate

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

Sensitivity to Discount Rate

The following presents the District's net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90 percent) and one percentage point higher (7.90 percent) than the current rate:

	<u>1% Decrease (5.90)%</u>	<u>Current Disc. Rate (6.90)%</u>	<u>1% Increase (7.90)%</u>
Net Pension Liability (Asset)	<u>\$ 1,256,994</u>	<u>\$ 708,799</u>	<u>\$ 249,985</u>

Changes in Plan Provisions Subsequent to Measurement Date

Starting July 1, 2020, Senate Bill 1049 required member contributions to their AIP accounts to be redirected to the Defined Benefit fund. If the member earns more than \$2,500 per month, 0.75% for OPSRP members and 2.5% for Tier 1/Tier 2 members' salaries previously contributed to the member's IAP began funding the new Employee Pension Stability Accounts to help fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. PERS estimates that approximately \$125 million in member contributions will be redirected in fiscal year 20-21.

B. RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)

Plan Description

As a member of OPERS, the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing, multiple-employer defined benefit other post-employment benefit plan (OPEB) administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. OPERS issues a publicly available financial report that may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700.

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2023

NOTE 9 - RETIREMENT BENEFITS - Continued

B. RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA) (continued)

Funding Policy

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating municipal corporations are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.50 and 0.43 percent of annual covered payroll for OPERS members and OPSRP respectively. The OPERS Board sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2023, 2022, and 2021 were paid and equaled the required contributions for each year.

NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* provides guidance for accounting for liabilities/(assets) related to retiree healthcare and other non-pension postemployment benefits (OPEB). The other postemployment benefits for the District combines two separate plans. The District provides an implicit rate subsidy for retiree health insurance premiums administered by the Special District Association of Oregon (SDAO), and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan. The total OPEB liability is based on a valuation provided by an independent actuarial firm based on assumptions including inflation rate, projected salary increases, discount rate, medical, dental and vision increases, and mortality rates and other inputs. The total OPEB liability was estimated at June 30, 2023 by Milliman Actuarial Services for both plans. At June 30, 2023, the District's net OPEB liability/(asset) and deferred inflows and outflows were determined by Management not to be material to the financial statements taken as a whole.

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2023

NOTE 11 - OTHER INFORMATION

Tax Abatement

GASB Statement No. 77, *Tax Abatement Disclosures*, requires governments that enter into tax abatement agreements to disclose information about those agreements. The District has not entered into any tax abatement agreements as of the end of the fiscal year; therefore, there are no amounts to disclose.

Commitments

Project Phase IV

Beaver Creek Water Source Project Phase IV was designed and engineered by CH2M HILL Engineers, Inc. (aka Jacobs Engineering Group). CH2M HILL will continue to act as the District's representative, assume all duties and responsibilities, and have the rights and authority assigned to Engineer in the contract documents in connection with the completion of Phase IV. Amendment 5 to the engineering contract totaling \$55,960 for services provided from July 23 through November 23, 2023.

In December 2019, the District engaged R&G Excavating, Inc. as the contractor for the Beaver Creek Water Source Project Phase IV construction of facilities including river intake, raw water pumping station, all piping, 4,000 square foot water treatment plant, membrane filtration equipment installation, as well as other water treatment components, two welded steel tanks (250,000 and 500,000 gallons), one portable and one installed backup generators, and related facilities. This contract has an effective date of April 30, 2020 in the amount of \$10,690,000. Construction is to be substantially completed within 448 days from the effective date (July 22, 2021), with final payment due within 480 days (August 24, 2021). Phase IV was not completed timely, and is subject to arbitration on the contract amount remaining and on project completion.

In October 2016, SDAO Advisory Services, LLC was engaged as a municipal advisor on an on-going basis regarding the issuance of municipal securities, financial products, direct bank loans, conduit borrowings or other financing alternatives and related matters. Specifically, SDAO will advise on the issuance of bonds (debt securities) for the Project Phase IV. Revenue bonds were issued in November 2020. General obligations bonds were issued in 2022.

Economic Dependency

Seal Rock Water District purchases water, when necessary, primarily from the City of Newport, and the City of Toledo when the Beaver Creek Water System requires maintenance.

Risk Management

The District is exposed to various risks of loss related to theft of, damage to and destruction of assets, torts, errors and omissions, injuries to employees, and natural disasters. The District purchases commercial insurance for such risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2023

NOTE 11 - OTHER INFORMATION - Continued

Evaluation of Subsequent Events

Water System

In July 2023, water was discovered on the floor of the new water treatment plant. A pipe connecting the lower end of the membrane module burst resulting in flooding throughout the building. Clean-up was performed and the District worked with the engineers and the pipe manufacturer to determine the cause of the broken pipe.

The District's water contains higher than expected levels of organic materials during low water flow periods. Consideration to install an additional final filter system, a Granular Activated Carbon filter system, to improve the taste and scent of finished water from the water system will likely be added to the water treatment plant with costs covered by remaining USDA grant funds, if any, after arbitration with the contractor for the new water source project construction is settled.

In August 2023, the water treatment plant lost use of its server and the engineering firm and Dell technician brought the system back into working condition. While on site, the membrane modules were examined to determine how to effectively clean the filtration units for best performance while maintaining the health of the membranes. The District is awaiting the final comprehensive report, but did determine that the process for cleaning the skids, and for preparing water for consumption need to be corrected by the manufacturer.

In September 2023, engineers, District staff, and USDA representatives met to perform the 11th month warranty walkthrough of the water treatment plant. District staff noted several concerns which were discussed and addressed. Also, more engineering services were required with the extension of the project completion date from August 24, 2021, resulting in an amendment to the engineering contract for \$55,960 for engineering services provided from July 23 through November 23, 2023.

In October 2023, the District received a final pay application from the construction contractor for the new water treatment plant in an amount exceeding \$800,000. The application is currently being reviewed by District staff, the engineering firm, and legal counsel.

Arbitration with the construction contractor is currently expected to begin in December 2023 or January 2024.

Watershed Chemical Spraying

In August 2023, the District learned that an application for aerial application of pesticides in the Beaver Creek watershed is planned to prepare for timber replanting during the period from September 2 through November 30, 2023. District staff contacted the timberland owner, spraying contractor, and applicable state departments to attempt to mitigate the risk of contaminated water to the District's water customers. Community meetings were held at the District's office with many in attendance. The State of Oregon is unable to prevent the aerial spraying as long as the contractor complies with permit conditions. Oregon Department of Environmental Quality recommends suspending water pumping while spraying is in progress, and sampling creek water before and after pesticide spraying and after major rain events.

The District has evaluated subsequent events through November 30, 2023, the date which the financial statements were available to be issued.

SEAL ROCK WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION SECTION

SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET LIABILITY (ASSET)
as of June 30, 2023

OREGON PUBLIC EMPLOYEE RETIREMENT SYSTEM
Last Ten Fiscal Years

Fiscal. Year Ended	District's Proportion of the Net Pension (Asset)/Liability	District's Proportionate Share of the Net Pension (Asset) Liability	District's Covered Employee Payroll	District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability
2014	0.00393	\$ 200,660	\$ 413,981	48.47%	92.0%
2015	0.00393	(89,129)	425,633	-20.94%	103.6%
2016	0.00454	260,819	423,759	61.55%	91.9%
2017	0.00465	698,307	441,799	158.06%	80.5%
2018	0.00492	663,408	464,754	142.74%	83.1%
2019	0.00499	756,962	483,584	156.53%	82.1%
2020	0.00521	900,947	521,465	172.77%	80.2%
2021	0.00504	1,100,010	548,922	200.39%	75.8%
2022	0.00502	600,380	553,816	108.41%	87.6%
2023	0.00463	708,799	701,830	100.99%	84.5%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date for each year presented.

This schedule is presented to illustrate the requirements to show information for 10 years.

SEAL ROCK WATER DISTRICT, OREGON
SEAL ROCK, OREGON

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
as of June 30, 2023

OREGON PUBLIC EMPLOYEE RETIREMENT SYSTEM
Last Ten Fiscal Years

Fiscal Year Ended	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency /(Excess)	District's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2014	\$ 21,527	\$ 21,654	\$ (127)	\$ 425,633	5.09%
2015	22,008	22,392	(384)	423,759	5.28%
2016	40,348	40,897	(549)	441,799	9.26%
2017	42,432	42,432	-	464,754	9.13%
2018	64,846	64,846	-	483,584	13.41%
2019	67,315	67,315	-	521,465	12.91%
2020	97,690	97,690	-	548,922	17.80%
2021	97,838	97,838	-	554,257	17.65%
2022	103,765	103,765	-	553,816	18.74%
2023	131,757	131,757	-	701,830	18.77%

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date for each year presented.

This schedule is presented to illustrate the requirements to show information for 10 years.

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

NOTES TO THE SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET) AND SCHEDULE OF
CONTRIBUTIONS for the Year Ended June 30, 2022

Changes in Plan Provisions

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:

<https://www.oregon.gov/pers/EMP/Documents/GASB/2022/GASB68-Letter-from-the-Actuary.pdf>.

Changes in Assumptions

A summary of key changes implemented since the December 31, 2019 valuation are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:

<https://www.oregon.gov/pers/EMP/Documents/GASB/2022/GASB68-Letter-from-the-Actuary.pdf>.

Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2018 Experience Study for the System, which was published on July 24, 2019 and can be found at:

https://www.oregon.gov/PERS/Documents/Exp_Study_2018.pdf.

GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

There were no changes subsequent to the June 30, 2021 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

SEAL ROCK WATER DISTRICT

SUPPLEMENTARY INFORMATION SECTION

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

DESCRIPTION OF BUDGETARY FUNDS

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances requires budget and actual be displayed for each fund where legally adopted budgets are required.

Budgetary comparison schedules include the following funds:

General Fund

The fund is used to account for the financial resources of the District that are not accounted for in any other fund. Principal sources of revenue are water sales, service fees and property taxes. Primary expenditures are for system maintenance and general administration.

Capital Projects Fund

The fund is used to account for expenditures for major construction and improvement. Principal sources of revenue are grants, loans, and bond proceeds.

Debt Service Fund

The fund is used to account for the accumulation of resources for, and the payment of debt principal and interest for general obligation bond. The principal sources of revenue are from property taxes.

Rural Development Requirement Reserve Fund

The fund is used to account for the accumulation of resources reserved for the payment of debt principal as required by the USDA Rural Development. The primary sources of revenue are investment interest and transfers from other funds.

Revenue Bond Reserve Fund

The fund is used to account for the accumulation of resources for, and the payment of debt principal and interest for revenue bonds. The principal source of revenue is transfers from the General Fund.

System Development Charges Fund

The fund is used to account for financial resources to be used for major system improvement. The primary revenue source is system development charges and investment income.

Water Source Improvement Reserve Fund

The fund is used to account for financial resources to be used for a portion of major capital repair, improvement expenditures incurred by the City of Toledo, and to develop another source of water. The primary revenue source is transfers from the General Fund.

SLARRA/Depreciation Reserve Fund (Short-Lived Asset Replacement Reserve Account)

The fund is used to account for financial resources for the replacement of vehicles and equipment. The primary source of revenues are transfers from the General Fund.

SRWD Land & Building Reserve Fund

The fund is used to account for financial resources to be used for the maintenance of the administrative office and shop. The primary revenue source is investment income.

SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2023

GENERAL FUND

	Original and Final Budget	Actual	Variance
REVENUE			
Water sales	\$ 2,179,600	\$ 2,151,988	\$ (27,612)
Service connections	22,500	46,922	24,422
Miscellaneous	35,000	20,956	(14,044)
Grants	3,000	-	(3,000)
Interest	30,700	31,010	310
Subdivision assessments	1,000	-	(1,000)
Note receivable receipts	-	29,526	29,526
Sale of equipment/capital assets	35,000	-	(35,000)
Prior year refund	2,500	-	(2,500)
Property taxes	95,500	95,450	(50)
	<u>2,404,800</u>	<u>2,375,852</u>	<u>(28,948)</u>
EXPENDITURES			
Personnel services	1,357,000	1,178,523	178,477
Materials and services	893,800	750,633	143,167
Capital outlay	57,500	49,724	7,776
Contingency	100,000	-	100,000
	<u>2,408,300</u>	<u>1,978,880</u>	<u>429,420</u>
Excess (deficiency) of revenue over expenditures	(3,500)	396,972	400,472
OTHER FINANCING SOURCES (USES)			
Transfers in (out), net	(318,500)	(318,500)	-
Excess (deficiency) of revenue over expen- ditures and other financing sources (uses)	(322,000)	78,472	400,472
FUND BALANCE - Beginning of year	322,000	652,883	330,883
FUND BALANCE - End of year	<u>\$ -</u>	<u>731,355</u>	<u>\$ 731,355</u>
GAAP ADJUSTMENTS - Reconciled to June 2022		13,477,448	
Note receivable receipts		(29,526)	
Capital assets activity			
Additions		49,724	
Asset transfers		16,375,689	
Asset disposals		(264)	
Depreciation		(1,136,245)	
Long-term debt activity			
Principal payments		128,036	
Interest accrued		923	
Pension activity, net		59,896	
FUND BALANCE - End of Year (GAAP basis)		<u>\$ 29,657,036</u>	

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2023

CAPITAL PROJECTS FUND

	Original Budget	Final Budget	Actual	Variance
REVENUE				
Loan proceeds	\$ -	\$ -	\$ 851	\$ 851
Grants	700,000	1,100,000	248,380	(851,620)
Interest	20	20	133	113
Total revenue	700,020	1,100,020	249,364	(850,656)
EXPENDITURES				
Capital outlay	950,020	1,350,020	617,407	732,613
Excess (deficiency) of revenue over expenditures	(250,000)	(250,000)	(368,043)	(118,043)
FUND BALANCE - Beginning of year	250,000	250,000	(267,712)	(517,712)
FUND BALANCE - End of year	\$ -	\$ -	(635,755)	\$ (635,755)
 GAAP ADJUSTMENTS - Reconciled to June 2022			(2,503,492)	
Capital assets activity				
Additions			617,407	
Asset transfers			(16,168,393)	
Long-term debt activity				
Loan proceeds			(851)	
Prepaid bond costs			(1,593)	
Principal payments			803,483	
Bond premium amortization			11,286	
Interest accrued			7,719	
 FUND BALANCE - End of Year (GAAP basis)			\$ (17,870,189)	

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2023

DEBT SERVICE FUND - GENERAL OBLIGATION BONDS

	Original and Final Budget	Actual	Variance
REVENUE			
Interest	\$ 3,500	\$ 3,420	\$ (80)
Property taxes	1,383,220	1,390,428	7,208
Note receivable receipts	8,100	7,009	(1,091)
Miscellaneous	1,500	14,255	12,755
Total revenue	1,396,320	1,415,112	18,792
EXPENDITURES			
Debt service	1,105,280	1,105,237	43
Tax credit reserve 2013	34,140	-	34,140
Total expenses	1,139,420	1,105,237	34,183
Excess (deficiency) of revenue over expenditures	256,900	309,875	52,975
Unappropriated ending fund balance	(646,900)	-	646,900
FUND BALANCE			
Beginning of year (Budget basis)	390,000	398,104	8,104
End of year (Budget basis)	\$ -	707,979	\$ 707,979
GAAP ADJUSTMENTS - Reconciled to June 2022		38,123	
Note receivable receipts		(7,009)	
2013 RGOB Advance		2,663	
FUND BALANCE - End of Year (GAAP basis)		\$ 741,756	

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2023

RURAL DEVELOPMENT REQUIREMENT RESERVE FUND

	Original and Final Budget	Actual	Variance
REVENUE			
Interest	\$ 100	\$ 9	\$ (91)
EXPENDITURES			
Capital outlay	98,090	-	98,090
Excess (deficiency) of revenue over expenditures	(97,990)	9	97,999
OTHER FINANCING SOURCES (USES)			
Transfers in	10,990	10,990	-
Excess (deficiency) of revenue over expen- ditures and other financing sources (uses)	(87,000)	10,999	97,999
FUND BALANCE			
Beginning of year (Budget basis)	87,000	87,674	674
End of year (Budget basis)	\$ -	\$ 98,673	\$ 98,673

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2023

REVENUE BOND RESERVE FUND

	Original and Final Budget	Actual	Variance
REVENUES			
Interest	\$ 20	\$ 3	\$ (17)
Miscellaneous	-	10	10
Total revenues	20	13	(7)
 EXPENDITURES			
Debt service	305,010	297,926	7,084
Excess (deficiency) of revenue over expenditures	(304,990)	(297,913)	7,077
 OTHER FINANCING SOURCES (USES)			
Transfers in	304,790	304,790	-
Excess (deficiency) of revenue over expen- ditures and other financing sources (uses)	(200)	6,877	7,077
 FUND BALANCE			
Beginning of year (Budget basis)	200	284	84
End of year (Budget basis)	\$ -	\$ 7,161	\$ 7,161

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2023

SYSTEM DEVELOPMENT CHARGES FUND

	Original and Final Budget	Actual	Variance
REVENUE			
System development charges (SDC)	\$ 44,500	\$ 88,092	\$ 43,592
Interest	200	1,712	1,512
	44,700	89,804	45,104
EXPENDITURES			
SDC improvements	704,700	44,839	(659,861)
Excess (deficiency) of revenue over expenditures	(660,000)	44,965	704,965
FUND BALANCE			
Beginning of year (Budget basis)	660,000	652,842	(7,158)
End of year (Budget basis)	\$ -	697,807	\$ 697,807
GAAP ADJUSTMENTS:			
Capital asset additions		44,839	
Capital asset transfers		(21,729)	
FUND BALANCE - End of Year (GAAP basis)		\$ 720,917	

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2023

WATER SOURCE IMPROVEMENT RESERVE FUND

	Original and Final Budget	Actual	Variance
REVENUE			
Interest	\$ 2,000	\$ 4,346	\$ 2,346
EXPENDITURES			
Capital outlay	250,150	-	250,150
Excess (deficiency) of revenue over expenditures	(248,150)	4,346	252,496
OTHER FINANCING SOURCES (USES)			
Transfers	(109,850)	(109,850)	-
Excess (deficiency) of revenue over expen- ditures and other financing sources (uses)	(358,000)	(105,504)	252,496
FUND BALANCE			
Beginning of year (Budget basis)	358,000	359,166	1,166
Rounding adjustment	-	(1)	(1)
Beginning of year (Budget basis), restated	358,000	359,165	1,165
End of year (Budget basis)	\$ -	\$ 253,661	\$ 253,661

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2023

SLARRA/DEPRECIATION RESERVE FUND

	Original and Final Budget	Actual	Variance
REVENUE			
Interest	\$ 500	\$ 1,669	\$ 1,169
EXPENDITURES			
Capital outlay	398,070	170,211	227,859
Excess (deficiency) of revenue over expenditures	(397,570)	(168,542)	229,028
OTHER FINANCING SOURCES (USES)			
Transfers in	112,570	112,570	-
Excess (deficiency) of revenue over expen- ditures and other financing sources (uses)	(285,000)	(55,972)	229,028
FUND BALANCE			
Beginning of year (Budget basis)	285,000	284,894	(106)
End of year (Budget basis)	\$ -	\$ 228,922	\$ 228,922

**SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON**

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2023

SRWD LAND AND BUILDINGS RESERVE FUND

	Original and Final Budget	Actual	Variance
REVENUE			
Interest	\$ 500	\$ 3,299	\$ 2,799
EXPENDITURES			
Capital outlay	139,500	15,356	124,144
Excess (deficiency) of revenue over expenditures	(139,000)	(12,057)	126,943
FUND BALANCE			
Beginning of year (Budget basis)	139,000	139,453	453
End of year (Budget basis)	\$ -	\$ 127,396	\$ 127,396

SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON

RECONCILIATION OF REVENUE AND EXPENDITURES (BUDGETARY BASIS)
TO THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
for the Year Ended June 30, 2023

	Total Revenue	Total Expenses	Net
Budgetary Basis			
General Fund	\$ 2,375,852	\$ 1,978,880	\$ 396,972
Capital Projects Fund	249,364	617,407	(368,043)
Debt Service Fund - GOBs	1,415,112	1,105,237	309,875
RD Requirement Reserve Fund	9	-	9
Revenue Bond Reserve Fund	13	297,926	(297,913)
System Development Charges Fund	89,804	44,839	44,965
Water Source Improvement Reserve Fund	4,346	-	4,346
SLARRA/Depreciation Reserve Fund	1,669	170,211	(168,542)
SRWD Land and Buildings Reserve Fund	3,299	15,356	(12,057)
Total budgetary basis	\$ 4,139,468	\$ 4,229,856	(90,388)
Add (deduct) items to reconcile to net income on a financial reporting basis			
Note receivable activity			
City of Newport taxes			(36,535)
2013 RGOB advance			2,663
Capital asset activity			
Additions			897,537
Disposals			(264)
Depreciation			(1,136,245)
Long-term debt activity			
Loan proceeds			(851)
Prepaid bond costs			(1,593)
Principal payments			931,519
Bond premium amortization			11,286
Interest accrued			8,642
Pension activity, net			59,896
Change in net position			645,667
NET POSITION - Beginning of year			13,319,667
Rounding adjustment			(1)
NET POSITION - Beginning of year, restated			13,319,666
NET POSITION - End of year			\$ 13,965,333

SEAL ROCK WATER DISTRICT

COMPLIANCE SECTION

GRIMSTAD & ASSOCIATE
Certified Public Accountants

Newport Office:
P.O. Box 1930
530 N.W. 3rd St. Ste E
Newport, OR 97365
(541) 265-5411
Fax (541) 265-9255
info@grimstad-assoc.com

Lincoln City Office:
1349 N.W. 15th Street
Lincoln City, OR 97367
(541) 994-5252
Fax (541) 994-2105

**Independent Auditor's Report
Required by Oregon State Regulations**

Board of Commissioners
Seal Rock Water District
Seal Rock, Oregon

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Seal Rock Water District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Seal Rock Water District's basic financial statements, and have issued my report thereon dated November 30, 2023.

Compliance

As part of obtaining reasonable assurance about whether Seal Rock Water District's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

I performed procedures to the extent I 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.
- 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 my testing nothing came to my attention that caused me to believe the Seal Rock Water 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.

Internal Control Over Financial Reporting


In planning and performing my audit of the financial statements, I considered Seal Rock Water 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Seal Rock Water District's internal control. Accordingly, I do not express an opinion on the effectiveness of Seal Rock Water 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Purpose of This Report

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



SIGNE GRIMSTAD
Certified Public Accountant
Newport, Oregon
November 30, 2023



2024 SDAO ANNUAL CONFERENCE

FEBRUARY 9-11 | SEASIDE, OREGON

PRE-CONFERENCE: FEBRUARY 8



REGISTER NOW!
<https://cvent.me/XRYXZr>

YOUR OFFICIAL INVITATION TO JOIN US

It's time to register for the **2024 SDAO Annual Conference** at the beautiful Seaside Civic and Convention Center in Seaside, Oregon!

Our annual conference is the can't-miss event of the year for special district representatives. Whether you are a board member, manager, staff person, volunteer – or someone who works with special districts, we have something for you. From 20 educational sessions and multiple opportunities for interacting with colleagues through business meetings, caucus meetings, networking receptions and more, you will want to be sure to join us from February 9th - February 11th.

REGISTRATION RATES

Thank you to our sponsors who continue to help us keep the conference affordable for members! We have been able to keep the same rates for over ten years with your generosity.

- **Pre-Conference:** \$85 Full Day, \$50 Half-Day
- **One Day Only (Friday or Saturday):** \$140
- **Full Conference (Thursday Evening-Sunday Morning):** \$230

HOW TO REGISTER

Registration is now open and available online through our conference registration website.

Please visit <https://cvent.me/XRYXZr> to register and for more information including session descriptions, speaker information, and more. Limited onsite spots are available so we encourage you to register soon.

Please contact **SDAO Member Services at 800-285-5461** or memberservices@sdao.com with any questions or concerns.

GUEST MEAL RATES

If you would like to bring a guest to conference meals only (guests that would like to attend sessions will need to register for the conference as an attendee), please see below for meal prices:

- Friday Breakfast: \$23.50
- Friday Lunch: \$29.50
- Saturday Breakfast: \$23.50
- Saturday Lunch: \$29.50
- Saturday Awards Banquet and Entertainment: \$50 (includes entertainment and two drink tickets)
- Sunday Breakfast: \$23.50



SCOTT ANDERSON: ILLUSIONIST

Filled with extraordinary magic, hilarious comedy, tons of audience participation, and impossible illusions, your amazement is guaranteed! The performances you will see are one of a kind as they are all based upon his own life. Best of all, this is for all ages. The illusion show is a combination of classic and modern illusion. You will see some of the latest mind-boggling effects as well as illusions inspired by the likes of Harry Houdini.

HOTEL INFORMATION

Best Western Plus Ocean View Resort | 414 N Prom

Rates range from \$110-270/night + tax

Book by Phone: 800-234-8439 and press "0".

Book Online: <https://tinyurl.com/4j2rxjpy>.

Rivertide Suites | 102 N Holladay

Rates range from \$139-229/night + tax

Book by Phone: 877-871-8433

Inn at Seaside | 441 2nd Ave

WED - THURS rates range: \$84-118/night + tax

FRI - SAT rates range: \$140-180/night + tax

Book by Phone: 503-738-9581

Holiday Inn Express & Suites | 34 N Holladay Dr

WED - THURS rate: \$140/night + tax

FRI - SAT rates: \$170/night + tax

Book by Phone: 503-717-8000



BOARD MEMBER ELECTIONS

FIRE

Ben Stange, Polk County Fire District #1

IRRIGATION

Brent Stevenson, Santiam Water Control District

SANITARY

Nick Bakke, Rogue Valley Sewer Services

AT-LARGE (TRUE)

Meg Spencer, Siuslaw Public Library District

AT-LARGE (BIG SIX DISTRICTS)*

Scott Stanton, Umatilla County Fire District #1

AT-LARGE (BIG SIX DISTRICTS)*

Adam Denlinger, Seal Rock Water District

Board members are elected for two-year terms extending from July 1, 2024 through June 30, 2026.

**Big six districts are fire, irrigation, park and recreation, port, sanitary and water*



REGISTER NOW!
<https://cvent.me/XRYXZr>

Keynote Speaker: Betsy Allen-Manning

**PEOPLE SAVVY - IMPROVE COMMUNICATION, BUILD BETTER RELATIONSHIPS
& DEAL WITH DIFFICULT PEOPLE**

Studies show that 85% of your success in life is due to your people skills, yet it's one of the most difficult skills to develop. In this highly interactive & hilarious presentation, Betsy takes you through an engaging experience of how different personalities prefer to communicate, connect, be influenced, make decisions & resolve conflict. As a human behavior expert, Betsy breaks down personality styles in a humorous and easy way to understand so you can work better with others and get the results you want.

ACTIONABLE TAKEAWAYS:

- Get strategies for increasing your emotional intelligence & dealing with difficult people.
- Quickly identify someone's personality, preferences, and peeves, and leverage that knowledge to build stronger relationships, enhance service & reduce conflict with others.
- Discover strategies for common communication issues so you can adapt to get better results with people.
- Learn how each personality style is specifically motivated, and how they prefer to be influenced and make decisions.

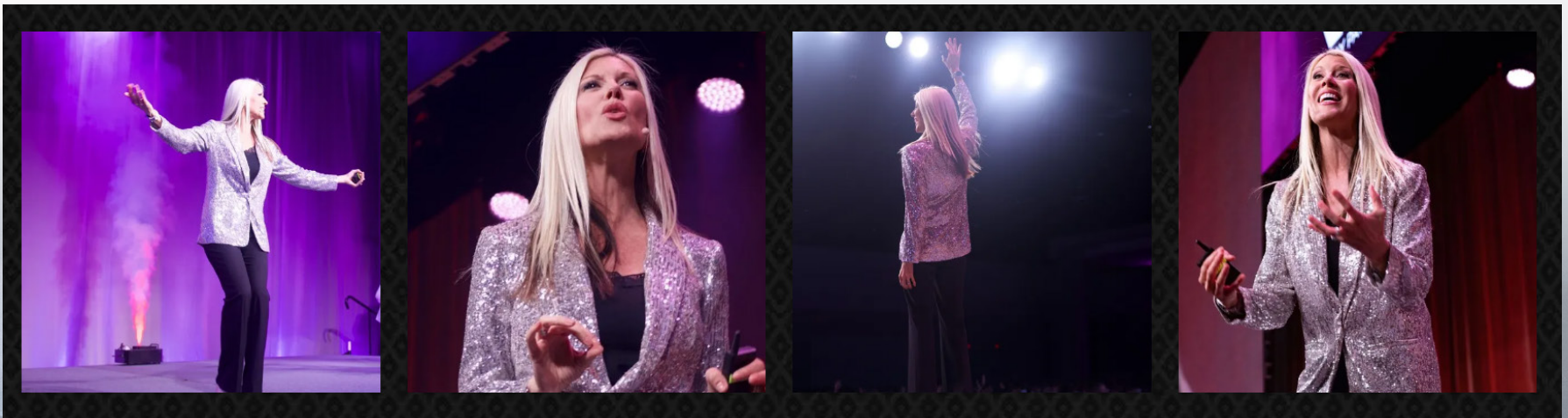
Featured on FOX, CBS, ABC, NBC & TEDx, Betsy Allen-Manning is a renowned leadership speaker & corporate culture expert for fast growing companies. As founder of Corporate Culture Training Solutions, known as one of the top leadership training companies in Dallas, Texas, her specialty is improving workplace culture, creating better employee experiences, & developing



'ready-now leaders' who are equipped to attract, engage, motivate & retain talent in a hyper-competitive marketplace. She's the author of 3 published books and is one of the top leadership motivational speakers in Dallas. Through her dedicated research, expertise in human behavior, experience working as a manager for 5-star hotels, and her involvement with the John Maxwell Team, she is honored to have trained over 15,000 leaders & teams for small businesses, franchises & associations, to multi-billion dollar corporations, such as Toshiba, Aflac, Fidelity & the US Department of Defense.

Betsy has worked quite a bit with government agencies and associations, including the following...

- The US Department of Defense & DAU
- NAVWAR & The Navy
- State Conference for Washington County Officials & Texas County Officials
- WINGA (Wisconsin National Guard Association)
- And many more!



REGISTER NOW!
<https://cvent.me/XRYXZr>

PRE-CONFERENCE - THURSDAY, FEBRUARY 8, 2024

TIME	SESSION TITLE	SPEAKER(S)
9a-3:30p	Board Duties, Responsibilities, and Liabilities	Eileen Eakins
930a-3p	Board Relations, Conflict Resolution and Acceptable Conduct	George Dunkel, SDAO
1p-4p	Filing Audit and Budget Reports	Matt Apken, Merina+Co
9a-12p	Grants - How to Find Them, How to Apply, Best Practices	Bob Irvine, PARC Resources
5p-6:30p	Welcoming Reception	

FRIDAY, FEBRUARY 9, 2024

TIME	SESSION TITLE	SPEAKER(S)
7a	5k Fun Run/Walk	
7:30a-830a	BREAKFAST	
8:30a-10a	Opening Session and Keynote Speaker	Betsy Allen-Manning
10:30a-12p	District Elections: The Basics and How to Be Successful	Lydia Plukchi, Oregon Elections Division
	Cybersecurity: How to Take Basic Steps and Use Resources	Cinnamon Albin, State of Oregon + Panel
	Succession Planning for Your Board and Staff	Bob Keefer, SDAO
	Communication - Telling Your District's Story	Mac Clemmens, Streamline
12p-1:30p	LUNCH	
1:30p-3p	Special District Restructuring and Consolidation	Jake Weigler, Praxis
	Fraud Prevention	Rob Moody
	Paid Leave Oregon	Laurie Grenya, HR Answers
	AI Trends and Special Districts	Mac Clemmens, Streamline
3:15p-5p	Caucus Meetings	
5p-6p	Exhibitor Reception	

SATURDAY, FEBRUARY 10, 2024

TIME	SESSION TITLE	SPEAKER(S)
7a	5k Fun Run/Walk	
7:30a-830a	BREAKFAST	
8:30a-10a	Managing a District with Few or No Employees	MaryKay Dahlgreen, SDAO
	SDAO/SAIF Service Group - Learn about New Requirements and Opportunities	Mike Jacobs, SDAO, Brittany Johnston, SAIF, and Stephanie Eakin, SAIF
	Performance Management/Having Difficult Conversations/Disciplinary Action	Spencer Rockwell, SDAO
	How to Make the Most of Your SDAO Membership	SDAO Team
10:30a-12p	Public Meetings, Records, and Retention Requirements	Mark Wolf and Emily Guimont, Local Government Law Group
	The Risk Management Process	Niki Fisher, Troy DeYoung, Brad Eastman, Greg Jackson, & Kevin Jones, SDAO
	Sexual Harassment in the Workplace	Teri Dragoo and McKenzie Nix, SDAO
	Running Successful Hybrid Meetings	Deborah Jeffries, HR Answers
12p-1p	LUNCH	
1p-2:15p	How to Keep You and Your Board Out of Trouble and Out of the Press	George Dunkel, SDAO
	From Idea to Action: Launching Your First Tabletop Exercise	Meghan Howk and Jason Jantzi, SDAO
	Discrimination Case Studies	Ron Downs, SDAO
	Mental Health Resources	TBD
2:30p-3:45p	Legislative General Session	Hasina Wittenberg, Mark Landauer, SDAO and Cole Arreola-Karr, NSDC
4p-5p	Annual Business Meeting	
6p-10p	Awards Banquet & Entertainment	Scott Anderson

SUNDAY, FEBRUARY 11, 2024

8a-9a	Breakfast & Raffle Drawing	
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REGISTER NOW!
<https://cvent.me/XRYXZr>

S | D | A | O Special Districts
Association of Oregon



**2024 ANNUAL
CONFERENCE**