

SEAL ROCK WATER DISTRICT
Board of Commissioners
Regular Monthly Board Meeting Agenda
Thursday, December 14, 2023, @ 2:00 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 to Order:

Announcements and Visitor Public Comments:

The SRWD Board of Commissioners may entertain public comments during this meeting. The public comment period offers an opportunity for individuals to address the Commissioners concerning agenda items. Please adhere to a time limit of (3) minutes. It is important to note that while the Board may choose to allow or withhold public comments during these meetings, in accordance with the Open Public Meetings Law (OPML), the Board is not obligated to provide a response.

Consent Calendar:

The managers' reports, included within the consent calendar, serve as executive summaries presented to Commissioners to provide updates on system conditions, projects, and programs. Management welcomes Commissioner input and invites requests for more comprehensive information on any specific item, either before or during the meeting.

- Invoice List November 2023 to December 2023
- Regular Board Meeting Minutes November 9, 2023
- Financial Report / Approve Invoices November 2023 to December 2023
- USDA PMR Phase IV No. 39 December 14, 2023
- General Manager's Monthly Report November 2023 to December 2023

• **Discussion and Information Items:**

- Consider Primary Source Water Project Update
Presented by: Adam Denlinger, General Manager
Jeff Hollen, SRWD General Counsel
- Consider installation of an emergency container on the district right-of-way.
Presented by: Adam Denlinger, General Manager

• **Decision Items:**

- Consider draft June 30, 2023, SRWD Financial Audit Report and Management Representation Letter.
Presented by: Joy King-Cortes, SRWD Office Manager

• **Reports, Comments, and Correspondence:**

- The district office will be closed Monday, December 25th in Honor of the Christmas Day Holiday.
- The district office will be closed Monday, January 1st in Honor of the New Year's Day Holiday.
- GM will be away from the office traveling to the Midwest December 15th and returning January 2nd.

• **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: **January 11, 2024, @ 4:00 p.m.** Regular Board Meeting or established date.

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	169	Stipend	12/14/2023	50.00
KAREN OTTA	85	Stipend	12/14/2023	50.00
PAUL HIGHFILL	30	Stipend	12/14/2023	50.00
ROB MILLS	168	Stipend	12/14/2023	50.00
SAUNDRA MIES-GRANTHAM	168	Stipend	12/14/2023	50.00
Total 01-5064:				250.00
Grand Totals:				250.00

Dated: _____

General Manager: _____

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
01-5271				
PIONEER CONNECT TELEPHO	120123	Telephone Services/Internet	12/01/2023	1,670.39
Total 01-5271:				1,670.39
01-5273				
PIONEER CONNECT TELEPHO	120123	WTP Telephone Services/Internet	12/01/2023	215.35
Total 01-5273:				215.35
01-5310				
TCB SECURITY SERVICES INC.	244419	Base Monthly Account Fee	11/29/2023	40.00
TCB SECURITY SERVICES INC.	244419	Level 1 (No included calls)	11/29/2023	11.55
Total 01-5310:				51.55
01-5610				
CENTRAL LINCOLN P.U.D.	112223	Utility Services	11/22/2023	2,244.20
Total 01-5610:				2,244.20
01-5611				
CENTRAL LINCOLN P.U.D.	112223	WTP Utility Services	11/22/2023	1,244.75
Total 01-5611:				1,244.75
01-5631				
NAPA AUTO PARTS	865-65666	heavy duty antifreeze	11/08/2023	18.58
NAPA AUTO PARTS	865-65666	Clear diesel fuel cleaner	11/08/2023	18.99
Total 01-5631:				37.57
Grand Totals:				<u>5,463.81</u>

Dated: Nov 30, 2023

General Manager: A. Nuhn

Dated: _____

Treasurer: _____

[Handwritten Signature]

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
01-5063				
BRENDI HOCH	111423	Baggage Reimb. (To Xylem Reach Conference in FL)	11/14/2023	30.00
BRENDI HOCH	111423	Uber Travel Reimb. (Xylem Reach Conf. travel from FL airport to hotel)	11/14/2023	58.16
BRENDI HOCH	111423	Uber Travel Reimb. (Xylem Reach Conf. travel from hotel to FL airport)	11/14/2023	35.11
BRENDI HOCH	111423	Baggage Reimb. (From Xylem Reach Conference in FL to PDX)	11/14/2023	30.00
BRENDI HOCH	111423	Airport PDX parking (Xylem Reach Conference) - 6 days	11/14/2023	90.00
Total 01-5063:				241.27
01-5208				
GSi WATER SOLUTIONS INC.	00500.020-8	Beaver Creek Streamflow Monitoring Support Services Oct 1 - Oct 31,2023	11/09/2023	4,111.34
Total 01-5208:				4,111.34
01-5271				
CHARTER COMMUNICATIONS	001293711192	Internet (Office)	11/19/2023	129.98
Total 01-5271:				129.98
01-5272				
AT&T MOBILITY	11232023	Wireless	11/15/2023	198.56
Total 01-5272:				198.56
01-5274				
AT&T MOBILITY	11232023	Wireless WTP	11/15/2023	51.48
Total 01-5274:				51.48
01-5291				
US POSTAL SERVICE - WALDP	112023	Bulk Mailing	11/20/2023	899.56
Total 01-5291:				899.56
01-5310				
NEWPORT RENTAL SERVICE, I	F3925	Purchase Tank Swap finance charge	11/01/2023	1.59
OREGON DEPARTMENT OF RE	L2033908384	Notice of Hazardous Substance Possession Fee (Sodium Hypochlorite Solution Le	11/15/2023	297.00
Total 01-5310:				298.59
01-5605				
CASCADE COLUMBIA DISTRIBU	876552	Sodium Permanganate 20% NSF (530 lb drum)	10/31/2023	2,756.00
CASCADE COLUMBIA DISTRIBU	876552	Freight	10/31/2023	605.50
CASCADE COLUMBIA DISTRIBU	876552	Environmental Surcharge	10/31/2023	35.00
CASCADE COLUMBIA DISTRIBU	881452	Caustic Soda 50% NSF 550# Drum	11/08/2023	1,232.00
CASCADE COLUMBIA DISTRIBU	881452	Container Deposit	11/08/2023	300.00
CASCADE COLUMBIA DISTRIBU	881452	Freight	11/08/2023	152.41
CASCADE COLUMBIA DISTRIBU	881452	Environmental Surcharge	11/08/2023	35.00
USA BLUE BOOK	INV00194063	Ricca Conductivity Standard, 100 µS/cm at 25°C (47.2 ppm TDS as NaCl), 500 mL	11/13/2023	37.68
USA BLUE BOOK	INV00194063	freight	11/13/2023	22.77
USA BLUE BOOK	INV00197700	Hach RoVer® Rust Remover, 454 g, 30001;	11/16/2023	54.80

Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount
Total 01-5605:				5,231.16
01-5630				
WIRE WORKS LLC	15320	supplies needed to complete the job, zip ties, connectors, looms	06/05/2023	130.00
Total 01-5630:				130.00
01-5631				
TOM BARR INC. TRUCK & TRAI	6911	gallon 15w40	11/08/2023	60.00
TOM BARR INC. TRUCK & TRAI	6911	fuel filter	11/08/2023	45.80
TOM BARR INC. TRUCK & TRAI	6911	fuel sep	11/08/2023	62.25
TOM BARR INC. TRUCK & TRAI	6911	oil filter for backhoe	11/08/2023	28.80
TOM BARR INC. TRUCK & TRAI	6911	airfilter	11/08/2023	139.88
TOM BARR INC. TRUCK & TRAI	6911	fuel conditioner	11/08/2023	32.62
TOM BARR INC. TRUCK & TRAI	6911	change engine oil, both fuel filters, air filter, oil and grease	11/08/2023	360.00
WIRE WORKS LLC	15320	whelen ion T-series linear lt amber	06/05/2023	185.00
WIRE WORKS LLC	15320	custom tti grille brackets	06/05/2023	45.00
WIRE WORKS LLC	15320	whelen ion series led lighthouse surface mount	06/05/2023	195.00
WIRE WORKS LLC	15320	3 piece mounting bracket for dodge 2013-2019 ram pickup truck	06/05/2023	123.40
WIRE WORKS LLC	15320	havis 8" angled series console for light trucks and suvs	06/05/2023	313.01
WIRE WORKS LLC	15320	round led rocker switch red	06/05/2023	9.95
WIRE WORKS LLC	15320	40/60 amp relay	06/05/2023	4.95
WIRE WORKS LLC	15320	3-1/2 mini 5watt 8ohm external speaker with cable and 3.5 mm plug	06/05/2023	39.99
WIRE WORKS LLC	15320	havis charge gaurd select	06/05/2023	57.95
WIRE WORKS LLC	15320	vehicle specific antenna fender mounts	06/05/2023	75.00
WIRE WORKS LLC	15320	larsen cb radio antenna	06/05/2023	39.95
WIRE WORKS LLC	15320	em wve antenna 152-162 mhz 1/4 wave	06/05/2023	29.95
WIRE WORKS LLC	15320	larsen high frequency coax rg58/u dual shield cable 25foot length	06/05/2023	49.90
WIRE WORKS LLC	15320	Tech labor calkins, sullivan, and uhly	06/05/2023	1,470.00
Total 01-5631:				3,368.40
01-5634				
ANALYTICAL LABORATORY GR	162446	Coliform, Presence/Absence by SM 9223 B-18 11/8/23	11/10/2023	67.00
ANALYTICAL LABORATORY GR	162446	Pickup Newport WTP	11/10/2023	17.00
ONE CALL CONCEPTS, INC.	3081111	Regular Tickets/Modem Delivery	08/31/2023	51.77
Total 01-5634:				135.77
01-5691				
CITY OF NEWPORT	6720	Newport Intertie - Water Purchased 10/1-10/31/2023	11/03/2023	38,265.09
Total 01-5691:				38,265.09
13-5728				
OREGON WATER RESOURCES	112723	Water Mgmt & Conservation Plan OWRD Processing Fee for Final Draft	11/27/2023	2,450.00
Total 13-5728:				2,450.00
Grand Totals:				55,511.20

Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount
-------------	----------------	-------------	--------------	--------------------

Dated: NOV 27, 2023

General Manager: A. Numb

Dated: _____

Treasurer: _____

Report Criteria:

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

Report Criteria:

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

ORIGINAL

Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount
02-6660				
USDA RURAL DEVELOPMENT	102723 (91-13)	2016 GO Bond Principal	10/27/2023	122,411.67 ✓
Total 02-6660:				122,411.67
02-6670				
USDA RURAL DEVELOPMENT	102723 (91-15)	2021 GO Bond Principal	10/27/2023	214,768.30 ✓
Total 02-6670:				214,768.30
02-6740				
US BANK	2413680	2012 GO Bond Interest	10/11/2023	33,740.63
Total 02-6740:				33,740.63
02-6750				
US BANK	2409437	2013 GO Bond Interest	10/09/2023	22,051.25
Total 02-6750:				22,051.25
02-6760				
USDA RURAL DEVELOPMENT	102723 (91-13)	2016 GO Bond Interest	10/27/2023	51,795.33 ✓
Total 02-6760:				51,795.33
02-6770				
USDA RURAL DEVELOPMENT	102723 (91-15)	2021 GO Bond Interest	10/27/2023	110,913.70 ✓
Total 02-6770:				110,913.70
04-6605				
BUSINESS OREGON - IFA	120123 (S1801)	2022 Revenue Bond Principal	12/01/2023	70,847.27
Total 04-6605:				70,847.27
04-6610				
USDA RURAL DEVELOPMENT	100223 (91-17)	2020 Revenue Bond Principal	10/02/2023	67,585.31 ✓
Total 04-6610:				67,585.31
04-6630				
BUSINESS OREGON - IFA	120123 (S1600)	2016 Revenue Bond Principal	12/01/2023	18,403.72
Total 04-6630:				18,403.72
04-6730				
BUSINESS OREGON - IFA	120123 (S1600)	2016 Revenue Bond Interest	12/01/2023	184.04
Total 04-6730:				184.04
04-6750				
USDA RURAL DEVELOPMENT	100223 (91-17)	2020 Revenue Bond Interest	10/02/2023	42,267.69



Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount
Total 04-6750:				42,267.69 ✓
04-6760				
BUSINESS OREGON - IFA	120123 (S1801	2022 Revenue Bond Interest	12/01/2023	24,124.36
Total 04-6760:				24,124.36
Grand Totals:				✓ 779,093.27

Dated: 11/20/23

General Manager: A. W. Smith

Dated: _____

Treasurer: _____

Report Criteria:

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

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
01-5061				
OREGON ASSOC. WATER UTILI	36417	Distribution Basics (Wolfe) 11/28/2023	11/14/2023	175.00
Total 01-5061:				175.00
01-5621				
PATRICK WOLFE	111423	Mileage Reimbursement (OAWU Distribution Basics 11/28/2023 Turner OR)	11/14/2023	121.44
PATRICK WOLFE	111423	Meal Reimbursement (OAWU Distribution Basics 11/28/2023 Turner OR)	11/14/2023	46.00
Total 01-5621:				167.44
Grand Totals:				342.44 ✓

Dated: NOV 20, 2023

General Manager: *A. J. [Signature]*

Dated: _____

Treasurer: _____

[Handwritten Signature]

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
01-2520				
GSI WATER SOLUTIONS INC.	00500.017-7	MCWPP: Water Action Plan Prioritization & Early Implementation Steps Support 7/	08/14/2023	9,448.78
GSI WATER SOLUTIONS INC.	00500.017-8	MCWPP: Water Action Plan Prioritization & Early Implementation Steps Support 8/	09/11/2023	7,796.34
GSI WATER SOLUTIONS INC.	00500.017-9	MCWPP: Water Action Plan Prioritization & Early Implementation Steps Support 9/	10/12/2023	8,589.38
Total 01-2520:				25,834.50
Grand Totals:				25,834.50

Dated: NOV-13-2023

General Manager: A. [Signature]

Dated: _____

Treasurer: _____

[Handwritten Signature]

**SEAL ROCK WATER DISTRICT
MINUTES OF THE
Regular Board Meeting
by Zoom Conference Call and In Person
November 9, 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:

Present on the Zoom Conference Call was Commissioner Sandra Mies-Grantham, Member. Present in person in the Board room were Commissioner Rob Mills, Board President, and Commissioner Karen Otta, Treasurer. Commissioner Glen Morris, Member (he joined the meeting at 4:10 p.m.). Commissioner Paul Highfill, Member (he joined the meeting at 4:23 p.m.). Attorney Jeff Hollen, Legal Counsel. Staff: Adam Denlinger, General Manager; Trish Karlsen, Bookkeeper; Brad Wynn, Senior Operator.

Excused Absences: None

Call Regular Meeting to Order:

President Rob Mills called the regular board meeting to order at 4:00 p.m., Thursday, November 9, 2023, and introduced the commissioners and staff present in the board room. Members of the public in attendance in person were Mary Cutting, Rebecca Austen, Nancy McCarty, and TiAnne Rios. Present on Zoom were Rebecca Baker and Barbara Davis.

Announcements/Public Comments:

President Rob Mills asked if there were any announcements. Commissioner Sandra-Mies Grantham had no announcement; Commissioner Glen Morris had no announcement; Commissioner Karen Otta had no announcement; General Manager, Adam Denlinger had no announcement; Joy King-Cortes, Office/Finance Manager had no announcement; Trish Karlsen, Bookkeeper had no announcement. Attorney Jeff Hollen had no announcement; President Rob Mills had no announcement.

Public Comments:

Members of the public present in the Board room were Mary Cutting, Rebecca Austin, Nancy McCarty, and TiAnne Rios. Those present on the Zoom Conference Call were Rebecca Baker and Barbara Davis. President Rob Mills asked if members of the public had any comments to be part of the public record of the meeting. He explained that these would be comments and not questions or discussion. Those attending on Zoom, Rebecca Baker, and Barbara Davis, had no comments. Nancy McCarty present in the Board room commented that she had heard that the water SRWD is serving its customers now is coming from the City of Newport. If that is true, she is wondering why the customers have not been notified. The GM, Adam Denlinger asked her to leave her contact information for him to call her to answer her question. Adam Denlinger, GM explained that Mary Cutting and Rebecca Austen requested to do a presentation on emergency containers for the Makai Subdivision residents.

Consent Calendar:

Items on the consent calendar are the October/November 2023 Invoices List for approval; October 12, 2023, Regular Board Meeting minutes; October/November 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 Sandra Mies-Grantham answered YES; Commissioner Karen Otta answered YES. Commissioner Glen Morris motioned to approve the consent calendar. Commissioner Sandra Mies-Grantham seconded the motion. The motion was passed 3 – 0. Commissioner Karen Otta abstained from voting since was not present at the October 12, Regular Board Meeting. Commissioner Highfill arrived after the consent calendar was approved.

Discussion and Information Items:

Presentation about the Installation of Emergency Container on District Right-of-Way:

Adam Denlinger, GM introduced Mary Cutting and Rebecca Austen from the Makai Subdivision. Mary Cutting shared that she had been discussing with Adam Denlinger regarding their plan of putting together emergency supplies for the Makai residents in case of a catastrophic event. She and Rebecca Austen are in the beginning stage of putting together emergency supplies in a 20x80 container for the 160 homes with approximately three hundred people in Makai. The Lincoln County School District has a container full of emergency supplies at each school in Lincoln County and already has a written plan. They have also contacted the Seal Rock Fire Department (SRFD) and the fire chief has given them valuable information and is willing to buy the insurance for the container with emergency supplies. The South Lincoln

63 County Emergency Response is willing to be the fiscal agent for the Makai emergency supplies container. It was
64 discussed the importance of having a written plan as a guide as to how and when to access the container. Mary Cutting
65 explained that they are in the beginning phase of the project and before they can proceed, they would like to know if the
66 Makai Community can place the emergency supplies container on the district's property by the Water Treatment Plant.
67 Atty Jeff Hollen mentioned that the easement to the WTP is wider than the road. The container will be located outside the
68 gate of the WTP and can be accessed easily when needed. Although the road easement agreement doesn't provide that
69 the district could place a container on the easement, the owner might agree to it if approached by the Makai Community.
70 This discussion will continue during the regular board meeting on December 14. Adam Denlinger will look into the
71 easement agreement and will find out from other agencies who already have the emergency container in place and ask
72 for copies of agreements and MOUs. This item will be added to the agenda for the December 14, regular board meeting
73 for further discussion.
74

75 TiAnne Rios asked if Adam received an email from John French requesting for a meeting. Adam has received that email
76 and will schedule to meet with John French and other members of the No Spray on Beaver Creek group. She also
77 commented that the community has done a good job in working together to change the aerial spray to ground spray. The
78 Department of Forestry and Department of Agriculture representatives were present during the ground spraying to
79 supervise. She thanked the district for the support. She also wanted to know if the source water has been diverted to
80 another source now that there is plenty of rain.
81

82 **Primary Source Water Project Update:**

83 The unusually high sea swells had impacted the raw water quality due to increased levels of salinity and organics. The
84 district used our secondary emergency water supply from the City of Newport up until the beginning of this week. On
85 Monday, November 6 the WTP operators made the transition back to the Beaver Creek system. The district's secondary
86 water supply comes from the City of Newport and the City of Toledo and are registered with the Oregon Health Authority
87 (OHA). For this reason, the district has no obligation to notify the public when the source water is switched to either
88 source for emergency use.
89

90 During the period of time the plant was offline, water treatment operators continued working with the contractor to
91 complete the final warranty work identified during the 11-month warranty walkthrough and responding to routine water
92 treatment plant maintenance. The contractor has successfully completed several punch list or warranty-work items
93 identified by the engineer.
94

95 The district recently received a pay application (final) from the contractor, however, the engineer was not able to approve
96 the application due to final punch list items not being completed such as the concrete flooring in the Membrane Building,
97 Extended warranty on the servers, O&M Equipment submittals, special guarantees and approved O&M's are subject to
98 final completion. The EJCDC outlines the contractor needs to follow the contract before the engineer can approve the pay
99 request.
100

101 **Decision Items:**

102 **Scope of Work to Perform a Water Master Plan Update:**

103 The district's 2010 Water Master Plan (WMP) needs to be updated now that the district has transitioned from a water
104 distribution system only to a water treatment and water distribution system. Most of the capital improvements listed in the
105 2010 WMP had been completed. The district population has increased from 4,050 in 2010 to 6,000 and service
106 connections have increased from 2,400 in 2010 to 2,600 and the district is now operating a microfiltration membrane.
107 Jacobs Engineering, the district's Engineer of Record, submitted the Scope of Work to provide the Water Master Plan
108 Update. Some of the major project tasks to be included in the Water Master Plan Update are the Water Demand Analysis,
109 Improvement Needs, Regulatory Environment, Capital Improvement Plan, Financing and Rate Analysis, and Seismic
110 Evaluation. The cost for the WMP update is \$206,730 which qualifies for 100% SDC funding. Available funds in the SDC
111 Reserve account are \$486,522.50. Commissioner Karen Otta motioned to approve the Scope of Work submitted by
112 Jacobs Engineering to provide a Water Master Plan Update to begin in January 2024. Commissioner Glen Morris
113 seconded the motion. The motion was passed 5-0.
114

115 **Closing the Operations Facility Bank Accounts:**

116 The Board passed Resolution No. 0403-02 on April 17, 2003 (extended by Resolution 0416-01 on April 21, 2016) with the
117 purpose of establishing a reserve fund to set aside money to purchase a piece of land where to build an office and shop
118 facilities. The district opened an Operations Facility checking account with Umpqua Bank and Local Government
119 Investment Pool (LGIP) with the Oregon State Treasury. The district was able to purchase the land for \$210K. USDA
120 approved a loan of \$1.505M and a grant of \$407K to fund the building of the operations and shop facilities and considered
121 the \$210K as the district contribution. During the April 10, 2022, Budget Committee Meeting it was discussed that the
122 purpose of the Office and Shop Reserve Fund had been accomplished and it was decided to close the reserve fund and
123 transfer the money to the General Fund. The staff asked for approval from the board to close the Operations Facility
124 Checking Account from Umpqua Bank and close the Operations Facility LGIP Account from the Oregon State Treasury

125 and transfer the balance to the General Fund. As of Oct 30, 2023, the balance was \$125,035.57. Commissioner Karen
126 Otta motioned to close the Operations Facility Checking Account from Umpqua Bank and to close the Operations Facility
127 LGIP Account from the Oregon State Treasury and transfer the balance to the General Fund. Commissioner Paul Highfill
128 second the motion. The motion was passed 5 – 0.
129

130 **Reports, Comments, Correspondence:**

131 The district office will be closed on November 10 in observance of Veterans Day. The GM will participate and present at
132 the Oregon Legislators Water Caucus Tour on November 14. The GM will be out of the office on November 15-17 and
133 December 15 returning on January 2. He will be serving on the grand jury on Tuesday/Thursday throughout the months of
134 November and December. The employee luncheon is on December 14 at 12 p.m. and will be followed by the December
135 regular board meeting at 2:00 p.m.
136

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

138 President Rob Mills recessed the regular session at 5:00 p.m. to go into Executive Session, pursuant to ORS
139 192.660(2)(h); To consult with legal counsel concerning the legal rights and duties of a public body regarding current
140 litigation or litigation likely to be filed. Representatives of the news media and designated staff shall be allowed to attend
141 the executive session. All other members of the audience were asked to leave the room and sign off from Zoom.
142 Representatives of the news media are specifically directed not to report on any of the deliberations. No final decisions
143 shall be made in the Executive Session.
144

145 **Reconvened Regular Board Meeting:**

146 President Rob Mills adjourned the Executive Session and reconvened the Regular Board Meeting at 5:58 p.m.
147 Commissioner Karen Otta motioned to authorize the district to enter into arbitration with the amended stipulation identified
148 as Stipulation to Arbitration Issues 2. Commissioner Paul Highfill seconded the motion. The motion was passed 4-0.
149 Commissioner Glen Morris had to leave the meeting before the motion and was not able to cast his vote.
150

151 **Adjournment:** Commissioner Karen Otta motioned to adjourn the meeting. Commissioner Paul Highfill seconded the
152 motion. President Rob Mills adjourned the meeting at 5:58 p.m.
153

154 **Next Board Meeting:** December 14, 2023, at 2:00 p.m. Regular Board Meeting.
155
156
157
158
159
160

161 _____
Approved by Board President

_____ Date:

SRWD Monthly Financial Report

Monthly Statistics		Comments			
Total customers	2676	Includes new connects Less Abandoned / Forfeited meter plus 3 SRWD meters (shop X 2 & office) plus 1 Hydrant meter			
New connections	0				
Reinstalls	0				
Abandonments/Forfeitures/Meter Removed	0				
Financial Report	Checking/MM	LGIP/PFMA	Fund Balances	Comments	
General	\$585,488.33	\$18,372.23	\$603,860.56		
Bond	\$953,786.21	\$0.00	\$953,786.21		
Capital Projects	\$67,284.91	\$68,652.27	\$135,937.18	\$7,421,586 Interim Loan Proceeds	
Revenue Bond	\$2,794.09	\$525.12	\$3,319.21		
Rural Development Reserve	\$0.00	\$106,919.92	\$106,919.92		
Dist. Office/Shop Reserve	\$3,615.08	\$125,036.66	\$128,651.74		
Depreciation/SLARA Reserve	\$0.00	\$304,249.95	\$304,249.95		
SDC (formerly SIP)	\$0.00	\$694,315.02	\$694,315.02	\$1,293,160.50 SDC collections thru 11/30/2023	
Water Source Improvement Rsrv	\$0.00	\$255,879.19	\$255,879.19		
TOTALS	\$1,612,968.62	\$1,573,950.36	\$3,186,918.98		
General Fund Review	Current	FYTD	Budgeted Amount	Comments	
Revenue	\$291,295.68	1,278,660.06	\$3,205,120.00		
Expenses	\$205,187.23	979,416.77	\$3,205,120.00	Contingency \$100,000; Transfers \$416,320; Total expenses budgeted \$2,677,800.	
Net Gain or (Loss) from Operations	\$86,108.45	\$299,243.29			
Water Sales Revenue Comparison	Month	FYTD	Comments		
Water Sales Current Year	\$198,162.90	\$1,134,150.74	Leak Adjustments & Billings Adjustments (YTD = July - June)		
Actual+In Lieu of Water Sales Less H2O CR	\$203,162.90	\$1,159,034.09	Billing Adj FYTD \$0.00		
Water Sales Prior Year	\$165,287.24	\$947,547.89	Leak Adj/Write off FYTD \$116.65		
Actual+In Lieu of Water Sales Less H2O CR	\$170,287.24	\$972,510.40	TOTAL FYTD ADJUSTMENTS \$116.65		
Over or (Under)	\$32,875.66	\$186,602.85	Note: Rate increase effective 6/1/2023		
Gallage Comparison	Current	Prior Year	Cost Comparison	Current	Prior Year
Gallons Purchased/Intertie/WTP Treated	8,259,043	13,193,530	Toledo Charges	\$0.00	\$43,074.83
Gallons Sold (includes accountable loss & intertie)	7,203,341	6,750,237	SRWD Sales	\$198,162.90	\$165,287.24
Variance %	12.78%	48.84%	Ratio: Sales/Cost	0.00	3.84
Gallons Produced/Treated at WTP	1,600,000		10/11/2023-11/13/2023		
Gallons from Toledo Master Meter	0		Toledo Master Meter Readings read by SRWD field crew		
SRWD Intertie Usage (Purchased)	6,659,043		Additional water SRWD used/purchased from Newport Intertie		
Total Water Received/Produced	8,259,043				
City of Newport Intertie Usage (Sold)	0		Gallons sold to City of Newport for water used from the Newport Intertie		
Total Gallons Accounted	6,627,412		From flushing, leaks, CL2 Analyzer, & fire hydrant use		
Total Gallons Unaccounted	1,631,631				
Water Loss Percentage	19.76%				
Approval To Pay Bills	Payroll 11/3/2023 \$30,692.50		Payroll 11/17/2023 \$30,036.87		
Month of:	November	(after meeting)	December		
	GF A/P	\$0.00	GF A/P	\$18,203.23	up to 12/6/2023
	SDC Fund	\$0.00	SDC Fund	\$1,147.50	WMCP
	Bond/Rev Bond Fund	\$0.00	Bond/Rev Bond Fund	\$779,093.27	GO Bond \$555,680.88 / Rev. Bond \$223,412.39
	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)	\$679.51	possibly reimbursable
	MCWPP	\$0.00	MCWPP	\$8,710.03	Funds received 12/6/2023
	MCWCC	\$0.00	MCWCC	\$914.03	
Monthly Accrual Statistics	Beg. Balance	Accrued	Used/Paid	Balance	
	10/31/2023			11/30/2023	
Office Overtime Hours (2-01)	0.00	3.50	3.50	0.00	
Field Overtime Hours (2-02)	0.00	5.25	5.25	0.00	
PTO (3-01)	3106.48	126.18	77.00	3155.66	
Comp Time (9-01 / 9-02)	113.41	47.25	30.50	130.16	

c:\msoffice\excel\guide21				OR Instruction 1780			
				Modified OR Guide 21			
PROJECT MONITORING REPORT		1. Type of Request		2. Report No.		38	
		Final <input type="checkbox"/> Partial <input checked="" type="checkbox"/>				updated 5-11-2020	
3. REPORT PERIOD		4. BORROWER INFORMATION					
Ending 10/31/2023		Name: Seal Rock Water District					
		Address: 1037 NW Grebe Street, Seal Rock, OR 97376					
BUDGET ITEMS				STATUS OF BUDGET			
(All entries under Column "b" must be justified with an attachment) (All entries under column "e" must be documented with an attached invoice)		(a)	(b)	(c)	(d)	(e)	(f)
		Budgeted	Budget	Revised	Previous	This	TOTAL
		Amounts	Change	Budget	Total	Period	(d)+(e)
		(from LOC)					
							(g)
							Remaining
							Balance
							(c)-(f)
a. Engineering- Design		\$947,000	\$91,000.00	\$1,038,000.00	\$1,038,000.00		\$ 1,038,000.00
b. Engineering- Membrane Pre-purchase		\$35,000	\$2,990.00	\$37,990.00	\$37,990.00		\$ 37,990.00
c. Engineering- Bid Services		\$45,000	-\$3.00	\$44,997.00	\$44,997.00		\$ 44,997.00
d. Engineering-Basic Engineering		\$380,000	\$27,799.86	\$407,799.86	\$407,799.86		\$ 407,799.86
e. Engineering-Project Inspection		\$0	\$733,692.61	\$733,692.61	\$733,013.10	\$ 679.51	\$ 733,692.61
f. Engineering-Start Up		\$20,000	\$10,000.00	\$30,000.00	\$30,000.00		\$ 30,000.00
g. Engineering- Software Development		\$0	\$324,886.53	\$324,886.53	\$302,598.89		\$ 302,598.89
h. Legal Services/Land Purch. (easements)		\$400,000	\$77,205.02	\$477,205.02	\$477,205.02		\$ 477,205.02
i. Geotechnical Site Investigation		\$51,000	-\$23.00	\$50,977.00	\$50,977.00		\$ 50,977.00
j. Surveying		\$26,000	\$3,962.00	\$29,962.00	\$29,962.00		\$ 29,962.00
k. Permitting		\$170,000	\$48,486.00	\$218,486.00	\$218,486.00		\$ 218,486.00
l. Archeological/Environmental Mitigation		\$40,000	-\$22,954.00	\$17,046.00	\$17,046.00		\$ 17,046.00
m. Bond counsel Services		\$80,000	-\$24,500.00	\$55,500.00	\$55,500.00		\$ 55,500.00
n. Interim Interest & Expense		\$360,000	-\$161,028.78	\$198,971.22	\$198,971.22		\$ 198,971.22
o. Consultant/Admin/Legal-phase 4		\$12,000	\$137,111.51	\$149,111.51	\$149,111.51		\$ 149,111.51
p. Line of Credit Refinance (COT expenses)		\$1,616,500	-\$429,500.00	\$1,187,000.00	\$1,187,000.00		\$ 1,187,000.00
q. Line of Credit Refinance- Interest		\$0	\$22,914.00	\$22,914.00	\$22,914.00		\$ 22,914.00
r. Contingency		\$1,306,000	-\$1,306,000.00	\$0.00	\$0.00		\$ -
s. Additional IFA Services		\$0	\$342,502.74	\$342,502.74	\$342,502.74		\$ 342,502.74
t. Tree Clearing		\$0	\$13,785.00	\$13,785.00	\$13,785.00		\$ 13,785.00
u. Tank Removal		\$0	\$18,752.00	\$18,752.00	\$18,752.00		\$ 18,752.00
v. Software/Licensing			\$28,396.24	\$28,396.24	\$28,396.24		\$ 28,396.24
x. Construction Costs:							
1. Contractor R&G		\$8,966,000	\$1,743,799.43	\$10,709,799.43	\$9,892,318.82		\$ 9,892,318.82
2. Westech- Membrane Purchase		\$922,000	-\$17,611.50	\$904,388.50	\$904,388.50		\$ 904,388.50
3. Other-Electrical at Intake/WTP		\$0	\$202,421.50	\$202,421.50	\$202,421.50		\$ 202,421.50
4. Other-Compaction Test		\$0	\$52,400.50	\$52,400.50	\$52,400.50		\$ 52,400.50
5. Other-98th St. PRV Calibration		\$0	\$5,210.00	\$5,210.00	\$5,210.00		\$ 5,210.00
6. Other- Electrical VFD		\$0	\$12,500.00	\$12,500.00	\$12,500.00		\$ 12,500.00
k. TOTAL PROJECT COST		\$15,376,500	\$1,938,194.66	\$17,314,694.66	\$16,474,246.90	\$679.51	\$16,474,926.41
l. Funding Allocation							
1) Business Oregon Loan/Grant		\$3,481,000	\$0	\$3,481,000.00	\$3,481,000.00		\$ 3,481,000.00
2) USDA Rev Bond Loan		\$2,547,000	\$0	\$2,547,000.00	\$2,547,000.00		\$ 2,547,000.00
3) USDA GO Bond Loan		\$6,549,000	\$0	\$6,549,000.00	\$6,549,000.00		\$ 6,549,000.00
4) USDA Grant		\$2,799,500	\$0	\$2,799,500.00	\$2,799,500.00		\$ 2,799,500.00
5) USDA Sub Grant		\$0	\$1,500,000	\$1,500,000.00	\$682,519.39		\$682,519.39
6) Applicant Contribution		\$0	\$435,076	\$435,075.66	\$412,108.51	\$679.51	\$ 412,788.02
7) Interest			\$3,119.00	\$3,119.00	\$3,119.00		\$ 3,119.00
m. TOTAL PROJECT FUNDING		\$15,376,500	\$1,938,194.66	\$17,314,694.66	\$16,474,246.90	\$ 679.51	\$ 16,474,926.41
n. Percentage of Completion					95%	0%	95%
5. CERTIFICATION							
<i>I certify that to the best of my knowledge and belief costs or disbursements shown are in accordance with the terms of the project and that an inspection has been performed and all work is in accordance with the terms of the construction contract.</i>							
BORROWER		Signature of Authorized Certifying Official				Date Submitted:	
		Adam Denlinger, General Manager				10/14/2023	
						Telephone:	
						(541) 563-3529	
6. RURAL DEVELOPMENT ACCEPTANCE							
<i>This form and attachments have been reviewed and are accepted by Rural Utilities Service unless otherwise noted. This review and acceptance by RUS does not attest to the correctness of the amounts, the quantities shown, or that the work has been performed under the terms of the agreements or contracts.</i>							
RURAL UTILITIES SERVICE		Signature of Authorized Certifying Official				Date Submitted:	
		Holly Halligan, Area Loan Specialist					
						Telephone:	
						(541) 801-2682	
NOTES:							



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 – December 14, 2023

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 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.



CIP Heating Rod:



Emergency Standby Generator:

Operators also took delivery of a new trailer-mounted emergency generator on December 8th. Purchased with 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.

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

Adam Denlinger, General Manager

adenlinger@srwd.org

www.srwd.org

Major Storm Event December 3rd through December 18th:

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.



December 7th 6:00 AM:



December 7th 11:45 AM:

On December 7th, Field Operators responded to a water leak on the district's South Bay Road system. Arriving on site, they discovered major settling in several road areas and a slide at the four-mile marker, causing a leak on the district's 12-inch mainline feeding South Bay Road customers. Crews had to completely shut down the system, disrupting service to approximately six customers. They worked throughout the day and into the evening to restore service. Due to numerous slides and settling conditions, further repairs to the system are anticipated in the near future. This incident required the district to issue a Loss of Pressure Boil Water Notice to the affected area.



Other notable activities for the month include:

- Met with representatives from USDA-RD to provide a project status update.
- 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 the SDAO Legislative meeting.
- Attended meetings with SDAO/OAWU and Joint Water Caucus Chief of Staff.
- Assisted the City of Newport in interviewing candidates to fill the Public Works Director vacancy.
- Provided a presentation to the Legislative Joint Water Caucus Tour on November 14th.
- Attended Grand Jury on November 7th, 21st, 28th, December 5th and 12th.
- Staff attended meetings with 120 Water consultants to discuss progress on the district's Lead and Copper Service Line Inventory.
- Collaborated with Finance Manager to complete Management Discussion and Analysis Letter for the draft audit report.
- Facilitated monthly SRWD Staff/Safety meeting.

**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	Saundra 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
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

	<u>Page</u>
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

DRAFT

INDEPENDENT AUDITOR'S REPORT

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

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

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

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	<u>(1,173,496)</u>
Net cash provided (used) by operating activities	<u>116,528</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	1,473,210
Grants	354,832
Note receivable receipts	<u>36,536</u>
Net cash provided (used) by noncapital financing activities	<u>1,864,578</u>
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	<u>88,092</u>
Net cash provided (used) by capital and related financing activities	<u>(1,924,749)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>45,601</u>
Net increase (decrease) in cash and cash equivalents	101,958
Cash and cash equivalents - Beginning of year (restricted \$1,385,048)	<u>2,604,769</u>
Cash and cash equivalents - End of year (restricted \$1,664,735)	<u><u>\$ 2,706,727</u></u>
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	<u>(4,986)</u>
Net cash provided (used) by operating activities	<u><u>\$ 116,528</u></u>

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 <u>June 30</u>	<u>Balance</u>	<u>Unrestricted</u>	<u>Restricted</u>
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	<u>6,691</u>	<u>0</u>	<u>6,691</u>
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	1,248,813	55,209	1,304,022
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	14,603,994	0	764,919	13,839,075	787,504	340,318
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 0.004629040 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	<u>0</u>	<u>87,661</u>
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	<u>(11,919)</u>
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.

Assumed Asset Allocation			
Asset Class/Strategy	Low Range	High Range	OIC Target
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			100.0%

Asset Class	Target Allocation	20-Year Annualized Geometric Mean
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		100.00%

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

DRAFT

**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

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
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)
Total revenue	<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
Total expenditures	<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	<u>(318,500)</u>	<u>(318,500)</u>	<u>-</u>
Excess (deficiency) of revenue over expen- ditures and other financing sources (uses)	(322,000)	78,472	400,472
FUND BALANCE - Beginning of year	<u>322,000</u>	<u>652,883</u>	<u>330,883</u>
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		<u>59,896</u>	
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

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
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
	<u>1,396,320</u>	<u>1,415,112</u>	<u>18,792</u>
EXPENDITURES			
Debt service	1,105,280	1,105,237	43
Tax credit reserve 2013	34,140	-	34,140
	<u>1,139,420</u>	<u>1,105,237</u>	<u>34,183</u>
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)	<u>390,000</u>	<u>398,104</u>	<u>8,104</u>
End of year (Budget basis)	<u>\$ -</u>	<u>707,979</u>	<u>\$ 707,979</u>
GAAP ADJUSTMENTS - Reconciled to June 2022		38,123	
Note receivable receipts		(7,009)	
2013 RGOB Advance		<u>2,663</u>	
FUND BALANCE - End of Year (GAAP basis)		<u>\$ 741,756</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**

RURAL DEVELOPMENT REQUIREMENT RESERVE FUND

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Interest	\$ 100	\$ 9	\$ (91)
EXPENDITURES			
Capital outlay	<u>98,090</u>	<u>-</u>	<u>98,090</u>
Excess (deficiency) of revenue over expenditures	(97,990)	9	97,999
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>10,990</u>	<u>10,990</u>	<u>-</u>
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)	<u>87,000</u>	<u>87,674</u>	<u>674</u>
End of year (Budget basis)	<u>\$ -</u>	<u>\$ 98,673</u>	<u>\$ 98,673</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**

REVENUE BOND RESERVE FUND

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

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
Total revenue	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

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Interest	\$ 500	\$ 1,669	\$ 1,169
EXPENDITURES			
Capital outlay	<u>398,070</u>	<u>170,211</u>	<u>227,859</u>
Excess (deficiency) of revenue over expenditures	(397,570)	(168,542)	229,028
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>112,570</u>	<u>112,570</u>	<u>-</u>
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)	<u>285,000</u>	<u>284,894</u>	<u>(106)</u>
End of year (Budget basis)	<u>\$ -</u>	<u>\$ 228,922</u>	<u>\$ 228,922</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**

SRWD LAND AND BUILDINGS RESERVE FUND

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

**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

**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.

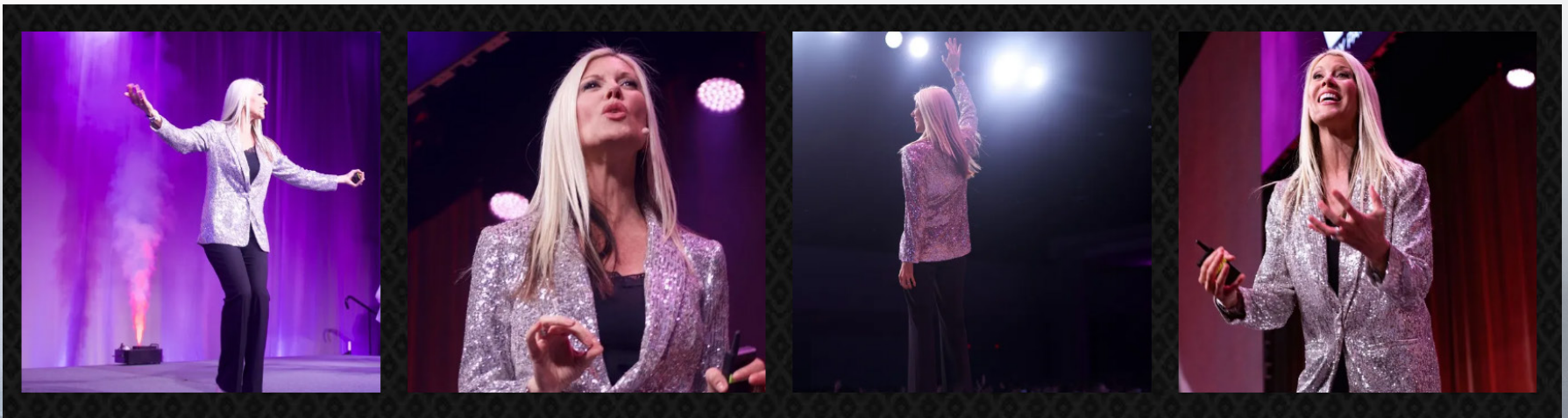
Featured on FOX, CBS, ABC, NBC & TEDx, Betsy Allen-Manning is a renowned leadership speaker & corporate culture expert for fast growing companies. As founder of Corporate Culture Training Solutions, known as one of the top leadership training companies in Dallas, Texas, her specialty is improving workplace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



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

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



**2024 ANNUAL
CONFERENCE**