



ROBERTS CREEK WATER DISTRICT

**ROBERTS CREEK WATER DISTRICT
ROSEBURG, OREGON**

Financial Report

JUNE 30, 2018

ROBERTS CREEK WATER DISTRICT

June 30, 2018

BOARD OF COMMISSIONERS

		<u>Term Expires</u>	<u>Position</u>
Tracey Parker 2110 Freeman Ave. Roseburg, OR 97471-4704	President	July 2021	4
Tom Fullbright 5267 Grange Rd Roseburg, OR 97471	Secretary	July 2021	5
Carolyn White 631 Roberts Mountain Rd Roseburg, OR 97471	Treasurer	July 2021	1
Phillip Bigler 310 Jamie Loop Roseburg, OR 97471	Commissioner	July 2019	2
Stephen Lusch 182 Summerwood Roseburg, OR 97471	Vice-President	July 2019	3

OFFICE MANAGER

David Campos
1858 NE Sunset St
Roseburg, OR 97470

SUPERINTENDENT

Alan Paulson
4751 Happy Valley Rd.
Roseburg, OR 97471

REGISTERED AGENT

David Campos

ROBERTS CREEK WATER DISTRICT

June 30, 2018

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NEUNER DAVIDSON & CO

Cooley, Rapp & Friel, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Roberts Creek Water District
4336 Old Highway 99S
Roseburg, OR 97471-4478

Dear Board Members:

We have audited the accompanying financial statements of the business type activities and each major fund of Roberts Creek Water District as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collective comprise of the District's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of business type activities and each major fund of Roberts Creek Water District as of June 30, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the years ended in accordance with accounting principles generally accepted in the United States of America.

**Roberts Creek Water District
Independent Auditor's Report**

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Roberts Creek Water District's basic financial statements. The supplementary information and other supplemental data listed in the table of contents is presented for purposes of additional analysis and are not a part of the basic financial statements.

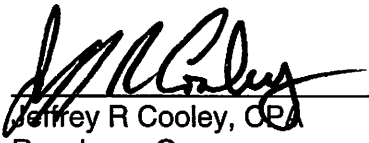
The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplemental data has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Oregon Revised Statutes

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 26, 2018 on our consideration of the District's compliance with certain provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-100 to 162-10-320. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Neuner Davidson & Co
Certified Public Accountants

By: 
Jeffrey R Cooley, CPA
Roseburg, Oregon
December 26, 2018

Management's Discussion and Analysis

ROBERTS CREEK WATER DISTRICT
Management's Discussion and Analysis
for the Year Ending June 30, 2018

The following discussion and analysis of Roberts Creek Water District's (the District) financial performance presents management's overview of the District's financial activities for the fiscal year ended June 30, 2018. The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Please read it in conjunction with the District's basic financial statements, which begin immediately following this analysis.

Roberts Creek Water District uses fund accounting to maintain control over resources and expenditures that have been segregated for specific activities or objectives and to ensure and demonstrate compliance with finance-related legal requirements.

The District's basic operating services as reported in the General Fund (Enterprise Fund) focus on how the money flows into the District through mainly water sales and meter sales (Revenues and Expenditures) for normal operating costs.

The Capital Projects Fund is used to record large improvements or repairs to the water system's infrastructure. Projects completed with System Development Charges are tracked through this fund. Capital Projects' main source of revenue is from the SDC portion of meter sales, and a transfer from the General Fund generated from water sales. State law dictates how money derived from System Development Charges may be spent.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements presented herein include all of the activities of the District as prescribed by GASB Statement No. 34. The basic financial statements are comprised of three components: (1) government-wide financial statements beginning on Page 10 of this report, (2) notes to financial statements beginning on Page 15 of this report, and (3) supplementary information beginning on Page 25 of this report.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting.

- The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as Net Position. Over time, increases or decreases in the net assets may serve as a useful indicator showing if the financial position of the District is improving or deteriorating. The net position section is displayed in three categories: 1) Investment in Capital Assets, 2) Restricted, and 3) Unrestricted. The Statement of Net Position can be found on pages 10 and 11.

ROBERTS CREEK WATER DISTRICT
Management's Discussion and Analysis
for the Year Ending June 30, 2018

- The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of related cash flows. This statement measures the success of the District's operations during the year and can be used to determine whether the District has recovered its costs through user fees and charges. The *Statement of Revenues, Expenses and Changes in Net Position* can be found on page 12.
- The *Statement of Cash Flows* presents a summary of the cash flows from operations and investments during the reporting period. The *Statement of Cash Flows* also reconciles the reasons why cash from operating activities differs from operating income. The *Statement of Cash Flows* can be found on pages 13 and 14.

PROPRIETARY FUNDS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to those found in the private sector where the intent of the governing body is that the costs and expenses of providing goods or services to the general public on a continuing basis be financed or recovered primarily through fees and user charges.

The District reports a single proprietary fund in the basic financial statements, however, uses two funds for budgetary purposes - The Enterprise Fund and the Capital Projects Fund. Information is presented separately in the proprietary fund Balance Sheet and Statement of Revenues and Expenditures and Changes in Fund Balances for the Enterprise Fund and Capital Projects, which are considered major funds.

Because the focus of proprietary funds is narrower than that of governmental-wide financial statements, it is useful to compare the information presented for proprietary funds with similar information presented, proprietary activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the proprietary fund *Balance Sheet* and *Statement of Revenues, Expenditures and Changes in Fund Balances* are reconciled to the government-wide *Statement of Net Position* and *Statement of Revenues, Expenses and Changes in Net Position*.

The District adopts an annual operating budget for all funds. A budgetary comparison statement to demonstrate compliance with this budget is provided for these funds beginning on Page 29. The proprietary fund financial statements can be found on Pages 25 through 28 of this report.

INTERNAL SERVICE FUNDS

The District does not maintain any Internal Service Funds.

ROBERTS CREEK WATER DISTRICT
Management's Discussion and Analysis
for the Year Ending June 30, 2018

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for internal services fund.

The District does not maintain any Fiduciary Funds.

NOTES TO THE BASIC FINANCIAL STATEMENTS

These notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the basic financial statements can be found on Pages 15 through 24 of this report.

OVERALL FINANCIAL ANALYSIS OF THE DISTRICT

(Government-Wide Financial Statements)

Net Position – The District's net position increased by \$84,909 (from \$8,243,135 to \$8,328,044) during the fiscal year 2017-18. Net position invested in capital assets decreased by \$198,006. Restricted Net Position increased by \$216,305. Unrestricted net position increased by \$66,610.

Change in Net Position – The District's program revenues increased by \$49,527 from \$1,939,871 in 2016-17 to \$1,989,398 in 2017-18, due to increases in water sales. The increase in water sales is primarily due to a water rate increase adopted in December 2017.

Operating Expenses -- Program expenses decreased from \$1,826,974 to \$1,790,108 (a decrease of \$36,866) primarily due to; a decrease in the Office Manager salary (new Office Manager), a decrease in unemployment costs, and a decrease in costs from inventory utilization.

The District's non-operating revenues increased by \$6,767 due to increased interest income.

Non operating expenses decreased by \$96,452. Interest expense decreased significantly in the 2017-18 fiscal year, and debt issuance costs were incurred in the 2016-17 fiscal year.

There were no lines installed by contractors during the 2017-18 fiscal year.

ROBERTS CREEK WATER DISTRICT
Management's Discussion and Analysis
for the Year Ending June 30, 2018

FINANCIAL HIGHLIGHTS – PROPRIETARY FUND FINANCIAL STATEMENTS

The most significant source of operating revenue for the District is water sales. Revenue in the General Fund (Enterprise Fund) increased by \$57,876

	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018 vs 2017 Increase/ (Decrease)</u>
Water Sales	1,787,897	1,780,093	1,863,036	82,943
Meter Sales	21,392	61,371	55,748	(5,623)
Standby Charges	18,558	18,535	18,606	71
Special Surcharge (Lines)	4,993	12,005	-	(12,005)
Special Surcharge (Tank)	-	17,664	-	(17,664)
Backflow Test Receipts	4,425	4,452	4,090	(362)
Miscellaneous	47,019	44,125	48,035	3,910
Interest	2,541	2,747	9,514	6,767
	<u>\$ 1,886,825</u>	<u>\$ 1,940,992</u>	<u>\$ 1,999,029</u>	<u>\$ 58,037</u>

Expenses in the General Fund (Enterprise Fund) decreased by \$36,964, and operating transfers to the Capital Projects Fund increased by \$10,000.

BUDGETARY COMPARISONS

Enterprise Fund

Revenues:

Water sales increased primarily due to a water rate increase that was enacted mid-year. The projected water sales increase from the rate change is approximately \$200,000 annually, depending on water consumption.

Interest revenue increased by \$1,383 as a result of moving the money market funds into the Oregon LGIP.

The District did not collect any revenues from Special Surcharges in 2017-18. The amount of revenue and payment of the Special System Development Surcharge Tank & Lines is undeterminable due to being collectible strictly by the sale of the property to which the charges are attached. Therefore, the amount collected can make the comparison between actual and budget appear skewed.

ROBERTS CREEK WATER DISTRICT
Management's Discussion and Analysis
for the Year Ending June 30, 2018

Expenditures:

There were no significant expenditures for capital outlay in the 2017-18 fiscal year. The budget included lines replacement of \$50,000 and an operating contingency of \$75,000 but the District only incurred expenditures of \$1,936 from line replacement. The District did expend \$5,225 to replace filter media at the treatment plant. This will be an increasing cost in the near future as all of the filters will need to be replaced eventually.

Budgeted transfers for capital projects and debt service totaled \$640,000, but only \$590,000 was transferred as cash flow did not allow for a transfer at year-end.

Capital Projects

Revenues:

Actual meter sales were \$18,252 under budgeted amounts, due to slower than anticipated new construction development in the District.

Expenditures:

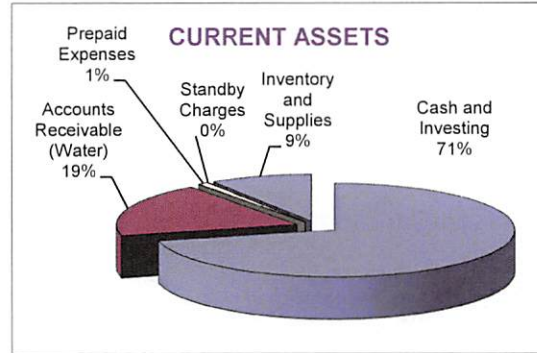
The only significant capital outlay expenditures during the 2017-18 year were \$29,458 for a water mainline extension, and \$51,028 for piping upgrades to the water treatment plant, which will be completed early in 2018-19.

Roberts Creek Water District Board of Commissioners and staff are continually faced with the challenge of replacing aging infrastructure, complying with new requirements in the water purveyor's industry, and maintaining a stable source, quantity and delivery of water for our existing and future customers. In the 2018-19 fiscal year, the District plans to make improvements to the exterior of the District Office and invest in a new utility management program to replace its current outdated software.

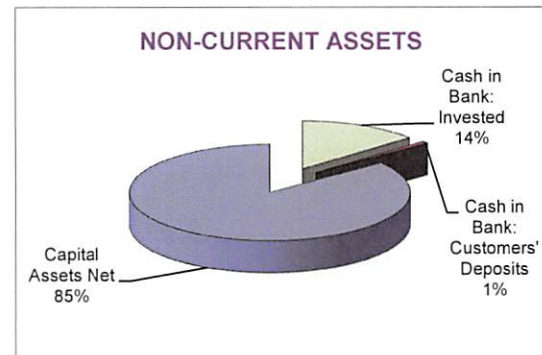
Although the project will span a few years, we also hope to begin planning for the construction of a new water tank and related infrastructure along the north end of the District along Old Highway 99.

ROBERTS CREEK WATER DISTRICT

	2015-16	2016-17	2017-18
TOTAL CURRENT ASSETS	596,716	640,511	751,714
Cash and Investing	390,036	432,236	535,322
Accounts Receivable (Water)	139,425	141,051	140,934
Prepaid Expenses	8,504	8,239	6,754
Standby Charges	-	-	-
Inventory and Supplies	58,751	58,985	68,704

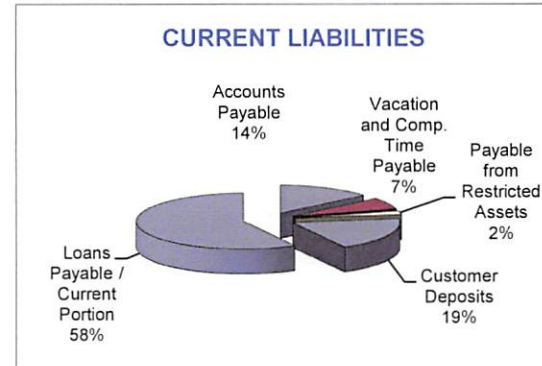


	2015-16	2016-17	2017-18
NON-CURRENT ASSETS	13,652,750	13,228,962	12,936,105
Cash in Bank: Invested	1,402,708	1,569,036	1,783,250
Cash in Bank: Customers' Deposits	98,936	101,326	103,417
Capital Assets Net	12,151,106	11,558,600	11,049,438



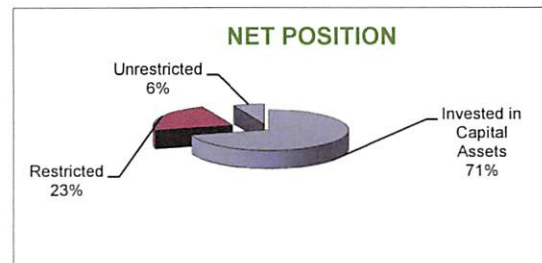
	2015-16	2016-17	2017-18
Total Assets	14,249,466	13,869,473	13,687,819
Total Non-Current Assets	13,652,750	13,228,962	12,936,105
TOTAL CURRENT ASSETS	596,716	640,511	751,714

	2015-16	2016-17	2017-18
Total Current Liabilities	527,327	494,607	542,834
Accounts Payable	14,482	34,849	76,504
Vacation and Comp. Time Payable	34,223	34,839	37,202
Payable from Restricted Assets	122,119	12,437	10,920
Customer Deposits	98,936	101,326	103,417
Loans Payable / Current Portion	257,567	311,156	314,790



	2015-16	2016-17	2017-18
Loans Payable/Non Current	5,374,300	5,131,731	4,816,941
TOTAL LIABILITIES	5,901,627	5,626,338	5,359,775

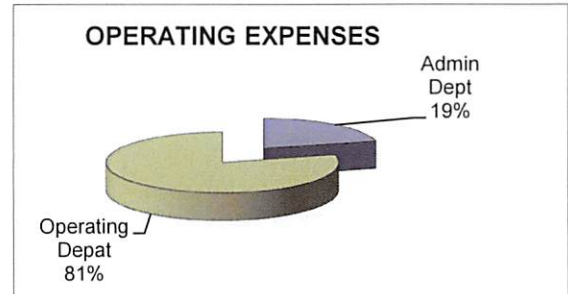
	2015-16	2016-17	2017-18
NET POSITION			
Invested in Capital Assets	6,519,483	6,115,957	5,917,951
Restricted	1,501,644	1,670,362	1,886,667
Unrestricted	326,712	456,816	523,426



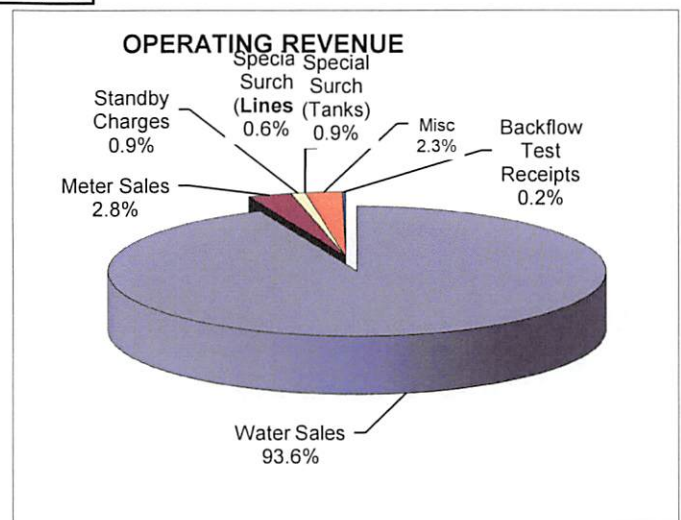
	2015-16	2016-17	2017-18
TOTAL NET POSITION	8,347,839	8,243,135	8,328,044

ROBERTS CREEK WATER DISTRICT

	2015-16	2016-17	2017-18
OPERATING EXPENSES	1,797,537	1,826,974	1,790,108
Administrative Department	349,655	355,739	377,151
Operating Department	1,447,882	1,471,235	1,412,957



	2015-16	2016-17	2016-17
OPERATING REVENUES	1,858,850	1,939,871	1,989,398
Water Sales	1,767,456	1,781,719	1,862,919
Meter Sales	21,392	61,371	55,748
Standby Charges	18,558	18,535	18,606
Special Surcharge (Lines)	-	12,005	0
Special Surcharge (Tanks)	-	17,664	0
Miscellaneous	47,019	44,125	48,035
Backflow Test Receipts	4,425	4,452	4,090



	2015-16	2016-17	2017-18
NON-OPERATING REVENUES	2,541	2,747	9,514
Gain on Asset Sales	-	-	-
Interest	2,541	2,747	9,514

	2015-16	2016-17	2017-18
CAPITAL CONTRIBUTION			
Developer Contributions	none	none	none

Basic Financial Statements



ROBERTS CREEK WATER DISTRICT

Statement of Net Position June 30, 2018 and 2017

	Business - Type Activities	
	2018	2017
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$535,322	\$432,236
Accounts Receivable, Net:		
Water	140,933	141,051
Inventory and Supplies	68,704	58,985
Prepaid Expenses	6,754	8,239
Total Current Assets	751,713	640,511
Noncurrent Assets:		
Restricted Assets		
Cash in Bank-Capital Projects	1,783,250	1,569,036
Cash in Bank-Customer's Deposits	103,417	101,326
Capital Assets Net	11,049,438	11,558,600
Total Noncurrent Assets	12,936,105	13,228,962
Total Assets	13,687,818	13,869,473

		Business - Type Activities	
		2018	2017
<u>Liabilities and Net Position</u>			
Liabilities:			
Current Liabilities:			
Accounts Payable		76,504	34,849
Vacation and Comp. Time Payable		37,202	34,839
Payable from Restricted Assets:			
Accrued Interest		10,920	12,437
Customer Deposits		103,417	101,326
Loans Payable-Current Portion		314,790	311,156
Total Current Liabilities		542,833	494,607
Non Current Liabilities:			
Uncashed Funds Outstanding		244	244
Loan Payable - SPWF - Less Current Portion Above		-	29,790
Loan Payable - Douglas County		416,697	416,697
Loan Payable - Treatment Plant Upgrade		4,400,000	4,685,000
Total Non Current Liabilities		4,816,941	5,131,731
Total Liabilities		5,359,774	5,626,338
Net Position:			
Invested in Capital Assets		5,917,951	6,115,957
Restricted		1,886,667	1,670,362
Unrestricted		523,426	456,816
Total Net Position		\$8,328,044	\$8,243,135

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



ROBERTS CREEK WATER DISTRICT

Statement of Revenues, Expenses and Changes in Net Position For The Fiscal Years Ended June 30, 2018 and 2017

	2018	2017
Operating Revenues:		
Water Sales	\$1,862,919	\$1,781,719
Meter Sales	55,748	61,371
Standby Charges	18,606	18,535
Special Surcharge (Lines)	-	12,005
Special Surcharge (Tanks)	-	17,664
Backflow Test Reciepts	4,090	4,452
Miscellaneous	48,035	44,125
Total Operating Revenues	<u>1,989,398</u>	<u>1,939,871</u>
Operating Expenses:		
Administrative Department:		
Personal Services	232,219	242,586
Material and Services	144,932	113,153
Operating Department:		
Personal Services	573,313	581,924
Material and Services	251,332	284,681
Inventory Change	(9,719)	(235)
Meter, Line Replacement, Misc. Improvements	6,447	8,439
Depreciation Expense	591,584	596,426
Total Operating Expenses	<u>1,790,108</u>	<u>1,826,974</u>
Net Operating Income	<u>199,290</u>	<u>112,897</u>
Non Operating Revenues:		
Interest	9,514	2,747
Total Non Operating Revenues	<u>9,514</u>	<u>2,747</u>
Non Operating Expenses:		
Debt Issuance Costs	-	42,300
Interest Expense	123,896	178,048
Total Non Operating Expenses	<u>123,896</u>	<u>220,348</u>
Capital Contribution - Developer Contributions	<u>-</u>	<u>-</u>
Change in Net Position	84,908	(104,704)
NET POSITION - BEGINNING	<u>8,243,136</u>	<u>8,347,839</u>
NET POSITION - ENDING	<u>\$8,328,044</u>	<u>\$8,243,135</u>

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



Comparative Statement of Cash Flows
For The Fiscal Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flow From Operating Activities:		
Receipts from customers	\$1,943,572	\$1,896,510
Other operating cash receipts	48,035	44,125
Payments to suppliers	(359,570)	(385,640)
Payments to employees	(803,169)	(823,894)
Net Cash Provided by Operating Activities	<u>828,868</u>	<u>731,101</u>
Cash Flows From Capital and Related Financing Activities:		
Purchase of Depreciable Assets	(82,422)	(3,920)
Interest paid on Bonds and Loans	(125,413)	(287,730)
Loan Proceeds Received	-	4,970,000
Debt Issuance Costs	-	(42,300)
Douglas County Loan Repaid	-	(17,664)
SPWF Loan Repaid	(26,156)	(22,854)
SDWRLF Loan Repaid	(285,000)	(5,118,462)
Net Cash Used by Capital and Related Financing Activities	<u>(518,991)</u>	<u>(522,930)</u>
Cash Flows From Investing Activities:		
Interest Received	9,514	2,747
Net Cash Provided by Investing Activities	<u>9,514</u>	<u>2,747</u>
Net Increase in Cash	319,391	210,918
CASH, Beginning	<u>2,102,598</u>	<u>1,891,680</u>
CASH, Ending	<u><u>\$2,421,989</u></u>	<u><u>\$2,102,598</u></u>
SUPPLEMENTAL SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributed Capital from Contractor Paid Line Improvements	<u>\$ -</u>	<u>\$ -</u>
Cash & Cash Equivalents	535,322	432,236
Cash in Bank - Capital Projects	1,783,250	1,569,036
Cash in Bank - Customer's Deposit	103,417	101,326
	<u><u>\$2,421,989</u></u>	<u><u>\$2,102,598</u></u>

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



Comparative Statement of Cash Flows (Continued)
For The Fiscal Years Ended June 30, 2018 and 2017

	2018	2017
Reconciliation of Operating Income (Loss) to net cash provided (Used) by operating activities:		
Operating Income	\$ 199,290	\$ 112,897
Adjustments to Reconcile Net Income to Net Cash Provided by Operations:		
Depreciation	591,584	596,426
(Increase) Decrease in Accounts Receivable:		
Water	118	(1,626)
(Increase) Decrease in Inventory	(9,719)	(234)
(Increase) in Prepaid Expenses	1,485	265
Increase (Decrease) in Accounts Payable	41,656	20,367
Increase (Decrease) in Vacation and Comp Payable	2,363	616
Increase (Decrease) in Customer Deposits	2,091	2,390
Increase (Decrease) in Unclaimed Property	-	-
Net Cash Provided by Operating Activities	<u>\$ 828,868</u>	<u>\$ 731,101</u>

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

Notes to Financial Statements

ROBERTS CREEK WATER DISTRICT

Notes to the Financial Statements For years ended June 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Roberts Creek Water District have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Organization and Fund Structure

Roberts Creek Water District was incorporated as a municipal corporation on February 24, 1937, under the name of Roberts Creek Water District.

The government of Roberts Creek Water District is vested in a Board of Commissioners. The Board is composed of five members elected at large, three of whom are elected to terms of four years at one election, and two of whom are elected at the next biennial election, also for a term of four years. All officers are elected each year.

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

B. Proprietary Fund and Fund Financial Statements

Governmental financial statements generally include both government-wide and fund financial statements. However, the District is a special-purpose government engaged only in Business-type activities and such organizations present only the financial statements required for enterprise funds.

The District has adopted, at July 1, 2003, the principles of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (GASB 34), as they are applicable to these financial statements. The Statement requires that the District present both government-wide and fund financial statements, and reconcile the two types of statements, if necessary.

Comparative total data for the prior years have been presented in the accompanying basic financial statements in order to provide an understanding of changes in the district's financial position and operations. However, comparative data have not been presented in the fund financial statement information at the level required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

The proprietary fund financial statements present financial information about the District as a whole. The reported information includes all of the business-type activities of the District. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any governmental-type activities.

ROBERTS CREEK WATER DISTRICT

Notes to the Financial Statements For years ended June 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Proprietary Fund and Fund Financial Statements (Cont'd)

The Statement of Revenues, Expenses and Changes in Net Position demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, State and County aid, and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for business-type funds. The individual business-type funds are reported as separate columns in the fund financial statements.

Proprietary Fund Financial Statements - The Proprietary Fund financial statements are reported using the economic resource management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule the effect of interfund activity has been eliminated from the governmental-wide financial statements.

Fund Financial Statements – Budget Basis - Business-type fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method of accounting, revenues are recorded as received in cash.

Expenditures are recorded when the related fund liability is incurred, except for expenditures for interest on long-term debt which is recognized when due, certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources, and early retirement benefits which are recorded when paid. Depreciation expense is not recorded in these statements.

C. Basis of Accounting-Budget Purposes

For budget purposes the District has two funds, the Enterprise Fund and Capital Projects Fund. The budget is prepared on the modified accrual basis of accounting in accordance with ORS 294 (Local Budget Law). Under such method, revenues are recorded as received in cash and expenditures are recorded when the liability is incurred except for interest expense on the general obligation bonds and notes, which is recorded on its due date. Appropriations which have not been spent at year-end lapse. The District prepares its annual budget on a detailed line item basis for management purposes. The District adopts and appropriates the budget for legal control in the Enterprise Fund by departments, transfers, debt service, and operating contingencies. The District adopts and appropriates the budget for legal control in the Capital Projects Fund by line items capital outlay.

Major Business-Type Funds Reported by the District Include -

The Enterprise Fund is used to record the daily operations of the District. It includes revenues from water sales and fees for special system development surcharge and expenditures for the normal operating costs of the District's water system and personnel services.

ROBERTS CREEK WATER DISTRICT

Notes to the Financial Statements For years ended June 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Basis of Accounting-Budget Purposes (Cont'd)

The Capital Projects Fund's primary source of income is from meter sales and grant funding for plant and line improvements. Other sources of income are from interest income. Expenditures are to be made for large improvements or repairs.

D. Cash and Investments

Cash and Cash Equivalents

The District considers cash on hand, demand deposits and short-term highly liquid investments with a maturity of three months or less, when purchased, to be cash and cash equivalents. Investments maintained in the Oregon Local Government Investment Pool are carried at cost, which approximates fair value, and are classified as a cash equivalent. Fair value of the investments in the Oregon Local Government Investment Pool are the same as the value of the pool shares. Short-term investments classified as cash equivalents are carried at amortized cost.

Investments

Investments other than U.S. Government agency securities and investment in the Oregon Local Government Investment Pool are carried at fair market value. Investments in U.S. Government agency securities with a maturity of three months or more, when purchased, are carried at amortized cost which approximates fair value. Fair value is based on current market prices. Changes in the fair value of investments are recognized as revenue. The District had no investments at June 30, 2018.

E. Receivables

Receivables for the budget purpose statements are shown as an asset and a deferred revenue. Under generally accepted accounting principles, the receivables are fully accrued and are net of Reserve for Bad Debt. The Reserve for Bad Debt is 5% of Water Accounts Receivable.

F. Inventory

Inventory held by the District is priced at cost using the FIFO method. Inventory is charged as used by the job through the use of a work order system.

Inventory shown for budget purposes is recorded as an expenditure at the time of purchase. The amount of inventory is recorded as an asset which is offset by a fund balance reserve in an equal amount.

G. Restricted Assets

Restricted assets are recorded to reflect the restriction placed on those assets by the District. These assets have been restricted for the following items:

Capital Projects
Customer Deposits

ROBERTS CREEK WATER DISTRICT

Notes to the Financial Statements For years ended June 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Capital Assets

The Enterprise Fund expenses the cost of normal maintenance and repairs as incurred. Renewals and betterments that significantly improve and extend the lives of property are capitalized, as is new equipment and construction which are recorded at cost. The capitalization policy is \$1000. Depreciation in the Enterprise Fund is computed on the straight-line method with the following useful life:

Water System	30 Years
Plant Equipment	10 Years
Office Equipment	5 Years
Rolling Stock	3 Years

No depreciation is reflected in the statements prepared for budget purposes and expenses are not capitalized.

I. Net Position

Net Position comprise the various net earnings from operating and non-operating revenues, expenses, and contributions of capital. Net position is classified in the following three components: Invested in capital assets; Restricted net position; and Unrestricted net position.

Invested in capital assets, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt (revenue bonds, revenue secured loans, and other debt obligations) that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted net assets consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates. Unrestricted consists of all other net assets not included in the above categories.

It is the District's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purpose for which both restricted and unrestricted net position are available.

J. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Quasi-external transactions are accounted for as revenues or expenditures, as appropriate.

All other interfund transactions are reported as operating and/or capital transfers.

L. 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 reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of receipts and expenditures for the reporting period. Actual results could differ from those estimates.

ROBERTS CREEK WATER DISTRICT

Notes to the Financial Statements
For years ended June 30, 2018 and 2017

2. CASH AND INVESTMENTS

State statutes govern the District's cash management policies because the District does not have an official investment policy. State statutes authorize the District to invest in the Oregon State Treasurer's Local Government Investment Pool, time certificates of deposit, U.S. Government Treasury Obligations, and obligations of the United States and its agencies and instrumentalities.

A. Cash and Cash Equivalents

	2018	2017
Cash balances consist of the following:		
Cash on Hand	\$ 550	\$ 550
Checking/Savings	337,723	220,673
Money Market Accounts	-	1,881,375
Local Government Investment Pool	2,083,719	-
Total Cash and Cash Equivalents	<u>\$ 2,421,992</u>	<u>\$ 2,102,598</u>

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 (ORS 294.805 to 294.895). The OSTF financial statements are available at <http://www.ost.state.or.us/>.

Credit risk: The LGIP is not rated by any national rating service.

Interest rate risk: The weighted-average maturity of LGIP is less than one year.

Custodial credit risk: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Deposits with financial institutions include bank demand deposits. Cash, except for cash held at the District, is covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool called the Public Funds Collateralization Program (PFCP) administered by the Office of the State Treasurer for the State of Oregon. As of June 30, 2018 and 2017, none of the District's bank balances were exposed to credit risk.

3. WATER SALES AND OTHER RECEIVABLES

Receivables for water sales are \$148,352 at June 30, 2018 and \$148,475 at June 30, 2017. The Reserve for Bad Debt is \$7,418 at June 30, 2018 and \$7,424 at June 30, 2017.

ROBERTS CREEK WATER DISTRICT

Notes to the Financial Statements For years ended June 30, 2018 and 2017

4. CAPITAL ASSETS

The summary of changes in capital assets during the fiscal year is as follows:

	<u>July 01, 2017</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2018</u>
Capital Assets Not Being Depreciated:				
Land	<u>\$ 341,036</u>			<u>\$ 341,036</u>
Total Capital Assets Not Being Depreciated:	<u>341,036</u>			<u>341,036</u>
Capital Assets Being Depreciated:				
Office Equipment	112,296			112,296
Office Building & Improvements	159,086			159,086
Vehicles	145,896			145,896
Water Plant & Equipment	11,782,336	51,028		11,833,364
Reservoir Tank & Road	1,017,735			1,017,735
Distribution Lines & Reservoir	<u>6,920,290</u>	<u>31,394</u>		<u>6,951,684</u>
Total Capital Assets Being Depreciated:	<u>\$ 20,137,639</u>	<u>\$ 82,422</u>	<u>\$ -</u>	<u>\$ 20,220,061</u>

The summary of changes in accumulated depreciation for the fiscal year is as follows:

	<u>Balance July 01, 2017</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2018</u>
Office Equipment	<u>\$ 111,327</u>	<u>\$ 84</u>		<u>\$ 111,411</u>
Office Building & Improvements	98,767	3,713		102,480
Vehicles	121,852	13,264		135,116
Water Plant & Equipment	4,565,267	336,714		4,901,981
Reservoir Tank & Road	443,674	29,196		472,870
Distribution Lines & Reservoir	<u>3,579,188</u>	<u>208,613</u>		<u>3,787,801</u>
Total	<u>\$ 8,920,075</u>	<u>\$ 591,584</u>	<u>\$ -</u>	<u>\$ 9,511,659</u>
Capital Assets - Net	<u>\$ 11,558,600</u>	<u>\$ (509,162)</u>	<u>\$ -</u>	<u>\$ 11,049,438</u>

ROBERTS CREEK WATER DISTRICT

Notes to the Financial Statements For years ended June 30, 2018 and 2017

4. CAPITAL ASSETS (Cont'd)

The summary of changes in capital assets during the prior fiscal year is as follows:

	Balance July 1, 2016	Increase	Decrease	Balance June 30, 2017
Capital Assets Not Being Depreciated:				
Land	\$ 341,036			\$ 341,036
Total Capital Assets Not Being Depreciated:	341,036			341,036
Capital Assets Being Depreciated:				
Office Equipment	112,296			112,296
Office Building & Improvements	157,861	1,225		159,086
Vehicles	145,896			145,896
Water Plant & Equipment	11,779,641	2,695		11,782,336
Reservoir Tank & Road	1,017,735			1,017,735
Distribution Lines & Reservoir	6,920,290			6,920,290
Total Capital Assets Being Depreciated:	\$ 20,133,719	\$ 3,920	\$ -	\$ 20,137,639

The summary of changes in accumulated depreciation for the prior fiscal year is as follows:

	Balance July 1, 2016	Increase	Decrease	Balance June 30, 2017
Office Equipment	\$ 110,888	\$ 439		\$ 111,327
Office Building & Improvements	95,118	3,649		98,767
Vehicles	105,869	15,983		121,852
Water Plant & Equipment	4,227,928	337,339		4,565,267
Reservoir Tank & Road	414,478	29,196		443,674
Distribution Lines & Reservoir	3,369,368	209,820		3,579,188
Total	\$ 8,323,649	\$ 596,426	\$ -	\$ 8,920,075
Capital Assets - Net	\$ 12,151,106	\$ (592,506)	\$ -	\$ 11,558,600

5. DEFINED CONTRIBUTION PLAN

The District established a Simplified Employee Pension (SEP) retirement plan for their employees effective July 1, 1994. Edward D. Jones & Co. administers the defined contribution plan. For the 2017-2018 and 2016-2017 fiscal years, the District contributed 12% for eligible employees. The amount of contribution is to be determined annually. The length of employment to be eligible for retirement benefits is six months. The employer contribution for the fiscal years ending June 30, 2018 and 2017 is \$58,707 and \$57,734, respectively.

ROBERTS CREEK WATER DISTRICT

Notes to the Financial Statements
For years ended June 30, 2018 and 2017

6. COMPENSATED ABSENCES

The commitments to employee sick leave at June 30, 2018 and 2017 are:

	2018	2017
Administration	\$ 9,728	\$ 8,875
Operations	28,798	32,579
Total Sick Leave	<u>\$ 38,526</u>	<u>\$ 41,454</u>

Sick Leave accrues at eight hours per month. Sick leave is accumulated however there is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service. Accrued and unused vacation benefits are paid upon termination of employment. Vacation benefits are accumulated by hour with a maximum of 200 hours per employee.

For any overtime the employees work, they may choose to be paid at 1.5 times their regular rate, or take comp. time in lieu of pay at 1.5 times the number of overtime hours worked. Under Federal law, the maximum comp. time hours that may be accrued are 240.

7. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2018 consisted of the following:

The Enterprise Fund transferred \$600,000 to the Capital Projects Fund for future capital projects and asset acquisitions.

Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions and funding capital projects and asset acquisitions in accordance with budgetary authorizations.

8. LOANS AND REVENUE BONDS PAYABLE

Roberts Creek Water District previously received \$905,000 as a loan from the State of Oregon Economic Development Department, for a Special Public Works Fund (SPWF) Award contract for plant and line improvements. The bond loan was \$730,000, payable in 20 years at 5.8% interest. Payments are due annually on December 1. The balance was paid off at December 1, 2014.

The remaining \$175,000 was a deferred loan, payable in 25 years at 6.0% interest. Annual principal and interest payments began December 1, 1997. Total annual payments began at \$7,627 in 1997 and balloon to \$31,578 by the year 2018. The balance of the deferred loan at June 30, 2018 is \$29,791. Five year maturities are as follows:

Fiscal Year Ending June 30,	Outstanding June 30, 2017	Redeemed	Outstanding June 30, 2018	Interest
2018	26,156	26,156	-	3,357
2019	29,791	-	29,791	1,787
Total	<u>\$ 55,947</u>	<u>\$ 26,156</u>	<u>\$ 29,791</u>	<u>\$ 5,144</u>

ROBERTS CREEK WATER DISTRICT

Notes to the Financial Statements
For years ended June 30, 2018 and 2017

8. LOANS AND REVENUE BONDS PAYABLE (Cont'd)

The District was awarded a loan from the State of Oregon's Safe Drinking Water Revolving Loan Fund. The proceeds of the loan were used for the costs of the Wastewater Treatment Plant Upgrade. The maximum amount awarded for the loan is \$6,653,446. The final loan amount was \$5,972,289 at December 1, 2011.

The District closed on a Loan Refunding Agreement with JP Morgan Chase on February 15, 2017, for the purpose of refinancing the District's Safe Drinking Water Revolving Loan Fund loan. The refunding loan of \$4,970,000 is payable in 15 annual principal payments beginning December 1, 2017, with interest payments at 2.53% due semi-annually beginning June 1, 2017. Five year maturities are as follows:

Fiscal Year Ending June 30,	Outstanding June 30, 2017	Redeemed	Outstanding June 30, 2018	Interest
2018	\$ 285,000	\$ 285,000	\$ -	\$ 122,136
2019	285,000		285,000	114,925
2020	290,000		290,000	107,652
2021	295,000		295,000	100,251
2022	305,000		305,000	92,661
2023	315,000		315,000	84,818
2024-2028	1,685,000		1,685,000	299,742
2029-2031	1,510,000		1,510,000	77,418
Total	<u>\$ 4,970,000</u>	<u>\$ 285,000</u>	<u>\$ 4,685,000</u>	<u>\$ 999,603</u>

9. INTERGOVERNMENTAL AGREEMENT - RESERVOIR TANK LOAN PAYABLE

Roberts Creek Water District entered into an intergovernmental agreement with Douglas County to install a transmission main and 1.5 million gallon water storage reservoir to provide domestic and fire flow water storage capacity for industrial use in the District. The County loaned the District two-thirds of the costs of the project. The amount loaned at June 30, 2001 is \$539,353. The reservoir tank was completed during the 2001-2002 fiscal year.

The loan interest is 4% per annum, which at this time has been waived by the County. The District budgets annually a payment to the County based on the special System Development Charges (SDC's) collected in the prior fiscal year. If annual collections exceed \$100,000, the District shall enact a supplemental budget. Payments to the County will be made within 30 days of the beginning of the fiscal year or 30 days from enactment of a supplemental budget. Payments are first applied to interest and then to principal. The District is not responsible for any repayment of the loan or interest thereon in lieu of or in addition to special SDC's and is not a general obligation of the District. The amount payable in the next twelve months is undeterminable; therefore, no amount is included in current liabilities. Payments in the 2017-2018 and 2016-2017 fiscal year totaled \$0 and \$17,664, respectively. The balance at June 30, 2018 is \$416,697.

10. RESERVATION FEE

The District has a contract to pay a \$2,175 annual reservation fee to Lookingglass Olalla Water Control District for stored water use. In addition to the annual reservation fee the District pays \$53 per acre foot of stored water used based on minimum flow requirements. This calculation is made by the water master of Douglas County who maintains the records on minimum flow and the minimum flow requirements for Lookingglass Olalla Water Control District. This contract expires January 31, 2023 and can be renewed after new negotiations.

ROBERTS CREEK WATER DISTRICT

Notes to the Financial Statements For years ended June 30, 2018 and 2017

11. CONTRIBUTED CAPITAL

Contributed Capital is due to prior grants received from EDA and SPWF, reimbursement district lines acquired, and Contractor's in-kind work on line improvements. The balance consists of:

	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 3,124,254	\$ 3,124,254
Contractor Line Improvements	-	-
Ending Balance	<u>\$ 3,124,254</u>	<u>\$ 3,124,254</u>

12. COMMITMENTS

The District has a cancelable contract with Meter readers to read all water meters in the District. The contract will expire June 30, 2019.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events as of December 20, 2018, the date the financial statements were made available to be issued. No subsequent events were noted.

Supplementary Information

Budget Basis



ROBERTS CREEK WATER DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances Fund Financial Statements - Budget Basis For The Fiscal Year Ended June 30, 2018

	Enterprise Fund	Capital Projects Fund	Total
Operating Revenues:			
Water Sales	\$ 1,863,036	-	\$ 1,863,036
Meter Sales	7,000	\$ 48,748	55,748
Standby Charges	18,606	-	18,606
Miscellaneous	48,035	-	48,035
Backflow Test Receipts	4,090	-	4,090
Interest	1,997	7,517	9,514
Total Revenues	<u>1,942,764</u>	<u>56,265</u>	<u>1,999,029</u>
Operating Expenditures:			
Administrative Department	377,151	-	377,151
Operating Department	831,083	-	831,083
Debt Service	29,513	407,056	436,569
Capital Outlay	1,936	80,486	82,422
Miscellaneous	-	9	9
Total Expenditures	<u>1,239,683</u>	<u>487,551</u>	<u>1,727,234</u>
Excess of Revenues Over (Under) Expenditures	<u>703,081</u>	<u>(431,286)</u>	<u>271,795</u>
Other Financing Sources (Uses):			
Operating Transfer In	-	600,000	600,000
Operating Transfer Out	(600,000)	-	(600,000)
Total Other Financing Sources (Uses)	<u>(600,000)</u>	<u>600,000</u>	<u>-</u>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	103,081	168,714	271,795
Fund Balance, Beginning	<u>367,832</u>	<u>1,571,746</u>	<u>1,939,578</u>
Fund Balance, Ending	<u>\$470,913</u>	<u>\$1,740,460</u>	<u>\$2,211,373</u>



ROBERTS CREEK WATER DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to Change in Net Position for the period ended June 30, 2018

Net Change in fund balances - Proprietary Funds - Budget	\$271,795
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Amounts reported for proprietary funds and the
statement of activities are different because:

Depreciation Expense on capital assets is reported in the government-wide statement of activities and changes in net position, and not reported as expenditure in the proprietary funds	(591,584)
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Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in proprietary funds.	9,719
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Proprietary funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	82,422
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Accrued Interest expense is not reported in the fund financial statements, but is in the government-wide statements	1,517
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The payment of long-term debt uses current financial resources in the budget basis financial statement of revenues, expenditures, and changes in fund balances, but they do not require the use of current financial resources in the proprietary fund.	311,156
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Some revenues will not be collected for several months after the districts year end, they are not considered "available" revenues in the proprietary funds.	(117)
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Change in net position	<u><u>\$84,908</u></u>
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ROBERTS CREEK WATER DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balances Actual and Budget - Enterprise Fund (Budget Basis) For The Fiscal Year Ended June 30, 2018

	Actual	Original & Final Budget	Over (Under) Budget
Revenues:			
Water Sales	\$ 1,463,036	\$ 1,475,000	\$ (11,964)
Water Sales Plant Upgrade	400,000	400,000	-
Meter Sales	7,000	10,000	(3,000)
Standby Charges	18,606	19,000	(394)
Miscellaneous	48,035	45,000	3,035
Special Surcharge (Lines)	-	50,000	(50,000)
Special Surcharge (Tanks)	-	50,000	(50,000)
Backflow Test Receipts	4,090	5,000	(910)
Interest	1,997	4,000	(2,003)
Total Revenues	<u>1,942,764</u>	<u>2,058,000</u>	<u>(115,236)</u>
Expenditures:			
Administrative Department			
Personal Services:			
Office Manager	67,094	66,000	1,094
Office Assistant	70,777	83,000	(12,223)
Administrative Assistant	-	2,000	(2,000)
Social Security	10,590	11,500	(910)
Worker's Compensation	242	500	(258)
Insurance	61,188	65,000	(3,812)
Unemployment Compensation	1,539	2,000	(461)
Retirement	16,473	18,500	(2,027)
Vacation and Compensation Time	4,316	2,000	2,316
Total Personal Services	<u>232,219</u>	<u>250,500</u>	<u>(18,281)</u>



Schedule of Revenues, Expenditures and Changes in Fund Balances
Actual and Budget - Enterprise Fund (Budget Basis)
For The Fiscal Year Ended June 30, 2018

	Actual	Original & Final Budget	Over (Under) Budget
Administrative Department (Con't)			
Materials and Services:			
Audit	8,750	9,200	(450)
Elections	-	-	-
Supplies	3,262	5,000	(1,738)
Telephone	1,898	3,000	(1,102)
Electricity	2,640	3,500	(860)
Legal Fees	852	3,000	(2,148)
Dues & Subscriptions	7,298	8,000	
Property Insurance	33,570	34,000	(430)
Liability and Auto Insurance	8,659	10,000	(1,341)
Repair and Maintenance	5,851	4,000	1,851
Administrative Services	2,600	3,200	(600)
Bank Charges	2	2,000	(1,998)
Budgeting	308	400	(92)
Education	2,294	7,000	(4,706)
Miscellaneous	1,837	3,000	(1,163)
Advertising	279	500	(221)
Postage	1,984	2,500	(516)
Contract Services	26,233	26,500	(267)
Website	2,600	2,600	-
Billing Costs	22,725	23,000	(275)
Online Bill Pay Fees	1,325	1,000	325
Merchant Service Fees	9,286	4,500	4,786
Total Materials and Services	144,253	155,900	(10,945)
Capital Outlay:			
Office Equipment	679	1,000	(321)
Office Improvements	-	12,000	(12,000)
Total Capital Outlay	679	13,000	(12,321)
Total Administrative Department Expenditures	377,151	419,400	(41,547)
Operating Department			
Personal Services:			
Plant Superintendent	82,720	84,000	(1,280)
Service Crew	279,064	292,000	(12,936)
Social Security	27,618	29,000	(1,382)
Worker's Compensation	8,205	8,000	205
Insurance	131,439	143,000	(11,561)
Unemployment Compensation	3,986	5,000	(1,014)
Retirement	42,234	44,000	(1,766)
Vacation and Compensation Time	(1,953)	2,000	(3,953)
Total Personal Services	573,313	607,000	(33,687)



Schedule of Revenues, Expenditures and Changes in Fund Balances
Actual and Budget - Enterprise Fund (Budget Basis)
For The Fiscal Year Ended June 30, 2018

	Actual	Original & Final Budget	Over (Under) Budget
Operating Department (Con't)			
Materials and Services:			
Freight	684	3,000	(2,316)
Tools	1,568	3,000	(1,432)
Supplies and Safety Items	3,188	4,000	(812)
Telephone and Communications	3,914	4,000	(86)
Electricity	112,061	130,000	(17,939)
Fees and Dues	5,248	4,000	1,248
Fuel	7,516	10,000	(2,484)
Equipment Maintenance	4,506	12,000	(7,494)
Repair and Maintenance-Field	24,631	35,000	(10,369)
Repair and Maintenance-Plant	17,335	35,000	(17,665)
Chemicals	37,445	40,000	(2,555)
Miscellaneous	199	2,000	(1,801)
Education	6,810	5,000	1,810
Reservoir Maintenance	8,228	10,000	(1,772)
Miox System	171	4,000	(3,829)
Summer Stored Water	2,175	6,000	(3,825)
Emergency Inter-tie	-	1,500	(1,500)
Engineering	-	1,000	(1,000)
New Connections-Materials	1,372	-	1,372
Inventory Adjustment	3,947	-	3,947
Water Samples	6,997	8,500	(1,503)
Backflow Testing	2,950	3,700	(750)
Total Materials and Services	250,945	321,700	(70,755)
Capital Outlay:			
Meter Installations	827	3,000	(2,173)
Replace Lines	1,936	50,000	(48,064)
Equipment Purchases	387	8,000	(7,613)
Safety Equipment	386	3,000	(2,614)
Repair River Intake	-	4,000	(4,000)
Replace Filter Media	5,225	10,000	(4,775)
Total Capital Outlay	8,761	78,000	(69,239)
Total Operating Department Expenditures	833,019	1,006,700	(173,681)



Schedule of Revenues, Expenditures and Changes in Fund Balances
Actual and Budget - Enterprise Fund (Budget Basis)
For The Fiscal Year Ended June 30, 2018

	Actual	Original & Final Budget	Over (Under) Budget
Operating Contingencies	-	75,000	(75,000)
Debt Service			
Deferred Loan Interest	3,357	3,357	-
Deferred Loan Principal	26,156	26,156	-
Reserve for Payment	-	50,000	(50,000)
Intergovernmental Agreement Payment	-	50,000	(50,000)
Total Debt Service	29,513	129,513	(100,000)
 Total Expenditures	<u>1,239,683</u>	<u>1,630,613</u>	<u>(390,228)</u>
 Excess of Revenues Over (Under) Expenditures	<u>703,081</u>	<u>427,387</u>	<u>274,992</u>
Other Financing Sources (Uses):			
Operating Transfer Out	(600,000)	(600,000)	-
Total Other Financing Sources (Uses)	<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>
 Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	103,081	(172,613)	274,992
FUND BALANCE, Beginning	367,833	300,000	202,934
FUND BALANCE, Ending	<u>\$470,914</u>	<u>\$127,387</u>	<u>\$477,926</u>



Schedule of Revenues, Expenditures and Changes in Fund Balances
Actual and Budget - Capital Project Fund (Budget Basis)
For The Fiscal Year Ended June 30, 2018

	Actual	Original & Final Budget	Over (Under) Budget
Revenues:			
Meter Sales	\$48,748	\$67,000	(\$18,252)
Interest	7,517	20,000	(12,483)
Total Revenues	<u>56,265</u>	<u>87,000</u>	<u>(30,735)</u>
Expenditures:			
Capital Outlay	80,486	857,000	(776,514)
Miscellaneous	9	2,000	(1,991)
Debt Service - Plant Upgrade	407,056	407,136	(80)
Total Expenditures	<u>487,551</u>	<u>1,266,136</u>	<u>(778,585)</u>
Excess of Revenues Over (Under) Expenditures	<u>(431,286)</u>	<u>(1,179,136)</u>	<u>747,850</u>
Other Financing Sources (Uses):			
Operating Transfer In	600,000	600,000	-
Total Other Financing Sources (Uses)	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	168,714	(579,136)	747,850
FUND BALANCE, Beginning	<u>1,571,746</u>	<u>1,500,000</u>	<u>1,134,708</u>
FUND BALANCE, Ending	<u><u>\$1,740,460</u></u>	<u><u>\$920,864</u></u>	<u><u>\$1,882,558</u></u>

Other Supplemental Data

ROBERTS CREEK WATER DISTRICT**Schedule of Insurance Coverage****As of June 30, 2018**

Company	Policy Number	Agency	Expires	Coverage	Amount
Special Districts Association of Oregon	23P54183-1219	Umpqua Insurance Agency	1/1/19	Property Coverage:	
				Buildings	\$18,656,178
				Contents	2,705,000
				Equipment	210,750
				Electronic Data Processing Equip	100,000
				Business Income	1,000,000
				Extra Expense	1,000,000
				Accounts Receivable	250,000
				Other Property Liability	250,000
				Earthquake	10,000,000
				Public Entity Liability Coverage	500,000
				Uninsured Motorist	500,000
				BOLI Defense	50,000
				Pollution Coverage	100,000
				Crime:	
				Public Employee Dishonesty	50,000
				Forgery	50,000
				Theft, Disappearance or Destruction	
				Inside/Outside Premises	250,000
				Computer Fraud	50,000
				Excess Liability	4,500,000
				Total Limit of Indemnification	21,571,928

Auditor's Comments and Disclosures
Required by State Law



NEUNER DAVIDSON & CO

Cooley, Rapp & Friel, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Roberts Creek Water District
Roseburg, OR 97471

We have audited the basic financial statements of the Roberts Creek Water District as of and for the year ended June 30, 2018, and have issued our report thereon dated December 21, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

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

OAR 162-10-0230 Internal Control

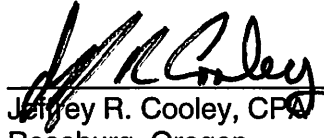
In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of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

**Roberts Creek Water District
Independent Auditor's Report Required by Oregon State Regulations**

Restrictions on Use

This report is intended solely for the information and use of the Board of Directors and management of Roberts Creek Water District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Neuner Davidson & Co
Certified Public Accountants

A handwritten signature in black ink, appearing to read "Jeffrey R. Cooley", is written over a horizontal line.

Jeffrey R. Cooley, CPA
Roseburg, Oregon
December 26, 2018