



ROBERTS CREEK

WATER DISTRICT

ROBERTS CREEK WATER DISTRICT
ROSEBURG, OREGON

Financial Report

JUNE 30, 2019

ROBERTS CREEK WATER DISTRICT

June 30, 2019

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 2023	2
Stephen Lusch 182 Summerwood Roseburg, OR 97471	Vice-President	July 2023	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, 2019

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NEUNER DAVIDSON & CO

Cooley, Rapp, Friel & Lee, 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, 2019 and 2018, 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, 2019 and 2018, 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 30, 2019, 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 30, 2019

Management's Discussion and Analysis

ROBERTS CREEK WATER DISTRICT
Management's Discussion and Analysis
for the Year Ending June 30, 2019

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, 2019. 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, 2019

- 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, 2019

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 \$325,823 (from \$8,328,044 to \$8,653,867) during the fiscal year 2018-19. Net position invested in capital assets decreased by \$103,202. Restricted Net Position increased by \$200,130. Unrestricted net position increased by \$228,895.

Change in Net Position – The District's program revenues increased by \$200,347 from \$1,989,398 in 2017-18 to \$2,189,745 in 2018-19, due to increases in water sales and meter sales. The increase in water sales is primarily due to a water rate increase adopted in December 2017. The 2018-19 fiscal year was the first full year with the new water rates.

Operating Expenses -- Program expenses increased from \$1,790,108 to \$1,804,271 (an increase of \$14,163) primarily due to inflationary effects on materials and services.

The District's non-operating revenues increased by \$45,903 due to increased interest income.

Non operating expenses decreased by \$8,828. Interest expense decreased slightly in the 2018-19 fiscal year. The District also paid off the Special Public Works Fund loan in the 2018-19 fiscal year.

There were no lines installed by contractors during the 2018-19 fiscal year.

ROBERTS CREEK WATER DISTRICT
Management's Discussion and Analysis
for the Year Ending June 30, 2019

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 \$165,260

	2016-2017	2017-2018	2018-2019	2019 vs 2018 Increase/ (Decrease)
Water Sales	1,780,093	1,862,919	2,028,413	165,494
Meter Sales	61,371	55,748	80,336	24,588
Standby Charges	18,535	18,606	17,778	(828)
Grant Proceeds	-	-	4,637	4,637
Special Surcharge (Lines)	12,005	-	-	-
Special Surcharge (Tank)	17,664	-	-	-
Backflow Test Receipts	4,452	4,090	3,361	(729)
Miscellaneous	44,125	48,035	34,825	(13,210)
Water Service Fees/Penalties	-	-	20,395	20,395
Interest	2,747	9,514	55,417	45,903
	<u>\$ 1,940,992</u>	<u>\$ 1,998,912</u>	<u>\$ 2,245,162</u>	<u>\$ 246,250</u>

Expenses in the General Fund (Enterprise Fund) decreased by \$78,045.

BUDGETARY COMPARISONS

Enterprise Fund

Revenues:

Actual water sales were \$58,267 higher than budget expectations. We generally project water sales on the conservative side in the event we experience a significant increase in spring and summer precipitation, which would result in reduced water consumption for irrigation.

Interest revenue continues to exceed budget expectations due to a rising interest rate in the LGIP.

The District did not collect any revenues from Special Surcharges in 2018-19. 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, 2019

Expenditures:

Actual expenditures for Office Equipment exceeded budgeted amounts by \$9,967. The District purchased a new utility management software program that was not as cost-effective as other programs but had features that management felt made the program superior.

Capital Projects

Revenues:

Actual meter sales were \$5,336 over budgeted amounts. Increased economic activity has led to new construction in the district. Interest income also exceeded expectations due to a rising interest rate in the LGIP.

Expenditures:

The District completed a piping upgrade project for the water treatment plant in 2018-19. The District also began preliminary work and planning for the new town tank reservoir, which is expected to be completed later in the 2019-20 fiscal year.

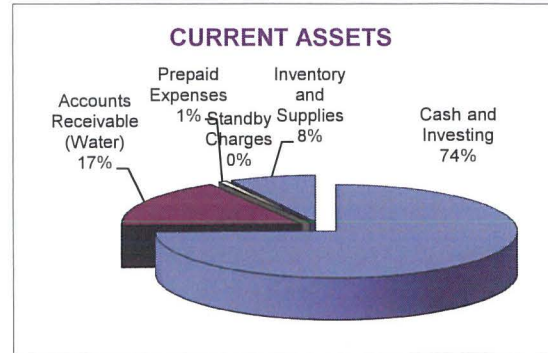
Roberts Creek Water District Board of Commissioners and staff are continually faced with the challenge of replacing aging infrastructure, complying with new requirements in the water purveyor's industry, and maintaining a stable source, quantity and delivery of water for our existing and future customers. In the 2019-20 fiscal year, the District plans to complete the addition of a new water storage tank on Old Hwy 99 S, referred to as the Town Tank.

The District will also be replacing a chlorine-generation system at the water treatment plant.

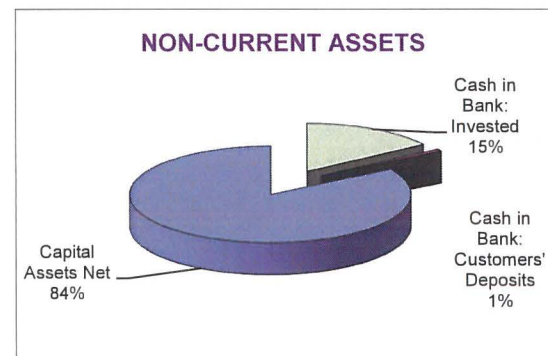
The Board of Commissioners have discussed the possibility of merging Roberts Creek Water District with Green Sanitary District, to create a joint water-sewer authority. In the 2019-20 year, Management will begin a feasibility study for a possible merger.

ROBERTS CREEK WATER DISTRICT

	2016-17	2017-18	2018-19
TOTAL CURRENT ASSETS	640,511	751,714	960,221
Cash and Investing	432,236	535,322	717,178
Accounts Receivable (Water)	141,051	140,934	162,014
Prepaid Expenses	8,239	6,754	6,832
Standby Charges	-	-	-
Inventory and Supplies	58,985	68,704	74,197

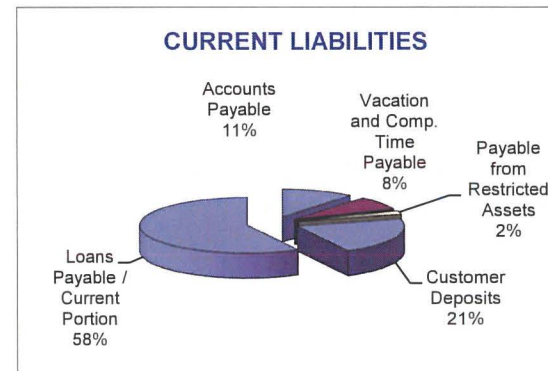


	2016-17	2017-18	2018-19
NON-CURRENT ASSETS	13,228,962	12,936,105	12,718,243
Cash in Bank: Invested	1,569,036	1,783,250	1,981,755
Cash in Bank: Customers' Deposits	101,326	103,417	105,042
Capital Assets Net	11,558,600	11,049,438	10,631,446



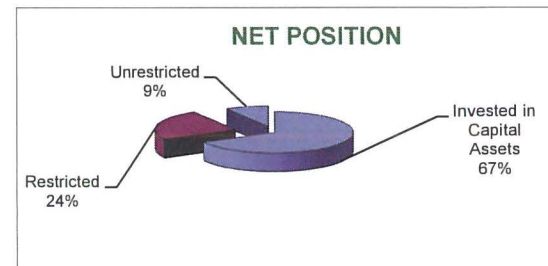
	2016-17	2017-18	2018-19
Total Assets	13,869,473	13,687,819	13,678,464
Total Non-Current Assets	13,228,962	12,936,105	12,718,243
TOTAL CURRENT ASSETS	640,511	751,714	960,221

	2016-17	2017-18	2018-19
Total Current Liabilities	494,607	542,833	492,656
Accounts Payable	34,849	76,504	54,326
Vacation and Comp. Time Payable	34,839	37,202	39,011
Payable from Restricted Assets	12,437	10,920	9,277
Customer Deposits	101,326	103,417	105,042
Loans Payable / Current Portion	311,156	314,790	285,000



	2016-17	2017-18	2018-19
Loans Payable/Non Current	5,131,731	4,816,941	4,531,941
TOTAL LIABILITIES	5,626,338	5,359,774	5,024,597

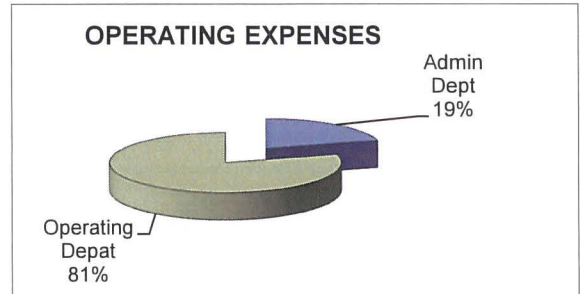
	2016-17	2017-18	2018-19
NET POSITION			
Invested in Capital Assets	6,115,957	5,917,951	5,814,749
Restricted	1,670,362	1,886,667	2,086,797
Unrestricted	456,816	523,426	752,321



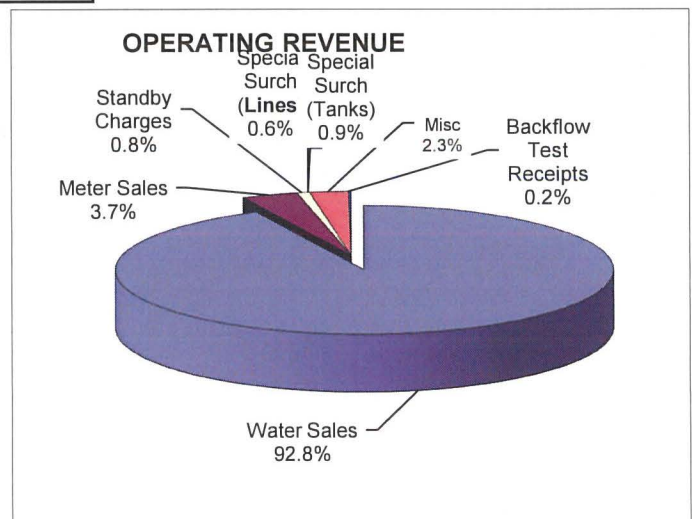
	2016-17	2017-18	2018-19
TOTAL NET POSITION	8,243,135	8,328,044	8,653,867

ROBERTS CREEK WATER DISTRICT

	2016-17	2017-18	2018-19
OPERATING EXPENSES	1,826,974	1,790,108	1,804,271
Administrative Department	355,739	377,151	373,033
Operating Department	1,471,235	1,412,957	1,431,238



	2016-17	2017-18	2018-19
OPERATING REVENUES	1,939,871	1,989,398	2,185,108
Water Sales	1,781,719	1,862,919	2,028,413
Meter Sales	61,371	55,748	80,336
Standby Charges	18,535	18,606	17,778
Special Surcharge (Lines)	12,005	-	0
Special Surcharge (Tanks)	17,664	-	0
Miscellaneous	44,125	48,035	55,220
Backflow Test Receipts	4,452	4,090	3,361



	2016-17	2017-18	2018-19
NON-OPERATING REVENUES	2,747	9,514	55,417
Gain on Asset Sales	-	-	-
Interest	2,747	9,514	55,417

	2016-17	2017-18	2018-19
CAPITAL CONTRIBUTION			
Developer Contributions	none	none	none

Basic Financial Statements



ROBERTS CREEK WATER DISTRICT

Statement of Net Position June 30, 2019 and 2018

	Business - Type Activities	
	2019	2018
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$717,178	\$535,322
Accounts Receivable, Net:		
Water	161,080	140,934
Miscellaneous	934	-
Inventory and Supplies	74,197	68,704
Prepaid Expenses	6,832	6,754
Total Current Assets	960,221	751,713
Noncurrent Assets:		
Restricted Assets		
Cash in Bank-Capital Projects	1,981,755	1,783,250
Cash in Bank-Customer's Deposits	105,042	103,417
Capital Assets Net	10,631,446	11,049,438
Total Noncurrent Assets	12,718,243	12,936,105
Total Assets	13,678,464	13,687,818

		Business - Type Activities	
		2019	2018
<u>Liabilities and Net Position</u>			
Liabilities:			
Current Liabilities:			
Accounts Payable		54,326	76,504
Vacation and Comp. Time Payable		39,011	37,202
Payable from Restricted Assets:			
Accrued Interest		9,277	10,920
Customer Deposits		105,042	103,417
Loans Payable-Current Portion		285,000	314,790
Total Current Liabilities		492,656	542,833
Non Current Liabilities:			
Uncashed Funds Outstanding		244	244
Loan Payable - Douglas County		416,697	416,697
Loan Payable - Treatment Plant Upgrade		4,115,000	4,400,000
Total Non Current Liabilities		4,531,941	4,816,941
Total Liabilities		5,024,597	5,359,774
Net Position:			
Invested in Capital Assets		5,814,749	5,917,951
Restricted		2,086,797	1,886,667
Unrestricted		752,321	523,426
Total Net Position		\$8,653,867	\$8,328,044

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, 2019 and 2018

	2019	2018
Operating Revenues:		
Water Sales	\$2,028,413	\$1,862,919
Meter Sales	80,336	55,748
Standby Charges	17,778	18,606
Grant Proceeds	4,637	-
Backflow Test Reciepts	3,361	4,090
Water Service Fees & Penalties	20,395	-
Miscellaneous	34,825	48,035
Total Operating Revenues	<u>2,189,745</u>	<u>1,989,398</u>
Operating Expenses:		
Administrative Department:		
Personal Services	224,808	232,219
Material and Services	148,225	144,932
Operating Department:		
Personal Services	564,287	573,313
Material and Services	273,972	251,332
Inventory Change	(5,492)	(9,719)
Meter, Line Replacement, Misc. Improvements	1,613	6,447
Depreciation Expense	596,858	591,584
Total Operating Expenses	<u>1,804,271</u>	<u>1,790,108</u>
Net Operating Income	<u>385,474</u>	<u>199,290</u>
Non Operating Revenues:		
Interest	55,417	9,514
Total Non Operating Revenues	<u>55,417</u>	<u>9,514</u>
Non Operating Expenses:		
Interest Expense	115,068	123,896
Total Non Operating Expenses	<u>115,068</u>	<u>123,896</u>
Change in Net Position	325,823	84,908
NET POSITION - BEGINNING	<u>8,328,044</u>	<u>8,243,136</u>
NET POSITION - ENDING	<u>\$8,653,867</u>	<u>\$8,328,044</u>

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



ROBERTS CREEK WATER DISTRICT

Comparative Statement of Cash Flows For The Fiscal Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flow From Operating Activities:		
Receipts from customers	\$2,135,465	\$1,943,571
Other operating cash receipts	34,825	48,035
Payments to suppliers	(446,066)	(359,570)
Payments to employees	(787,286)	(803,169)
Net Cash Provided by Operating Activities	936,938	828,868
Cash Flows From Capital and Related Financing Activities:		
Purchase of Depreciable Assets	(178,866)	(82,422)
Interest paid on Bonds and Loans	(116,711)	(125,413)
SPWF Loan Repaid	(29,791)	(26,156)
SDWRLF Loan Repaid	(285,000)	(285,000)
Net Cash Used by Capital and Related Financing Activities	(610,368)	(518,991)
Cash Flows From Investing Activities:		
Interest Received	55,417	9,514
Net Cash Provided by Investing Activities	55,417	9,514
Net Increase in Cash	381,987	319,391
CASH, Beginning	2,421,989	2,102,598
CASH, Ending	\$2,803,975	\$2,421,989
Cash & Cash Equivalents	717,178	535,322
Cash in Bank - Capital Projects	1,981,755	1,783,250
Cash in Bank - Customer's Deposit	105,042	103,417
	\$2,803,975	\$2,421,989

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



ROBERTS CREEK WATER DISTRICT

Comparative Statement of Cash Flows (Continued) For The Fiscal Years Ended June 30, 2019 and 2018

	2019	2018
Reconciliation of Operating Income (Loss) to net cash provided (Used) by operating activities:		
Operating Income	\$ 385,474	\$ 199,290
Adjustments to Reconcile Net Income to Net Cash Provided by Operations:		
Depreciation	596,858	591,584
(Increase) Decrease in Accounts Receivable:		
Water	(21,080)	117
(Increase) Decrease in Inventory	(5,493)	(9,719)
(Increase) in Prepaid Expenses	(78)	1,485
Increase (Decrease) in Accounts Payable	(22,177)	41,656
Increase (Decrease) in Vacation and Comp Payable	1,809	2,363
Increase (Decrease) in Customer Deposits	1,625	2,091
Net Cash Provided by Operating Activities	<u>\$ 936,938</u>	<u>\$ 828,868</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, 2019 and 2018

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, 2019, 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, 2019 and 2018

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.

The District reports deferred revenue on its balance sheet for water receivable.

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, 2019 and 2018

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, 2019.

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, 2019 and 2018

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

H. Fixed 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 position consist 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, 2019 and 2018

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

	2019	2018
Cash balances consist of the following:		
Cash on Hand	\$ 550	\$ 550
Checking/Savings	464,312	337,722
Local Government Investment Pool	2,339,113	2,083,717
Total Cash and Cash Equivalents	<u>\$ 2,803,975</u>	<u>\$ 2,421,989</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, 2019 and 2018, none of the District's bank balances were exposed to credit risk.

3. WATER SALES AND OTHER RECEIVABLES

Receivables for water sales are \$169,558 at June 30, 2019 and \$148,352 at June 30, 2018. The Reserve for Bad Debt is \$8,478 at June 30, 2019 and \$7,418 at June 30, 2018.

ROBERTS CREEK WATER DISTRICT

Notes to the Financial Statements For years ended June 30, 2019 and 2018

4. FIXED ASSETS

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

	<u>July 01, 2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2019</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	39,333	73,936	77,693
Office Building & Improvements	159,086	14,116		173,202
Vehicles	145,896			145,896
Water Plant & Equipment	11,833,364	65,857	162,979	11,736,242
Reservoir Tank & Road	1,017,735	59,561		1,077,296
Distribution Lines & Reservoir	<u>6,951,684</u>			<u>6,951,684</u>
Total Capital Assets Being Depreciated:	<u>\$ 20,220,061</u>	<u>\$ 178,867</u>	<u>\$ 236,915</u>	<u>\$ 20,162,013</u>

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

	<u>Balance July 01, 2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2019</u>
Office Equipment	\$ 111,411	\$ 4,127	\$ 73,936	\$ 41,602
Office Building & Improvements	102,480	4,134		106,614
Vehicles	135,116	10,049		145,165
Water Plant & Equipment	4,901,981	340,714	162,979	5,079,716
Reservoir Tank & Road	472,870	29,196		502,066
Distribution Lines & Reservoir	<u>3,787,801</u>	<u>208,638</u>		<u>3,996,439</u>
Total	<u>\$ 9,511,659</u>	<u>\$ 596,858</u>	<u>\$ -</u>	<u>\$ 9,871,602</u>
Capital Assets - Net	<u>\$ 11,049,438</u>	<u>\$ (417,991)</u>	<u>\$ 236,915</u>	<u>\$ 10,631,447</u>

ROBERTS CREEK WATER DISTRICT

Notes to the Financial Statements
For years ended June 30, 2019 and 2018

4. FIXED ASSETS (Cont'd)

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

	Balance July 1, 2017	Increase	Decrease	Balance June 30, 2018
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	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	6,920,290	31,394		6,951,684
Total Capital Assets Being Depreciated:	\$ 20,137,639	\$ 82,422	\$ -	\$ 20,220,061

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

	Balance July 1, 2017	Increase	Decrease	Balance June 30, 2018
Office Equipment	\$ 111,327	\$ 84		\$ 111,411
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	3,579,188	208,613		3,787,801
Total	\$ 8,920,075	\$ 591,584	\$ -	\$ 9,511,659
Capital Assets - Net	\$ 11,558,600	\$ (509,162)	\$ -	\$ 11,049,438

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 2018-2019 and 2017-2018 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, 2019 and 2018 is \$59,890 and \$58,707, respectively.

ROBERTS CREEK WATER DISTRICT

Notes to the Financial Statements
For years ended June 30, 2019 and 2018

6. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

For the year ended June 30, 2018, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* became effective. This statement 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 consists of a health insurance subsidy. The District is required by Oregon Revised Statutes 243.303 to provide retirees and dependents with group health insurance from the date of retirement to age 65 at the same rate provided to current employees. Premiums for retirees are based upon the premium rates available to active employees. The retiree is responsible for any portion of the premiums not paid by the District. The implicit employer subsidy is measured as the expected health care cost per retiree and dependent, less the gross premiums charged by the insurance carrier for that coverage. The subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare. GASB Statement 75 is applicable to the District due only to this implicit rate subsidy.

At June 30, 2019, 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.

7. COMPENSATED ABSENCES

The commitments to employee sick leave at June 30, 2019 and 2018 are:

	2019	2018
Administration	\$ 13,519	\$ 9,728
Operations	24,495	28,798
Total Sick Leave	<u>\$ 38,014</u>	<u>\$ 38,526</u>

Sick Leave accrues at eight hours per month. Sick leave is accumulated with a maximum of 240 hours. Sick leave is lost if employment is prematurely terminated.

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.

8. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2019 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.

ROBERTS CREEK WATER DISTRICT

Notes to the Financial Statements
For years ended June 30, 2019 and 2018

9. LOANS 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 was paid off for the fiscal year ending June 30, 2019.

LOANS PAYABLE

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:

LOANS PAYABLE

Fiscal Year Ending June 30,	Outstanding June 30, 2018	Redeemed	Outstanding June 30, 2019	Interest
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	320,000		320,000	76,786
2025-2029	1,730,000		1,730,000	256,543
2029-2031	1,145,000		1,145,000	43,834
Total	<u>\$ 4,685,000</u>	<u>\$ 285,000</u>	<u>\$ 4,400,000</u>	<u>\$ 877,470</u>

10. 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.

ROBERTS CREEK WATER DISTRICT

Notes to the Financial Statements
For years ended June 30, 2019 and 2018

10. INTERGOVERNMENTAL AGREEMENT - RESERVOIR TANK LOAN PAYABLE (Cont'd)

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. There were \$0 payments in the 2018-2019 and 2017-2018 fiscal years. The balance at June 30, 2019 is \$416,697.

11. 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.

12. 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. There were no additions to contributed capital for the 2018-19 and 2017-18 fiscal years. The balance of contributed capital at June 30, 2019 is \$3,124,254.

13. RISK MANAGEMENT

The District contracts with an insurance broker to negotiate and place insurance coverage on its behalf. The District's liability, property, and workers' compensation insurance is placed with Special Districts Insurance Services. SDIS is an insurance pool designed specifically for special districts within the State of Oregon. The District's claims have not exceeded coverage in any of the last three years.

14. COMMITMENTS

The District has a cancelable contract with Meter readers to read all water meters in the District. The contract will expire June 30, 2020.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events as of December 30, 2019, 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, 2019

	Enterprise Fund	Capital Projects Fund	Total
Operating Revenues:			
Water Sales	\$ 2,008,267	-	\$ 2,008,267
Meter Sales	8,000	\$ 72,336	80,336
Standby Charges	17,778	-	17,778
Grant Proceeds	4,637	-	4,637
Water Service Fees & Penalties	20,395	-	20,395
Miscellaneous	34,825	-	34,825
Backflow Test Receipts	3,361	-	3,361
Interest	10,761	44,656	55,417
Total Revenues	<u>2,108,024</u>	<u>116,992</u>	<u>2,225,016</u>
Operating Expenditures:			
Administrative Department	373,033	-	373,033
Operating Department	839,870	-	839,870
Debt Service	31,578	399,925	431,503
Capital Outlay	73,247	105,620	178,867
Miscellaneous	-	1	1
Total Expenditures	<u>1,317,728</u>	<u>505,546</u>	<u>1,823,274</u>
Excess of Revenues Over (Under) Expenditures	<u>790,296</u>	<u>(388,554)</u>	<u>401,742</u>
Other Financing Sources (Uses):			
Operating Transfer In	-	600,000	600,000
Operating Transfer Out	<u>(600,000)</u>	<u>-</u>	<u>(600,000)</u>
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	190,296	211,446	401,742
Fund Balance, Beginning	<u>470,914</u>	<u>1,740,460</u>	<u>1,939,578</u>
Fund Balance, Ending	<u>\$661,210</u>	<u>\$1,951,906</u>	<u>\$2,341,320</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, 2019

Net Change in fund balances - Proprietary Funds - Budget	\$401,742
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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	(596,858)
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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.	5,492
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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.	178,866
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Accrued Interest expense is not reported in the fund financial statements, but is in the government-wide statements	1,644
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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.	314,791
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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.	20,146
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Change in net position	<u><u>\$325,823</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, 2019

	Actual	Original & Final Budget	Over (Under) Budget
Revenues:			
Water Sales	\$ 1,608,267	\$ 1,550,000	\$ 58,267
Water Sales Plant Upgrade	400,000	400,000	-
Meter Sales	8,000	7,500	500
Standby Charges	17,778	19,000	(1,222)
Water Service Fees & Penalties	20,395	22,000	(1,605)
Grant Proceeds	4,637	-	
Miscellaneous	34,825	23,000	11,825
Special Surcharge (Lines)	-	50,000	(50,000)
Special Surcharge (Tanks)	-	50,000	(50,000)
Backflow Test Receipts	3,361	4,500	(1,139)
Interest	10,761	8,000	2,761
Total Revenues	<u>2,108,024</u>	<u>2,134,000</u>	<u>(30,613)</u>
Expenditures:			
Administrative Department			
Personal Services:			
Office Manager	70,171	71,000	(829)
Office Assistant	63,771	76,000	(12,229)
Administrative Assistant	-	10,000	(10,000)
Social Security	10,293	12,000	(1,707)
Worker's Compensation	198	500	(302)
Insurance	63,291	65,000	(1,709)
Unemployment Compensation	137	2,000	(1,863)
Retirement	16,035	18,000	(1,965)
Vacation and Compensation Time	912	2,000	(1,088)
Total Personal Services	<u>224,808</u>	<u>256,500</u>	<u>(31,692)</u>



Schedule of Revenues, Expenditures and Changes in Fund Balances
Actual and Budget - Enterprise Fund (Budget Basis)
For The Fiscal Year Ended June 30, 2019

	Actual	Original & Final Budget	Over (Under) Budget
Administrative Department (Con't)			
Materials and Services:			
Audit	9,150	9,200	(50)
Elections	1,002	1,000	2
Supplies	3,113	5,000	(1,887)
Telephone	1,924	3,000	(1,076)
Electricity	2,420	3,500	(1,080)
Legal Fees	1,785	3,000	(1,215)
Dues & Subscriptions	10,200	8,000	2,200
Property Insurance	28,674	35,000	(6,326)
Liability and Auto Insurance	15,199	10,500	4,699
Repair and Maintenance	2,440	4,000	(1,560)
Administrative Services	2,550	3,200	(650)
Bank Charges	-	2,000	(2,000)
Budgeting	516	800	(284)
Education	2,913	7,000	(4,087)
Miscellaneous	2,804	3,500	(696)
Advertising	20	500	(480)
Postage	2,002	3,100	(1,098)
Contract Services	26,165	27,000	(835)
Website	2,400	2,600	(200)
Billing Costs	19,336	21,000	(1,664)
Online Bill Pay Fees	1,714	1,600	114
Merchant Service Fees	11,264	9,500	1,764
Total Materials and Services	147,591	164,000	(16,409)
Capital Outlay:			
Office Equipment	39,967	30,000	9,967
Office Improvements	14,116	18,000	(3,884)
Total Capital Outlay	54,083	48,000	6,083
Total Administrative Department Expenditures	426,482	468,500	(42,018)
Operating Department			
Personal Services:			
Plant Superintendent	84,363	85,000	(637)
Service Crew	267,124	298,000	(30,876)
Social Security	26,765	29,500	(2,735)
Worker's Compensation	6,736	8,000	(1,264)
Insurance	134,192	143,000	(8,808)
Unemployment Compensation	355	3,900	(3,545)
Retirement	43,855	46,000	(2,145)
Vacation and Compensation Time	897	2,000	(1,103)
Total Personal Services	564,287	615,400	(51,113)



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, 2019

	Actual	Original & Final Budget	Over (Under) Budget
Operating Department (Con't)			
Materials and Services:			
Freight	3,990	3,000	990
Tools	891	3,000	(2,109)
Supplies and Safety Items	3,995	4,000	(5)
Telephone and Communications	5,028	5,700	(672)
Electricity	103,467	130,000	(26,533)
Fees and Dues	6,714	5,500	1,214
Fuel	8,097	10,000	(1,903)
Equipment Maintenance	9,927	12,000	(2,073)
Repair and Maintenance-Field	22,082	35,000	(12,918)
Repair and Maintenance-Plant	27,045	35,000	(7,955)
Chemicals	46,102	40,000	6,102
Miscellaneous	302	2,000	(1,698)
Education	6,870	7,000	(130)
Reservoir Maintenance	1,037	5,000	(3,963)
Miox System	126	4,000	(3,874)
Summer Stored Water	2,175	6,000	(3,825)
Emergency Inter-tie	-	1,500	(1,500)
Engineering	-	1,000	(1,000)
New Connections-Materials	1,502	2,000	(498)
Inventory Adjustment	7,456	-	7,456
Water Samples	5,864	8,500	(2,636)
Backflow Testing	2,581	3,700	(1,119)
Total Materials and Services	265,251	323,900	(58,649)
Capital Outlay:			
Meter Installations	890	3,000	(2,110)
Replace Lines	14	50,000	(49,986)
Equipment Purchases	12,175	8,000	4,175
Safety Equipment	7,291	3,000	4,291
Repair River Intake	-	4,000	(4,000)
Replace Filter Media	9,760	10,000	(240)
Total Capital Outlay	30,130	78,000	(47,870)
Total Operating Department Expenditures	859,668	1,017,300	(157,632)



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, 2019

	Actual	Original & Final Budget	Over (Under) Budget
Operating Contingencies	-	75,000	(75,000)
Debt Service			
Deferred Loan Interest	1,787	1,788	(1)
Deferred Loan Principal	29,791	29,791	-
Reserve for Payment	-	50,000	(50,000)
Intergovernmental Agreement Payment	-	50,000	(50,000)
Total Debt Service	31,578	131,579	(100,001)
 Total Expenditures	 1,317,728	 1,692,379	 (374,651)
 Excess of Revenues Over (Under) Expenditures	 790,296	 441,621	 344,038
Other Financing Sources (Uses):			
Operating Transfer Out	(600,000)	(600,000)	-
 Total Other Financing Sources (Uses)	 (600,000)	 (600,000)	 -
 Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 190,296	 (158,379)	 344,038
FUND BALANCE, Beginning	470,914	600,000	202,934
FUND BALANCE, Ending	\$661,210	\$441,621	\$546,972



ROBERTS CREEK WATER DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balances Actual and Budget - Capital Project Fund (Budget Basis) For The Fiscal Year Ended June 30, 2019

	Actual	Original & Final Budget	Over (Under) Budget
Revenues:			
Meter Sales	\$72,336	\$67,000	\$5,336
Interest	44,656	20,000	24,656
Total Revenues	<u>116,992</u>	<u>87,000</u>	<u>29,992</u>
Expenditures:			
Capital Outlay	105,620	857,000	(751,380)
Miscellaneous	1	2,000	(1,999)
Debt Service - Plant Upgrade	399,925	399,926	(1)
Total Expenditures	<u>505,546</u>	<u>1,258,926</u>	<u>(753,380)</u>
Excess of Revenues Over (Under) Expenditures	<u>(388,554)</u>	<u>(1,171,926)</u>	<u>783,372</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	211,446	(571,926)	783,372
FUND BALANCE, Beginning	<u>1,740,460</u>	<u>1,700,000</u>	<u>1,134,708</u>
FUND BALANCE, Ending	<u>\$1,951,906</u>	<u>\$1,128,074</u>	<u>\$1,918,080</u>

Other Supplemental Data

ROBERTS CREEK WATER DISTRICT

Schedule of Insurance Coverage

As of June 30, 2019

Company	Policy Number	Agency	Expires	Coverage	Amount
Special Districts Association of Oregon	23P54183-1219	Umpqua Insurance Agency	1/1/20	Property Coverage:	
				Buildings	\$19,029,303
				Contents	2,759,100
				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	21,999,153

Auditor's Comments and Disclosures
Required by State Law



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, 2019, and have issued our report thereon dated December 30, 2019. 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

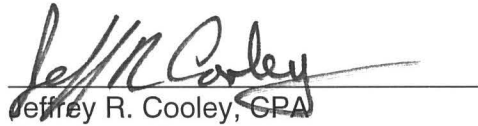
In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 30, 2019