

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

AUDIT REPORT

JUNE 30, 2024

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

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

COMMISSIONERS

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

ADMINISTRATION

District General Manager	Adam Denlinger
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REGISTERED AGENT

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

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

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

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GRIMSTAD & ASSOCIATE

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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Board of Commissioners
Seal Rock Water District
Seal Rock, Oregon

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of the business-type activities of Seal Rock Water District (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial portion of the business-type activities of Seal Rock Water District, as of June 30, 2024 and the respective changes in financial position, and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue

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

In performing an audit in accordance with generally accepted auditing standards, I:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, defined benefit employee pension plan (PERS) schedules and notes, on pages I-XIV, and 27-29, respectively, are presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying budget and actual fund schedules, reconciliation of budget basis to net position are presented for purposes of additional analysis and are not a

required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the budget and actual fund schedules, and reconciliation of budget basis to net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Oregon State Regulations

In accordance with the Minimum Standards Audit of Oregon Municipal Corporations, I have issued my report dated December 5, 2024 on my consideration of Seal Rock Water District's compliance with certain laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of my testing of compliance and the results of that testing and not to provide an opinion on compliance.

GRIMSTAD & ASSOCIATE



Signe Grimstad
Certified Public Accountant

Newport, Oregon
December 5, 2024



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Seal Rock Water District

Management Discussion and Analysis (MD&A) Fiscal Year Ended June 30, 2024

The intent of the Management Discussion and Analysis is to provide highlights of the Seal Rock Water District's financial activities for the fiscal year 2024, ending June 30, 2024. The readers are encouraged to read this narrative overview in conjunction with the accompanying financial statements.

Financial Highlights

- Total Assets and Deferred Outflows of Resources of the District are \$36,277,948 with Capital Assets of \$32,135,901 net of accumulated depreciation. Current Assets are \$3,323,380 and other noncurrent assets are \$478,379. Deferred Outflows of Resources for Pension Contributions are \$340,288 on June 30, 2024.
- The assets of Seal Rock Water District exceeded its liabilities at the close of the fiscal year by \$15,244,811 (Net Position). Of this amount, \$1,177,936 (unrestricted net position) may be used to meet the District's ongoing obligations.
- Net investment in capital assets, less related debt is \$13,254,736. Revenue Bonded debt is \$5,733,336 and General Obligation debt is \$13,147,468.
- The District's net position increased by \$1,279,478 from June 30, 2023.
- Total Operating Revenues for the fiscal year 2023-24 was \$2,573,997 which is an increase of 15.08% over the prior year. This change reflects the increases in water services and other operating revenue.
- Total Operating Expenses for the fiscal year 2023-24 were \$3,215,270. This figure is 6.98% higher than the prior year, due primarily to increases in Payroll & Benefits, Maintenance and Repair, General and Administration and Depreciation.
- Total Liabilities and Deferred Inflows of Resources are \$21,033,137 with long-term liabilities at \$18,877,106, current liabilities at \$2,039,883, and deferred inflows of resources for pension at \$116,148.

Overview of Financial Statements

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

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

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

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

Notes to Financial Statements

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

Financial Analysis

Over time, changes in net position may serve as a useful indicator of the District's financial position. In the Seal Rock Water District's case, assets exceeded liabilities by \$15,244,811 at the close of the fiscal year, an increase of \$1,279,478 from the prior year. This is primarily due to the increases in Net Invested in Capital Assets. The District took out an interim loan with Truist Bank to fund its Beaver Creek Source Water Project. This interim loan was paid

off by USDA-RUS using the District's Revenue Bond and General Obligation Bond on December 17, 2021.

87% of the District's net position (\$13,254,736) reflects its investment in capital assets (e.g., land, building, equipment, reservoirs, and pipelines); less related debt obligations used to acquire those assets that are still outstanding. The District uses these assets to provide services to ratepayers, consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to pay this debt must be provided from user fees to customers (ratepayers) or other sources, since capital assets cannot be used to liquidate these liabilities.

Net Position

	2024	2023	2022	Difference 2023-24	%
ASSETS					
Current Assets	\$3,323,380	\$3,295,445	\$3,209,114	\$27,935	0.85%
Capital Assets	32,135,901	33,022,015	33,260,987	(886,114)	-2.68%
Other noncurrent Assets	478,379	519,914	559,811	(41,535)	-7.99%
Total Assets	35,937,660	36,837,374	37,029,912	(899,714)	-2.44%
Deferred Outflows-Pension Contributions	340,288	283,429	323,863	56,859	20.06%
Total Assets & Deferred Outflows	36,277,948	37,120,803	37,353,775	(842,855)	-2.27%
LIABILITIES					
Current Liabilities	2,039,883	2,178,387	1,956,926	(138,504)	-6.36%
Long Term Liabilities	18,877,106	20,691,019	21,582,369	(1,813,913)	-8.77%
Total Liabilities	20,916,989	22,869,406	23,539,295	(1,952,417)	-8.54%
Deferred Inflows-Pension	116,148	286,064	494,813	(169,916)	-59.40%
Total Liabilities & Deferred Inflows	21,033,137	23,155,470	24,034,108	(2,122,333)	-9.17%
NET POSITION					
Net Invested in Capital Assets	13,254,736	11,812,265	11,408,203	1,442,471	12.21%
Restricted	812,139	940,986	841,631	(128,847)	-13.69%
Unrestricted	1,177,936	1,212,082	1,069,832	(34,146)	-2.82%
Total Net Position	\$15,244,811	\$13,965,333	\$13,319,666	\$1,279,478	9.16%

A portion of the District's net position (5% or \$812,139) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position (8% or \$1,177,936) may be used to meet the District's ongoing obligations to ratepayers and creditors.

Operating and non-operating activities increased the District's net position by \$1,279,478, an increase of 9.16% over the previous year. The change in net position is comprised of operating and non-operating income of \$1,229,302 and capital contributions of \$50,176 which represents system development charges.

Governmental Accounting Standard Board Statement 68 (GASB 68) requires governmental entities that participate in a pension plan to include an entry for the employer's proportionate share of the system's Unfunded Liability (UL). The District's proportionate share of the Net Pension Liability as of June 30, 2024, was .00495557 or \$928,212.

At end of the FY 2023-24, the District's financial reports reflected deferred outflows of resources of \$340,288. This amount was derived by adding the differences between expected and actual experience, which was \$45,392, changes of assumptions which was \$82,457, net difference between projected and actual earnings on investments which was \$16,684, changes in proportionate share which was \$40,924, the contributions the District made subsequent to measurement date which was \$143,031, and the differences between employer contributions and the employer's proportionate share of system contributions which was \$11,800. The District also reported deferred inflows of resources of \$116,148. This amount was the total of differences between employer contributions and the employer's proportionate share of system contributions which was \$62,754, changes in proportionate share which was \$49,099, the net difference between projected and actual earnings on investments which was \$0, changes of assumptions which was \$615, and the difference between expected and actual experience which was \$3,680.

GASB Statement 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions became effective on June 30, 2019. This statement requires the reporting of liabilities (assets) pertaining to retiree health care and other post-employment benefits (OPEB). The District provides an implicit rate subsidy for retiree health insurance premiums through the Special District Association of Oregon (SDAO) and a contribution to Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan. The total OPEB liability is based on a valuation provided by an independent actuarial firm based on assumptions including inflation rate, projected salary increases, discount rate, medical, dental, and vision increases, mortality rate, and other inputs. The total OPEB liability was estimated at June 30, 2024, by Milliman Actuarial Services for both plans. On June 30, 2024, the District's net OPEB liability (asset) and deferred inflows and outflows were determined by Management not to be material to the financial statements taken as a whole.

Change in Net Position

	2024	2023	2022	Difference 2024-23	%
OPERATING REVENUES					
Water Service	\$2,514,276	\$2,151,988	\$2,151,835	\$362,288	16.84%
Service Connections	28,383	46,922	36,891	(18,539)	-39.51%
Other Operating Revenue	31,338	37,884	40,042	(6,546)	-17.28%
Total Operating Revenues	2,573,997	2,236,794	2,228,768	337,203	15.08%
OPERATING EXPENSES					
Payroll and Benefits	1,295,180	1,118,627	997,891	176,553	15.78%
Water Purchase	71,333	159,497	641,121	(88,164)	-55.28%
Maintenance and Repair	358,501	256,262	203,402	102,239	39.90%
General and Admin	170,964	150,496	138,522	20,468	13.60%
Professional Services	160,515	184,378	107,476	(23,863)	-12.94%
Depreciation	1,158,777	1,136,245	730,313	22,532	1.98%
Total Operating Expenses	3,215,270	3,005,505	2,818,725	209,765	6.98%
OPERATING INCOME (LOSS)	(641,273)	(768,711)	(589,957)	127,438	-16.58%
NON OPERATING REVENUES (EXPENSES)					
Interest Income	47,209	45,601	35,979	1,608	3.53%
Property Taxes	1,192,674	1,485,878	875,938	(293,204)	-19.73%
Grants/Loan Proceeds	864	248,380	3,232,775	(247,516)	-99.65%
Loan Forgiven	1,030,000	0	0	0	100.00%
Disposal of Assets	0	(264)	0	264	0.00%
Interest Expense	(400,172)	(453,309)	(348,744)	53,137	-11.72%
Total Nonoperating Revenues (Expenses)	1,870,575	1,326,286	3,795,948	(485,711)	-36.62%
Income (Loss) Before Contributions	1,229,302	557,575	3,205,991	671,727	120.47%
CAPITAL CONTRIBUTIONS	50,176	88,092	62,399	(37,916)	-43.04%
CHANGES IN NET POSITION	1,279,478	645,667	3,268,390	633,811	98.16%
Net Position - Beginning of Year	13,965,333	13,319,666	10,310,298	645,667	4.85%
Net Position - End of Year	\$15,244,811	\$13,965,333	\$13,578,688	\$1,279,478	9.16%

Financial Condition

The District's financial condition improved over the previous year with adequate liquid assets for ongoing operations at a level necessary to meet demand. Unrestricted net position as of June 30, 2024, was \$1,177,936.

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

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

Delays in the project pushed the schedule for startup and commissioning to June 15, 2021. However, due to continued delays, the certificate for substantial completion was not achieved until August 2022. The district entered arbitration with the contractor on September 10th – 12th, 2024. Through negotiation between the parties, settlement was achieved and approved by the SRWD Board of Commissioners on September 19, 2024.

The proposed settlement of \$750,000 paid to the contractor allows the district to control the financial outcome, ensuring that we know the exact amount required to resolve the dispute. This amount was completely covered within the remaining project funding provided by USDA-RD, avoiding the need for additional financing or resources.

Part of the philosophy of the District has been to maintain a program of small annual rate increases to lessen the need for large one-time increases to meet the operational and maintenance needs of the water distribution and the water treatment facility.

Historically, the SRWD Board of Commissioners evaluates the need for a rate adjustment and then requests that staff develop a proposal of rate scenarios for increasing the rate before the information is provided to the community during a public hearing. The 2024 proposed rate adjustment takes into consideration the true cost of meeting the operational and maintenance needs of the water distribution and now water treatment facility. Due to conditions outside the control of the district primarily centered around the economy, the district is seeing an increase of as much as 35% in the cost of materials and supplies.

Consideration for the proposed rate adjustment was built into the proposed FY 2024-25 budget with an average rate adjustment of 2.8%. The effect of the increase for a domestic customer that uses 1,000 gallons per month is \$.75 a month (from \$55.75 to \$56.50). The calculation process for outside district customer water rates remains at 150% of the inside district rate.

Operating expenses are Payroll and Benefits, Water Purchase, Maintenance and Repairs, General and Administrative, Professional Services, and Depreciation. They combined for a net increase of \$209,765 over the prior year and a Net Operating loss decrease of 16.58% over the prior year, due to the increase in Water Service revenue and decrease in Water Purchase, and Professional Services. Net Position increased by \$1,279,478 due primarily to increases in Operating Revenues, Nonoperating Revenues, and Capital Contributions from System Development Charges for new meter installations.

Capital Assets and Debt Administration

Capital Assets

Seal Rock Water District's investment in capital assets as of June 30, 2024, is \$32.14 million (net of depreciation). This investment in capital assets includes land, buildings, reservoirs, pipelines, pump stations, automotive, and office equipment. The District's total investment in capital assets decreased by 2.68% compared to the prior year due to completion of the

project. This figure includes the construction of the new water treatment plant, the raw water intake pump station, and new meter installations.

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

On February 15, 2018, the District entered into a financial agreement with Oregon Business Development Department (OBDD) through the States Safe Drinking Water Revolving Loan Fund (SDWRLF) Program to fund a portion of the District’s Phase 4 Primary Source Water Improvements Project. Phase 4 improvements consist of developing a primary source water intake, raw water transmission system, and membrane water treatment facility. Conditions of the financing agreement include a loan in the amount of \$2,451,000 and a forgivable loan (grant) amount of \$1,030,000. The terms of the loan amount include a 1.00% interest rate, and the life of the loan is 30 years. In March 2016 the SRWD Board of Commissioners approved a scope of engineering services agreement with Jacobs Engineering to begin Phase 4 Final Design and Membrane Treatment Equipment purchase. Proceeds of the loan provided by OBDD are being used to finance Phase 4 final design. In early 2020 the District Board of Commissioners, with authorization from USDA Rural Development approved the contract to begin the construction of the Beaver Creek Source Water Project. The expected completion date for this project was August 2021. However, while significant progress has been made, delays by the contractor pushed start up and commissioning of the water treatment facility to June 2021 with substantial completion certified by the engineer in August 2022. Final Project Certification was achieved through arbitration and dated September 19, 2022.

Long Term Debt

At the end of the fiscal year, Seal Rock Water District had long-term debt outstanding of \$18,880,804. \$5,733,336 of this is secured by revenue bonds, and \$13,147,468 (includes bond premium of \$95,897) is general obligation bonds payable from property tax revenue. There is a portion of this long-term debt that is payable within the next fiscal year, therefore, classified as current debt of \$990,797.

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

Economic Factors and Next Year’s Budget and Finances

The District adopted a budget of \$10,123,140 for the fiscal year 2024-25. The following circumstances were known by the District at the time the financial statements were prepared and audited.

- PERS employer contribution rates for fiscal year 2024-25 are 21.70% for Tier 1/Tier 2 and 18.65% for OPSRP.
- Health Insurance Premium continues to increase.

- The district continues to be open to the possibility of developing an emergency water supply agreement with the City of Toledo for the emergency supply of water similar to the agreement the district has with the City of Newport.
- On December 1, 2017, the District presented the Phase 4 Beaver Creek Source Water Improvements Project before the Oregon Business Development Department (OBDD) Infrastructure Finance Authority (IFA) Board of Commissioners. As a result, the District received approval for project funding in the amount of \$3,481,000.00 through Oregon State Safe Drinking Water Revolving Loan Fund (SDWRLF) Program. SDWRLF package includes a loan in the amount of \$2,451,000 at 1% interest rate for 30 years, and \$1,030,000.00 in forgivable loan (grant). 100% of this funding has been used towards the completion of the Beaver Creek Source Water Project. The forgivable loan requires the Project to be completed on time, and at the time of completion, the District has an average monthly residential water rate of \$50.21 per 7,000 gallons. During the year ended June 30, 2024, the District met the requirements of OBDD Infrastructure Finance Authority (IFA) and the forgivable loan was forgiven in full.
- As of April 10, 2020, the District obtained a \$9,096,000 interim loan from Truist Bank to finance the Beaver Creek Source Water Project and to fund the refinancing of the Line of Credit with Cashmere Valley Bank. This financing was permanently satisfied by bond proceeds through USDA-RD and a resolution approved by the Board on November 15, 2021, with USDA General Obligation Bond Loan that closed on December 17, 2021, in the amount of \$6,549,000 at 1.75% interest rate for 25 years. The \$2,547,000 revenue bond portion of this financing was closed on November 18, 2020, at 1.75% interest rate for 30 years.

Under the authority of the SRWD Board of Commissioners, District staff have been working with consultants to evaluate the development of a primary source of water for the District. Planning documents completed and adopted by the Board include the *Reconnaissance Level Source Water Study* adopted by the SRWD Board of Commissioners in March 2015; *Phase IV Conceptual Design Report for the SRWD Beaver Creek Water Supply*, adopted by the Board in September 2016; *Preliminary Engineering Report*; and *Environmental Report* both completed in May 2017 and adopted by the SRWD Board. The final design and contract document were completed in February 2019 and approved by USDA-RD in November 2019. The Board authorized staff to apply for funding through the United States Department of Agriculture, Rural Development (USDA-RD) funding program to fund a portion of Phase 4 improvements in the amount of \$11,895,500. The application was approved through a Letter of Conditions (LOC) provided to the district on July 2, 2019. Additionally, through a USDA-RD sub-grant funding application, in May 2020 the district received a Letter of Conditions (LOC) awarding the district an additional \$1,500,000 in grant funding for the Beaver Creek source water project. Substantial completion was certified by the engineer in August 2022, and final Project Certification was achieved through arbitration and dated September 19, 2022.

All of these factors were considered in preparing the Seal Rock Water District's budget for FY 2024-25.

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

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

Fiscal Year	Real Market Value(1)	Taxable Assessed Value(2)	Net Tax Imposed	Billing Rate Per \$1,000 of Taxable Assessed Value	Bond Levy Rate Per \$1,000 of Assessed Value (3)	Year of Levy (4)	Percentage Collected as of 11/30/24
2024-25	1,758,546,037	1,145,893	1,145,893	0.1259	1.1943	In Process of Collection	89.45%
2023-24	1,653,145,447	1,227,554	1,227,554	0.1259	1.3468	97.41%	98.34%
2022-23	1,410,651,095	893,505	1,543,294	0.1259	1.8033	97.87%	99.18%
2021-22	1,174,447,691	766,966,200	893,505	0.1259	1.0421	98.08%	99.58%
2020-21	981,026,166	734,519,500	835,296	0.1259	1.0142	97.96%	99.94%
2019-20	921,297,820	707,936,610	860,627	0.1259	1.0937	97.23%	99.97%
2018-19	856,241,708	676,620,410	853,360	0.1259	1.1384	97.12%	99.99%

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

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

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

(4) In the process of collection.

Source: Lincoln County Treasurer and Assessor, November 30, 2024

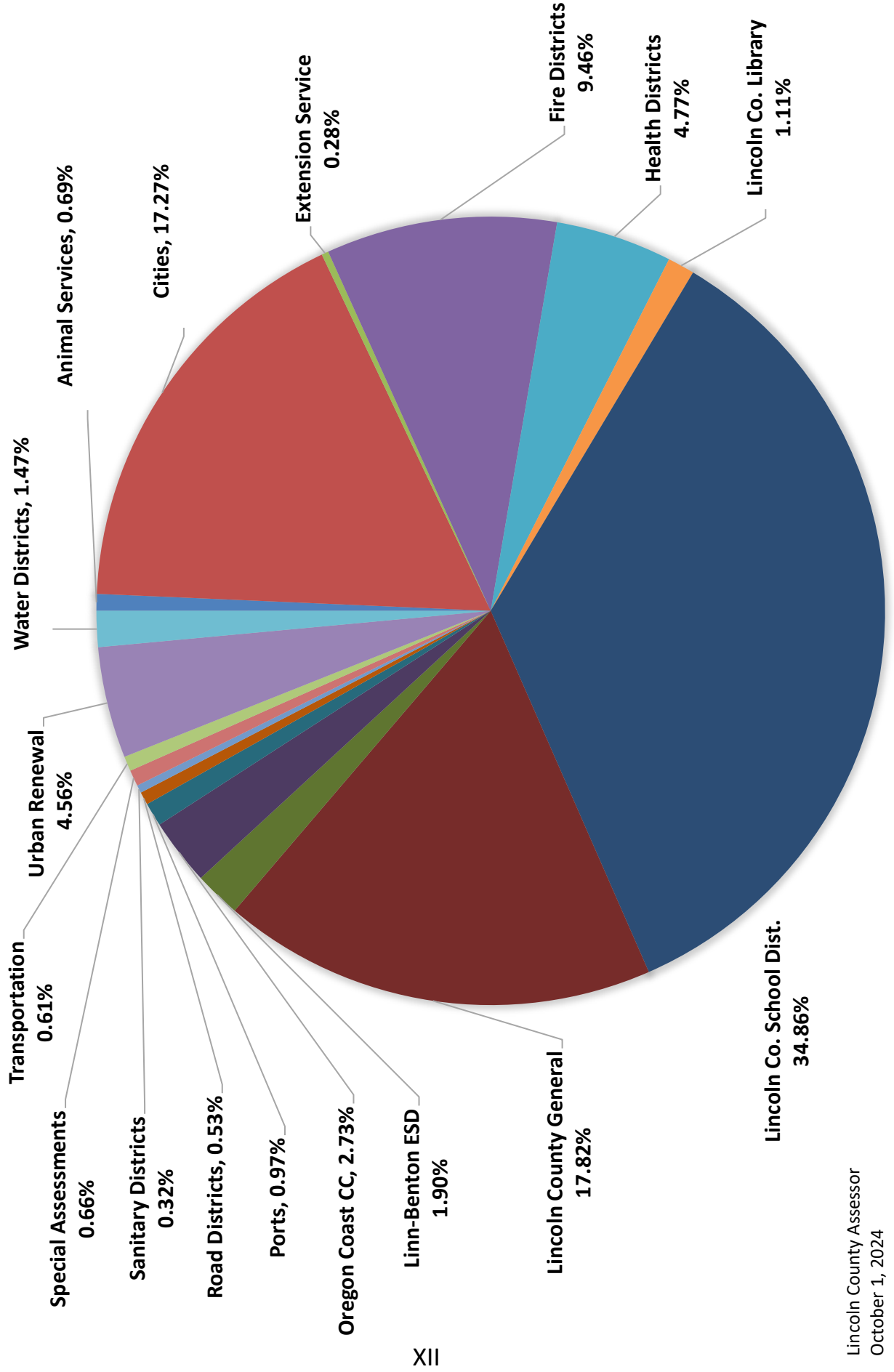
**LINCOLN COUNTY
MAJOR TAXPAYERS
FOR 2024-25**

Owner of Record (Taxpayer)	Total Assessed Value	% of Total County Assessed Value	Taxes Imposed	% of All Countywide Taxes Imposed
Georgia Pacific Toledo LLC	\$233,339,350.00	2.33%	\$3,609,128.82	2.37%
Central Lincoln PUD	\$102,195,110.00	1.02%	\$1,499,581.56	0.98%
Weyerhaeuser Company	\$116,874,060.00	1.17%	\$1,498,195.29	0.98%
Northwest Natural Gas Co	\$80,267,000.00	0.80%	\$1,330,156.66	0.87%
Charter Communications	\$50,578,140.00	0.51%	\$832,099.52	0.55%
Pacificorp	\$53,310,800.00	0.53%	\$748,552.34	0.49%
Worldmark The Club	\$49,819,130.00	0.50%	\$656,353.23	0.43%
Lincoln City Outlets/CMBS LLC	\$34,723,980.00	0.35%	\$586,709.81	0.39%
Hallmark Inns & Resorts Inc.	\$24,558,300.00	0.25%	\$443,137.15	0.29%
Dulchich Realty/Pacific Choice Seafood	\$19,272,970.00	0.19%	\$347,767.31	0.23%
Total Top Ten Tax Payers in the County	\$764,938,840	7.64%	\$11,551,682	7.59%
Remaining County Taxpayers	9,248,962,160	92.36%	140,714,353	92.41%
Total County	\$10,013,901,000	100.00%	\$152,266,035	100.00%

Requests for Information

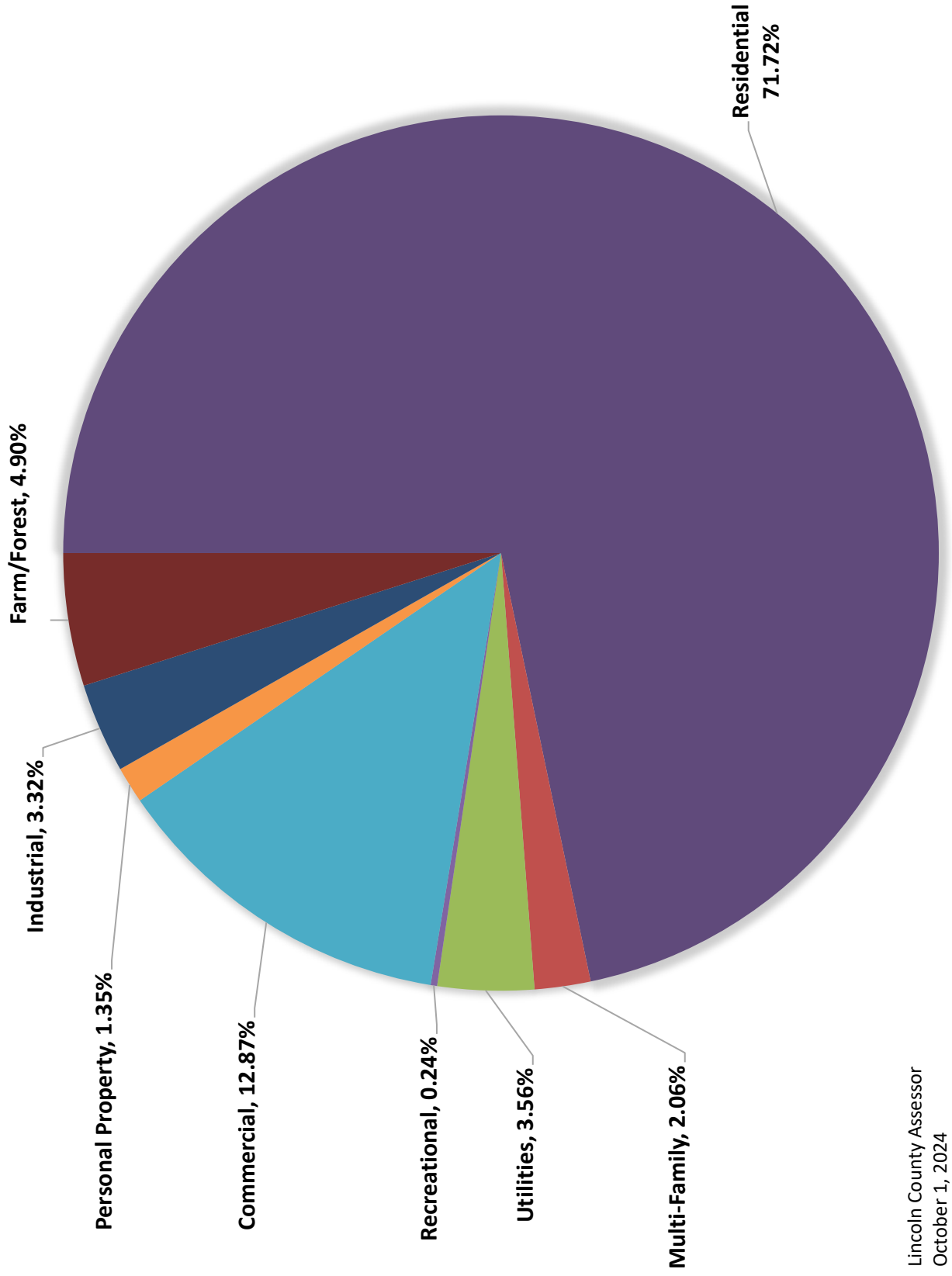
The financial report is designed to provide a general overview of Seal Rock Water District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office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

LINCOLN COUNTY 2024-25 YOUR TAX DOLLAR DISTRIBUTION





WHO PAYS LINCOLN COUNTY PROPERTY TAXES 2024-2025



Supplemental Continuing Disclosure Information
Seal Rock Water District
November 30, 2024

General Obligation Debt Capacity/Limitation	2023-24	2024-25
Real Market Value	1,653,145,447	1,758,546,037
General Obligation Debt Capacity (10.0% of RMV)	165,314,545	175,854,604
Outstanding Obligations Subject to Limitation ⁽¹⁾	13,671,339	12,879,839
Remaining General Obligation Debt Capacity	151,643,206	162,974,765
Percent of Remaining Debt Capacity/Total Debt Capacity	91.73%	92.68%
Percent of Outstanding Obligation/Total Debt Capacity	8.27%	7.32%
Percent of Outstanding Obligation/Real Market Value	0.83%	0.73%

Source : the District

Consolidated Tax Rates Per \$1,000
TAX CODE AREA: 326 (AV \$213,538,260)
REPRESENTS 24.6% OF DISTRICT'S ASSESSED VALUE ON ROLL

Fiscal Year	Real Market Value⁽¹⁾		Taxable Assessed Value⁽²⁾		Net Tax Imposed		Billing Rate Per \$1,000 of Taxable		Consolidated Rate	Percent Collected as of	
	Value⁽¹⁾	Value⁽²⁾	Value⁽²⁾	Value⁽²⁾	Value⁽³⁾	Value⁽³⁾	\$1,000 of Assessed	Value⁽³⁾		Year of Levy (4)	11/30/2024
2024-25	1,758,546,037	869,979,100	1,145,893	0.1259	1.1943	1.3202	In Process of Collection	89.45%			
2023-24	1,653,145,447	835,264,130	1,227,554	0.1259	1.3468	1.4727	97.41%	98.34%			
2022-23	1,410,651,095	801,232,070	1,543,294	0.1259	1.8033	1.9292	97.87%	99.18%			
2021-22	1,174,447,691	766,966,200	893,505	0.1259	1.0421	1.1680	98.08%	99.58%			
2020-21	981,026,166	734,519,500	835,296	0.1259	1.0142	1.1401	97.96%	99.94%			
2019-20	921,297,820	707,936,610	860,627	0.1259	1.0937	1.2196	97.23%	99.97%			
2018-19	856,241,708	676,620,410	853,360	0.1259	1.1384	1.2643	97.12%	99.99%			

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

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

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

(4) In process of collection.

Source: Lincoln County Treasurer and Assessor, November 30, 2024

Seal Rock Water District
Outstanding Debt Obligations
As of November 30, 2024

Outstanding Debt	Date of Issue	Date of Maturity	Amount Issued	Outstanding Principal Amount
Revenue Obligations				
Water Revenue Installment Bonds (USDA)	6/1/2012	6/1/2042	1,505,000	1,044,030
Notes Payable - IFA	12/1/2016	12/1/2023	126,285	0
2020 Revenue Bond (USDA)	11/18/2020	11/18/2051	2,547,000	2,279,056
2022 Revenue Bond (IFA)	12/1/2022	12/1/2051	2,451,000	2,270,033
Total Revenue Obligations			6,629,285	5,593,119
General Obligation Bonds				
General Obligation Bonds, Series 2011	10/27/2011	10/27/2041	1,626,200	1,131,383
General Obligation Bonds, Series 2012	6/13/2012	6/1/2032	5,000,000	1,835,000
General Obligation Bonds, Series 2013	2/27/2013	6/1/2036	2,075,000	1,275,000
General Obligation Bonds, Series 2016	12/1/2016	12/1/2041	3,451,000	2,515,299
General Obligation Bonds, Series 2021	12/17/2021	12/17/2047	6,549,000	6,123,157
Total General Obligations			18,701,200	12,879,839
Total Outstanding Obligations			\$25,330,485	\$18,472,958

Source: The District.

SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON

STATEMENT OF NET POSITION - PROPRIETARY FUND
as of June 30, 2024

ASSETS

Current assets

Cash and cash equivalents	\$ 2,711,741
Accounts receivable	218,952
Property taxes receivable	53,518
Prepaid expenses	91,056
Inventory	208,171
Note receivable	39,942
Total current assets	3,323,380

Noncurrent assets

Prepaid bond insurance	12,744
Note receivable, long-term	465,635
Total noncurrent assets	478,379

Capital assets

Land	400,729
Plant and equipment (net of depreciation)	31,735,172
Total capital assets	32,135,901

Total assets	35,937,660
--------------	------------

Deferred outflows of resources - pension contributions

Total assets and deferred outflows of resources	340,288
	36,277,948

LIABILITIES

Current liabilities

Accounts payable	772,933
Deposit	4,200
Compensated absences, net	61,291
Unearned revenue	44,220
Accrued interest, \$138,606 payable from restricted	166,442
Current portion of long-term debt payable from restricted	990,797
Total current liabilities	2,039,883

Long-term liabilities

Net pension liability	928,212
Compensated absences, net	58,887
Revenue bonds, net	5,547,503
General obligation bonds, net	12,342,504
Total long-term liabilities	18,877,106

Total liabilities	20,916,989
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Deferred inflows of resources - pension

Total liabilities and deferred inflows of resources	116,148
	21,033,137

NET POSITION

Net invested in capital assets	13,254,736
Restricted	
Debt service	741,820
Construction	70,319
Unrestricted	1,177,936
Total net position	\$ 15,244,811

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

SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND
 for the Year Ended June 30, 2024

OPERATING REVENUE	
Water service pledged as security for revenue bonds	\$ 2,514,276
Service connections	28,383
Other operating revenue	<u>31,338</u>
Total operating revenue	<u>2,573,997</u>
OPERATING EXPENSES	
Payroll and benefits	1,295,180
Water purchase	71,333
Maintenance and repairs	358,501
General and administrative	170,964
Professional services	160,515
Depreciation	<u>1,158,777</u>
Total operating expenses	<u>3,215,270</u>
OPERATING INCOME (LOSS)	<u>(641,273)</u>
NONOPERATING REVENUE (EXPENSES)	
Interest income	47,209
Property taxes	1,192,674
Grants	864
Loan forgiven	1,030,000
Interest expense	<u>(400,172)</u>
Total nonoperating revenue (expenses)	<u>1,870,575</u>
Income (loss) before contributions	1,229,302
CAPITAL CONTRIBUTIONS	<u>50,176</u>
Change in net position	1,279,478
NET POSITION - Beginning of year	<u>13,965,333</u>
NET POSITION - End of year	<u><u>\$ 15,244,811</u></u>

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

SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
for the Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 2,558,508
Cash payments for goods and services	(839,707)
Cash payments for employees and benefits	<u>(1,292,815)</u>
Net cash provided (used) by operating activities	<u>425,986</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	1,184,876
Grants	5,631
Note receivable receipts	<u>38,304</u>
Net cash provided (used) by noncapital financing activities	<u>1,228,811</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(340,144)
Loan proceeds	-
Principal paid on debt	(988,740)
Interest paid on debt	(418,284)
Capital contribution by customers	<u>50,176</u>
Net cash provided (used) by capital and related financing activities	<u>(1,696,992)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>47,209</u>
Net increase (decrease) in cash and cash equivalents	5,014
Cash and cash equivalents - Beginning of year (restricted \$1,647,735)	<u>2,706,727</u>
Cash and cash equivalents - End of year (restricted \$1,419,887)	<u><u>\$ 2,711,741</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (641,273)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	1,158,777
(Increase) decrease in operating assets	
Accounts receivable	(6,222)
Inventory	657
Prepaid expenses	(11,093)
Increase (decrease) in operating liabilities	
Accounts payable	(67,957)
Accrued compensated absences	9,727
Net pension liability	(7,362)
Unearned revenue	<u>(9,268)</u>
Net cash provided (used) by operating activities	<u><u>\$ 425,986</u></u>

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

SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
as of June 30, 2024

	<u>MCWCC</u>	<u>MCWPP</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 27,743	\$ 7,230	\$ 34,973
LIABILITIES			
Accounts payable	-	-	-
NET ASSETS			
Held by fiduciary	<u>\$ 27,743</u>	<u>\$ 7,230</u>	<u>\$ 34,973</u>

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
for the Year Ended June 30, 2024

	<u>MCWCC</u>	<u>MCWPP</u>	<u>Total</u>
ADDITIONS			
Water Districts contributions	\$ 58,000	\$ -	\$ 58,000
Government grants	-	158,474	158,474
Total additions	<u>58,000</u>	<u>158,474</u>	<u>216,474</u>
DEDUCTIONS			
Consultant services	48,359	152,968	201,327
Indirect costs	-	7,488	7,488
Total deductions	<u>48,359</u>	<u>160,456</u>	<u>208,815</u>
Changes in fiduciary net assets	9,641	(1,982)	7,659
Net assets, beginning of year	<u>18,102</u>	<u>9,212</u>	<u>27,314</u>
Net assets, end of year	<u>\$ 27,743</u>	<u>\$ 7,230</u>	<u>\$ 34,973</u>

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

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

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

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

Basis of Accounting and Presentation

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

Deposits and Investments

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

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

Inventory

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

Restricted Assets

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

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

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Restricted Assets

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

Property Taxes

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

Capital Assets

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

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

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

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

Compensated Absences

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

Pensions

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

SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows/Inflows of Resources

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

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

Net Position

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

Net position is divided into three components:

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

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

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

Operating Revenues, Non-Operating Revenues and Operating Expenses

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

Use of Estimates

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

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

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Law and Practice

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS

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

	<u>Balance</u>
Cash and cash equivalents	\$ 1,291,854
Cash and cash equivalents - restricted	1,419,887
Total cash, cash equivalents and investments	<u>\$ 2,711,741</u>

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

	<u>Balance</u>
Petty cash	\$ 800
Deposits with financial institutions	2,454,872
Investments - external investment pool	256,069
Total	<u>\$ 2,711,741</u>

Restricted cash represents funds for debt retirement of \$773,461 and construction of \$646,426.

Deposits

At the end of the fiscal year, the District's total deposits with financial institutions have a bank value of \$2,491,707.

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

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

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Investments

At year end, the District has total funds of \$256,069 (fair value) in the Local Government Investment Pool.

Interest rate risk

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

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

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

Credit risk

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

Concentration of credit risk

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

NOTE 4 - RECEIVABLES

Receivables at June 30, consist of the following:

	<u>Balance</u>	<u>Unrestricted</u>	<u>Restricted</u>
Property taxes	\$ 53,518	\$ 4,515	\$ 49,003
Accounts receivable	<u>218,952</u>	<u>218,952</u>	<u>0</u>
Total receivables	<u>\$ 272,470</u>	<u>\$ 223,467</u>	<u>\$ 49,003</u>

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

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

NOTE 4 – RECEIVABLES - Continued

Accounts Receivable

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

Property Taxes

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

NOTE 5 - NOTE RECEIVABLE

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

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

In March 2015, Amendment No. 2 to the IGA specified that the City of Newport’s debt to the District for lost revenue plus the portion of the bonded indebtedness, excluding the 2013 refunding general obligation bond (originally the 2007 general obligation bond) for the withdrawn properties is \$1,800,000. The City of Newport’s share of the 2013 refunding general obligation bond was calculated as \$55,322, which was paid in full on July 1, 2015. Final payment is in 2043.

	<u>Balance</u>	<u>Unrestricted</u>	<u>Restricted</u>
Note receivable, City of Newport	\$ 505,577	\$ 445,006	\$ 60,571

The note receivable maturity schedule is as follows:

Year Ending	<u>Balance</u>	<u>Unrestricted</u>	<u>Restricted</u>
<u>June 30</u>			
2025	\$ 39,942	\$ 32,464	\$ 7,478
2026	40,448	34,040	6,408
2027	42,338	35,693	6,645
2028	44,210	37,425	6,785
2029	43,553	39,242	4,311
2030-2035	243,452	226,977	16,475
2036-2040	46,526	39,165	7,361
2041-2043	5,108	0	5,108
Totals	\$ 505,577	\$ 445,006	\$ 60,571

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

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

NOTE 6 - CAPITAL ASSETS

Below are the major classes of capital assets:

	7/1			6/30
	Balance	Increases	Decreases	Balance
Non-depreciable				
Land	400,729	-	-	400,729
Construction in progress	314,140	-	(314,140)	-
Total nondepreciable	<u>714,869</u>	<u>-</u>	<u>(314,140)</u>	<u>400,729</u>
Depreciable				
Buildings	11,242,162	-	-	11,242,162
Furn/equip/vehicles	1,197,067	177,816	(18,138)	1,356,745
Water system	29,638,652	162,328	246,659	30,047,639
Total depreciable	<u>42,077,881</u>	<u>340,144</u>	<u>228,521</u>	<u>42,646,546</u>
Accumulated Depreciation				
Buildings	673,857	228,230	-	902,087
Equipment	708,276	112,646	(18,138)	802,784
Water system	8,388,602	817,901	-	9,206,503
Total acc deprec	<u>9,770,735</u>	<u>1,158,777</u>	<u>(18,138)</u>	<u>10,911,374</u>
Total, net of depreciation	<u>32,307,146</u>	<u>(818,633)</u>	<u>246,659</u>	<u>31,735,172</u>
Capital assets, net	<u>33,022,015</u>	<u>(818,633)</u>	<u>(67,481)</u>	<u>32,135,901</u>

Depreciation expense for the year was \$1,158,777.

NOTE 7 - LONG-TERM DEBT

Revenue Bonds

A revenue bond in the amount of \$1,505,000, payable from water system net operating revenue, was issued June 1, 2012. The bond is payable in annual installments of \$74,332 with interest at 2.75%, maturity 2042. Current balance is \$1,044,036.

A revenue bond in the amount of 2,547,000, payable from water system net operating revenue, was issued November 18, 2020, is payable in annual installments of \$109,853 including interest at 1.75%, matures November 18, 2050, and requires reserve accumulating monthly receipts of \$915 to total one annual loan payment in 10 years. Current balance is \$2,347,711.

A revenue bond in the amount of \$2,451,000, payable from water system net operating revenue, was issued December 19, 2017. The bond is payable in annual installments of \$94,972 with interest at 1%, beginning December 1, 2022, maturing December 1, 2051. Current balance is \$2,341,589.

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

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

NOTE 7 - LONG-TERM DEBT - Continued

Revenue Bonds - Continued

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

Year Ending June 30,	Principal	Interest	Total Future Requirements
2025	\$ 185,832	\$ 93,325	\$ 279,157
2026	189,118	90,039	279,157
2027	192,353	86,804	279,157
2028	195,654	83,504	279,158
2029	198,921	80,236	279,157
2030-2034	1,047,893	347,893	1,395,786
2035-2039	1,142,752	253,035	1,395,787
2040-2044	1,096,494	150,224	1,246,718
2045-2049	949,063	75,061	1,024,124
2050-2052	<u>535,256</u>	<u>11,202</u>	<u>546,458</u>
Totals	<u>\$ 5,733,336</u>	<u>\$ 1,271,323</u>	<u>\$ 7,004,659</u>

Notes Payable

On August 13, 2015, the Oregon Infrastructure Financing Authority approved a forgivable loan of \$20,000 and a long-term note with proceeds not to exceed \$130,000, at a rate of 1%, on a cost-reimbursement basis for Project S16002. The project was completed in December 2016 and funds received on January 26, 2017 totaled \$146,285. Requirements for the forgivable loan were met and \$20,000 was recorded as a grant in 2017. The loan portion totaled \$126,285 and is payable in annual payments of principal and interest beginning December 31, 2017 through 2023. The loan was paid in full during the year ended June 30, 2024.

On December 19, 2017 the Oregon Business Development Department (OBDD) awarded a forgivable loan of \$1,030,000 and a long-term loan with proceeds not to exceed \$2,451,000 on a cost-reimbursement basis for Project S18011. OBDD funds disbursed to the District totaled \$2,451,000 for the long-term loan and \$1,030,000 for the forgivable loan at June 30, 2023. The long-term loan was reclassified to the revenue bonds section of this note on the prior page. The forgivable portion of the loan does not require repayment if the District completes the Project on time and at Project completion date, has average monthly residential water rates for the water supplied by the new water system which are at or above the affordability rate of \$50.21 per 7,500 gallons. The District met these requirements during the year ended June 30, 2024 and the forgivable loan was forgiven in full and presented as loan forgiven in the accompanying statement of revenue, expenses and changes in net position, proprietary fund.

General Obligation Bonds

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

On October 27, 2011 the District issued a GO Bond for \$1,626,000 with a rate of 3.75%, maturing 2042. The current balance is \$1,178,408.

On June 13, 2012 the District issued a GO Bond for \$5,000,000 with a rate of 2 - 4%, maturing 2032. The current balance is \$1,835,000.

On February 13, 2015 the District issued a GO Refunding Bond for \$2,075,000 with a rate of 2-4%, maturing 2036. The current balance is \$1,275,000.

On December 1, 2016 the District issued a GO Bond for \$3,451,000 with a rate of 1.875%, maturing 2041. The current balance is \$2,640,006.

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

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

NOTE 7 - LONG-TERM DEBT - Continued

General Obligation Bonds - Continued

On December 17, 2021 the District issued a GO Bond for \$6,549,000 with a rate of 1.75%, maturing 2047. The current balance is \$6,123,157.

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

Year Ending June 30,	Principal	Interest	Total Future Requirements
2025	\$ 804,964	\$ 300,573	\$ 1,105,537
2026	758,178	279,909	1,038,087
2027	781,281	261,006	1,042,287
2028	799,565	241,122	1,040,687
2029	682,784	220,897	903,681
2029-2034	3,318,843	842,764	4,161,607
2035-2039	2,736,402	477,247	3,213,649
2040-2044	2,224,569	198,970	2,423,539
2045-2048	944,985	33,355	978,340
Totals	<u>\$13,051,571</u>	<u>\$2,855,843</u>	<u>\$ 15,907,414</u>

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

	7/1 Balance	Forgiven	Increase	Payments	6/30 Balance	Due in One Year	Interest Paid
GO Bonds	\$13,839,075	\$ 0	\$ 0	\$787,504	\$13,051,571	\$ 804,964	\$320,183
Bond premium	0	0	0	0	95,897		
Total GO Bond					13,147,468		
Revenue Bonds	5,916,168	0	0	182,832	5,733,336	185,833	130,958
Note payable	18,404	0	0	18,404	0	0	368
Note payable Compensated absences	1,030,000	1,030,000	0	0	0	0	0
	110,451	0	9,727	0	120,178	61,291	0
Total	<u>\$20,914,098</u>	<u>\$1,030,000</u>	<u>\$ 9,727</u>	<u>\$ 988,740</u>		<u>\$1,052,088</u>	<u>\$451,536</u>
				Total	<u>\$19,000,982</u>		

Note 8 – RETIREMENT BENEFITS

A. PENSION PLAN - Defined Benefit

Oregon Public Employees Retirement System (PERS)

Plan Description

Employees of the District are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The OPSRP Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Annual Comprehensive Financial Report

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

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

Note 8 – RETIREMENT BENEFITS – Continued

A. PENSION PLAN - Defined Benefit - Continued

(ACFR) and Actuarial Valuation that can be obtained by writing to: Oregon PERS, PO Box 23700, Tigard OR 97281 or at: <http://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>.

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

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or had reached at least 50 years of age before ceasing employment with a participating employer (ages 45 and 55 for police/fire members and general service members respectively). Participants are eligible for retirement after reaching ages 50 and 55 for police/fire members and general service members respectively. Tier One general service member benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service, Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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

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

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

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

2. OPSRP Defined Benefit Pension Program (238A)

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

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

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

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

Note 8 – RETIREMENT BENEFITS – Continued

2. OPSRP Defined Benefit Pension Program (238A) - Continued

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

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

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

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

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

3. OPSRP Individual Account Program (238A)

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

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

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

Contributions

The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the OPERS Defined Benefit Plan and the other Post-Employment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2021 actuarial valuation. The rates, expressed as a percentage of payroll, first became effective July 1, 2023. The rates in effect for the year ended June 30, 2024 were 21.70% for Tier One/Tier Two members, 18.65% for OPSRP General Service members, 23.44% for OPSRP Fire members, and 6% for OPSRP Individual Account Program members. District contributions for the year ending June 30, 2024 was \$143,031, excluding amounts to fund employer specific liabilities.

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

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

Note 8 – RETIREMENT BENEFITS - Continued

3. OPSRP Individual Account Program (238A) - Continued

Covered employees are required to contribute 6% of their salary to the OPSRP Individual Account Program, but the employer is allowed to pay any or all of the employee contribution in addition to the required employers' contribution. The District has elected not to "pick-up" the 6% the employees' contribution, which was \$8,854 for the year ended June 30, 2024.

Net Pension Liability

At June 30, 2024, the District reported a net pension liability of \$928,212 for its proportionate share of the system-wide pension liability. The net pension liability was measured as of June 30, 2023, and the system-wide pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022 rolled forward to June 30, 2023. The District's proportionate share of the system-wide net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected long-term contributions of all participating employers, actuarially determined. These proportion percentages for the District were 0.00495557 and 0.00462904 for the years ending June 30, 2024 and 2023 respectively. For the year ended June 30, 2024, the District recognized pension expense (income) of \$136,980. At June 30, 2024, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 45,392	\$ 3,680
Changes of assumptions	82,457	615
Net difference between projected and actual earnings on investments	16,684	0
Changes in proportionate share	40,924	49,099
Differences between employer contributions and employer's proportionate share of system contributions	11,800	62,754
Contributions subsequent to the measurement date	<u>143,031</u>	<u>N/A</u>
Total	<u>\$ 340,288</u>	<u>\$ 116,148</u>

Deferred outflows of resources of \$340,288 relates to District contributions made subsequent to the measurement date to be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other pension amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense (income) as follows:

<u>Year Ended June 30</u>	<u>Deferred Outflow/(Inflow) of resources (prior to post- measurement date contributions)</u>
2025	\$ (2,203)
2026	(40,217)
2027	83,261
2028	33,229
2029	<u>7,039</u>
Total	<u>\$ 18,109</u>

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

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

Note 8 – RETIREMENT BENEFITS - Continued

3. OPSRP Individual Account Program (238A) - Continued

Actuarial Methods and Assumptions:

Valuation date	December 31, 2021
Experience Study Report	2020, Published July 20, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Fair value
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial Valuations

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

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

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

Note 8 – RETIREMENT BENEFITS - Continued

3. OPSRP Individual Account Program (238A) - Continued

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	22.0%	30.0%	25.0%
Public Equity	22.5%	32.5%	27.5%
Real Estate	9.0%	16.5%	12.5%
Private Equity	17.5%	27.5%	20.0%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			100.0%

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compound Annual Geometric Return
Global Equity	27.50%	7.07%
Private Equity	25.50%	7.73%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Hedge Fund of Funds - Multistrategy	1.25%	6.27%
Hedge Fund Equity – Hedge	0.63%	6.48%
Hedge Fund – Macro	5.62%	4.83%
Assumed Inflation - Mean		2.35%

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

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

Note 8 – RETIREMENT BENEFITS – Continued

3. OPSRP Individual Account Program (238A) - Continued

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Discount Rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	\$ 421,875	\$ 928,212	\$ 1,533,232

Changes in Plan Provisions Subsequent to Measurement Date

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

There are no changes subsequent to the June 30, 2023 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

B. RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)

Plan Description

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

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

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

Note 8 – RETIREMENT BENEFITS – Continued

B. RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA) - Continued

Funding Policy

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

Participating municipal corporations are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.50 and 0.43 percent of annual covered payroll for OPERS members and OPSRP respectively. The OPERS Board sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2024, 2023, and 2022 were paid and equaled the required contributions for each year.

C. VOLUNTEER LENGTH OF SERVICE AWARD PLAN - POSTRETIREMENT BENEFITS

Volunteer Retirement Plan

The District participates in a length of service award plan (the Plan) for its volunteers administrated by the Oregon Fire District Directors Association. Volunteers who meet participation requirements receive a contribution to the Plan. Participant's rights under the Plan vest after 5 years. Vested awards are paid to participants 180 days after separation from voluntary service or in the event of a volunteer's death no later than 125 days after date of death.

The plan is a defined contribution plan offering retirement and death benefit proceeds to plan participants. Contributions each year are made at the District's discretion in accordance with a contribution formula. The District reserves the right to terminate or amend the Plan at any time.

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

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

Note 8 – RETIREMENT BENEFITS – Continued

C. VOLUNTEER LENGTH OF SERVICE AWARD PLAN - POSTRETIREMENT BENEFITS - Continued

All amounts contributed under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employees or other beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the Plan), subject only to the claims of the District's general creditors. Participants' rights under the Plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred amount for each participant.

The District has no liability for losses under the Plan Agreement but does have a fiduciary duty to the participants. There was no current contribution by the District. The asset, future liability and investment earnings for the current year are considered immaterial by management to the basic financial statements. The Plan has two members in the plan presently.

D. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* provides guidance for accounting for liabilities/(assets) related to retiree healthcare and other non-pension postemployment benefits (OPEB). The other postemployment benefits for the District combines two separate plans. The District provides an implicit rate subsidy for retiree health insurance premiums administered by the Special District Association of Oregon (SDAO), and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan. The total OPEB liability is based on a valuation provided by an independent actuarial firm based on assumptions including inflation rate, projected salary increases, discount rate, medical, dental and vision increases, and mortality rates and other inputs. The total OPEB liability was estimated at June 30, 2024 by Milliman Actuarial Services for both plans. At June 30, 2024, the District's net OPEB liability/(asset) and deferred inflows and outflows were determined by Management not to be material to the financial statements taken as a whole.

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

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

NOTE 10 - OTHER INFORMATION

Tax Abatement

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

Commitments

Project Phase IV

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

In October 2024, a settlement agreement was formed between the District and R&G Excavating, Inc. that terminated arbitration, specifying the final amount owed to R&G Excavating, Inc. is \$750,000, the certificate of substantial completion is August 18, 2022, and a change order is to be completed to adjust the contract price. U.S. Department of Agriculture-Rural Development received all documents involved in the settlement agreement for approval of the payment to the contractor.

Drinking Water Protection Plan (DWPP)

In April 2024, the District authorized the General Manager to execute all documents to satisfy funding provided by and through the Oregon Clean Water State Revolving Fund (CWSRF) in the amount of \$50,000 to complete a Drinking Water Protection Plan. This loan may be forgiven if the District meets specific requirements.

Economic Dependency

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

Risk Management

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

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

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

NOTE 10 - OTHER INFORMATION - Continued

Evaluation of Subsequent Events

Water System

In August 2024, a water pipe broke on South Bay Road due to the extreme pressure of moving soil. The District replaced 1,000 feet of pipe with stronger high density polyethylene pipe (HDPE). The estimated cost is \$50,000 including materials, equipment rental, and disposal of replaced pipes, with labor provided by district staff.

In August 2024, the District received the \$50,000 loan awarded by the Oregon Clean Water State Revolving Fund for preparation of the District's Drinking Water Protection Plan or DWPP. Loan terms include interest at .98% for five years and may be forgiven once the DWPP is completed and specified conditions are met.

In August 2024, the District filed a Material Event Notice in EMMA, the electronic municipal market access website for bondholders of publicly offered bonds, due to a merger of the insurer of the 2012 General Obligation bonds.

Also in August 2024, the District's Water Management and Conservation Plan (WMCP) was approved by the State of Oregon and is effective until July 26, 2034. The WMCP is required under the conditions of the District's water permits, permit extensions, and any other orders of the Oregon Water Resources Department.

In September 2024, the District's Board of Commissioners executed the settlement agreement with R&G Excavating, Inc., and authorized the final payment of \$750,000 to this contractor. The payment was made in October 2024.

The District has evaluated subsequent events through December 5, 2024, the date which the financial statements were available to be issued.

SEAL ROCK WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET LIABILITY (ASSET)
as of June 30, 2024

OREGON PUBLIC EMPLOYEE RETIREMENT SYSTEM
Last Ten Fiscal Years

Fiscal. Year Ended	District's Proportion of the Net Pension (Asset)/Liability	District's Proportionate Share of the Net Pension (Asset) Liability	District's Covered Employee Payroll	District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability
2015	0.00393	\$ (89,129)	\$ 425,633	-20.94%	103.6%
2016	0.00454	260,819	423,759	61.55%	91.9%
2017	0.00465	698,307	441,799	158.06%	80.5%
2018	0.00492	663,408	464,754	142.74%	83.1%
2019	0.00499	756,962	483,584	156.53%	82.1%
2020	0.00521	900,947	521,465	172.77%	80.2%
2021	0.00504	1,100,010	548,922	200.39%	75.8%
2022	0.00502	600,380	553,816	108.41%	87.6%
2023	0.00463	708,799	701,830	100.99%	84.5%
2024	0.00496	928,212	733,065	126.62%	81.7%

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

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

SEAL ROCK WATER DISTRICT, OREGON
SEAL ROCK, OREGON

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
as of June 30, 2024

OREGON PUBLIC EMPLOYEE RETIREMENT SYSTEM
Last Ten Fiscal Years

Fiscal Year Ended	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency /(Excess)	District's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	\$ 22,008	\$ 22,392	\$ (384)	\$ 423,759	5.28%
2016	40,348	40,897	(549)	441,799	9.26%
2017	42,432	42,432	-	464,754	9.13%
2018	64,846	64,846	-	483,584	13.41%
2019	67,315	67,315	-	521,465	12.91%
2020	97,690	97,690	-	548,922	17.80%
2021	97,838	97,838	-	554,257	17.65%
2022	103,765	103,765	-	553,816	18.74%
2023	131,757	132,033	(276)	701,830	18.81%
2024	143,031	143,747	(716)	733,065	19.61%

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

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

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

NOTES TO THE SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET) AND SCHEDULE OF
CONTRIBUTIONS for the Year Ended June 30, 2024

Changes in Plan Provisions

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

https://www.oregon.gov/pers/emp/Documents/GASB/2023/2023_GASB68.pdf.

Changes in Assumptions

A summary of key changes implemented since the December 31, 2021, valuation are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:

<https://www.oregon.gov/pers/emp/pages/gasb.aspx>.

Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2023 Exhibits from Actuary document link at:

https://www.oregon.gov/pers/emp/Documents/GASB/2023/06302023_GASB68_Exhibits.pdf.

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

There were no changes subsequent to the June 30, 2022, Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

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

DESCRIPTION OF BUDGETARY FUNDS

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

Budgetary comparison schedules include the following funds:

General Fund

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

Capital Projects Fund

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

Debt Service Fund

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

Rural Development Requirement Reserve Fund

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

Revenue Bond Reserve Fund

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

System Development Charges Fund

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

Water Source and Distribution System Improvement Reserve Fund

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

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

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

SRWD Land and Buildings Reserve Fund

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

SEAL ROCK WATER DISTRICT

SUPPLEMENTARY INFORMATION

SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2024

GENERAL FUND

	Original and Final Budget	Actual	Variance
REVENUE			
Water sales	\$ 2,471,920	\$ 2,514,276	\$ 42,356
Service connections	22,500	28,383	5,883
Miscellaneous	36,500	21,935	(14,565)
Grants	3,000	-	(3,000)
Interest	29,600	30,041	441
Subdivision assessments	1,000	-	(1,000)
Note receivable receipts	-	30,961	30,961
Sale of equipment/capital assets	5,000	-	(5,000)
Prior year refund	2,500	-	(2,500)
Property taxes	98,000	100,698	2,698
Total revenue	2,670,020	2,726,294	56,274
EXPENDITURES			
Personnel services	1,494,300	1,302,542	191,758
Materials and services	1,132,000	761,313	370,687
Capital outlay	62,500	21,642	40,858
Contingency	100,000	-	100,000
Total expenditures	2,788,800	2,085,497	703,303
Excess (deficiency) of revenue over expenditures	(118,780)	640,797	759,577
OTHER FINANCING SOURCES (USES)			
Transfers in (out), net	(281,220)	(416,320)	(135,100)
Excess (deficiency) of revenue over expen- ditures and other financing sources (uses)	(400,000)	224,477	624,477
FUND BALANCE - Beginning of year	400,000	731,355	331,355
FUND BALANCE - End of year	\$ -	955,832	\$ 955,832
GAAP ADJUSTMENTS - Reconciled to June 2023		28,925,681	
Note receivable receipts		(30,961)	
Equity transfer		128,652	
Capital assets activity			
Additions		21,642	
Asset transfers		565,161	
Depreciation		(1,158,777)	
Long-term debt activity			
Principal payments		130,389	
Interest accrued		831	
Pension activity, net		7,362	
FUND BALANCE - End of Year (GAAP basis)		\$ 29,545,812	

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

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2024

CAPITAL PROJECTS FUND

	Final Budget	Actual	Variance
REVENUE			
Loan proceeds	\$ 3,850,000	\$ -	\$(3,850,000)
Grants	-	864	864
Interest	20	228	208
Total revenue	3,850,020	1,092	(3,848,928)
EXPENDITURES			
Capital outlay	3,880,020	113,559	3,766,461
Excess (deficiency) of revenue over expenditures	(30,000)	(112,467)	(82,467)
FUND BALANCE - Beginning of year	30,000	(635,755)	(665,755)
FUND BALANCE - End of year	\$ -	(748,222)	\$ (748,222)
GAAP ADJUSTMENTS - Reconciled to June 2023		(17,234,434)	
Capital assets activity			
Additions		113,559	
Asset transfers		(334,679)	
Long-term debt activity			
Loan forgiven		1,030,000	
Prepaid bond costs		(1,593)	
Principal payments		858,351	
Bond premium amortization		11,286	
Interest accrued		5,995	
FUND BALANCE - End of Year (GAAP basis)		\$ (16,299,737)	

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

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2024

DEBT SERVICE FUND - GENERAL OBLIGATION BONDS

	Original and Final Budget	Actual	Variance
REVENUE			
Interest	\$ 3,500	\$ 4,193	\$ 693
Property taxes	1,082,050	1,089,381	7,331
Note receivable receipts	8,350	7,343	(1,007)
Miscellaneous	1,000	9,403	8,403
Total revenue	1,094,900	1,110,320	15,420
EXPENDITURES			
Debt service	1,107,730	1,107,687	43
Tax credit reserve 2013	31,550	-	31,550
Total expenses	1,139,280	1,107,687	31,593
Excess (deficiency) of revenue over expenditures	(44,380)	2,633	47,013
Unappropriated ending fund balance	(640,620)	-	640,620
FUND BALANCE			
Beginning of year (Budget basis)	685,000	707,979	22,979
End of year (Budget basis)	\$ -	710,612	\$ 710,612
GAAP ADJUSTMENTS - Reconciled to June 2023		33,777	
Note receivable receipts		(7,343)	
2013 RGOB Advance		2,595	
FUND BALANCE - End of Year (GAAP basis)		\$ 739,641	

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

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2024

RURAL DEVELOPMENT REQUIREMENT RESERVE FUND

	Original and Final Budget	Actual	Variance
REVENUE			
Interest	\$ 100	\$ 11	\$ (89)
EXPENDITURES			
Capital outlay	109,090	-	109,090
Excess (deficiency) of revenue over expenditures	(108,990)	11	109,001
OTHER FINANCING SOURCES (USES)			
Transfers in	10,990	10,990	-
Excess (deficiency) of revenue over expen- ditures and other financing sources (uses)	(98,000)	11,001	109,001
FUND BALANCE			
Beginning of year (Budget basis)	98,000	98,673	673
End of year (Budget basis)	\$ -	\$ 109,674	\$ 109,674

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

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2024

REVENUE BOND RESERVE FUND

	Original and Final Budget	Actual	Variance
REVENUES			
Interest	\$ 10	\$ 2	\$ (8)
EXPENDITURES			
Debt service	297,770	297,744	26
Excess (deficiency) of revenue over expenditures	(297,760)	(297,742)	18
OTHER FINANCING SOURCES (USES)			
Transfers in	292,760	292,760	-
Excess (deficiency) of revenue over expen- ditures and other financing sources (uses)	(5,000)	(4,982)	18
FUND BALANCE			
Beginning of year (Budget basis)	5,000	7,161	2,161
End of year (Budget basis)	\$ -	\$ 2,179	\$ 2,179

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

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2024

SYSTEM DEVELOPMENT CHARGES FUND

	Original and Final Budget	Actual	Variance
REVENUE			
System development charges (SDC)	\$ 55,000	\$ 50,176	\$ (4,824)
Interest	1,000	2,945	1,945
	56,000	53,121	(2,879)
EXPENDITURES			
SDC improvements	746,000	172,754	573,246
Excess (deficiency) of revenue over expenditures	(690,000)	(119,633)	570,367
FUND BALANCE			
Beginning of year (Budget basis)	690,000	697,807	7,807
End of year (Budget basis)	\$ -	578,174	\$ 578,174
GAAP ADJUSTMENTS - Reconciled to June 2023		23,110	
Capital asset additions		172,754	
Capital asset transfers		(198,293)	
FUND BALANCE - End of Year (GAAP basis)		\$ 575,745	

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

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2024

WATER SOURCE AND DISTRIBUTION SYSTEM IMPROVEMENT RESERVE FUND

	Original and Final Budget	Actual	Variance
REVENUE			
Interest	\$ 1,000	\$ 5,622	\$ 4,622
EXPENDITURES			
Capital outlay	253,000	-	253,000
Excess (deficiency) of revenue over expenditures	(252,000)	5,622	257,622
FUND BALANCE			
Beginning of year (Budget basis)	252,000	253,661	1,661
End of year (Budget basis)	\$ -	\$ 259,283	\$ 259,283

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

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2024

SLARRA/DEPRECIATION RESERVE FUND

	Original and Final Budget	Actual	Variance
REVENUE			
Interest	\$ 1,000	\$ 2,911	\$ 1,911
EXPENDITURES			
Capital outlay	343,570	32,189	311,381
Excess (deficiency) of revenue over expenditures	(342,570)	(29,278)	313,292
OTHER FINANCING SOURCES (USES)			
Transfers in	112,570	112,570	-
Excess (deficiency) of revenue over expen- ditures and other financing sources (uses)	(230,000)	83,292	313,292
FUND BALANCE			
Beginning of year (Budget basis)	230,000	228,922	(1,078)
End of year (Budget basis)	\$ -	\$ 312,214	\$ 312,214

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

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2024

SRWD LAND AND BUILDINGS RESERVE FUND

	Original and Final Budget	Actual	Variance
REVENUE			
Interest	\$ 100	\$ 1,256	\$ 1,156
EXPENDITURES			
Capital outlay	-	-	-
Excess (deficiency) of revenue over expenditures	100	1,256	1,156
OTHER FINANCING SOURCES (USES)			
Transfers out	(135,100)	(128,652)	6,448
Excess (deficiency) of revenue over expen- ditures and other financing sources (uses)	(135,000)	(127,396)	7,604
FUND BALANCE			
Beginning of year (Budget basis)	135,000	127,396	(7,604)
End of year (Budget basis)	\$ -	\$ -	\$ -

SEAL ROCK WATER DISTRICT
SEAL ROCK, OREGON

RECONCILIATION OF REVENUE AND EXPENDITURES (BUDGETARY BASIS)
TO THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
for the Year Ended June 30, 2024

	<u>Total Revenue</u>	<u>Total Expenses</u>	<u>Net</u>
Budgetary Basis			
General Fund	\$ 2,726,294	\$ 2,085,497	\$ 640,797
Capital Projects Fund	1,092	113,559	(112,467)
Debt Service Fund - GOBs	1,110,320	1,107,687	2,633
RD Requirement Reserve Fund	11	-	11
Revenue Bond Reserve Fund	2	297,744	(297,742)
System Development Charges Fund	53,121	172,754	(119,633)
Water Source and Distribution System Improv	5,622	-	5,622
SLARRA/Depreciation Reserve Fund	2,911	32,189	(29,278)
SRWD Land and Buildings Reserve Fund	1,256	-	1,256
	<u>\$ 3,900,629</u>	<u>\$ 3,809,430</u>	
Total budgetary basis			91,199
Add (deduct) items to reconcile to net income on a financial reporting basis			
Note receivable activity			
City of Newport taxes			(38,304)
2013 RGOB advance			2,595
Capital asset activity			
Additions			340,144
Depreciation			(1,158,777)
Long-term debt activity			
Loan forgiven			1,030,000
Prepaid bond costs			(1,593)
Principal payments			988,740
Bond premium amortization			11,286
Interest accrued			6,826
Pension activity, net			<u>7,362</u>
Change in net position			1,279,478
NET POSITION - Beginning of year			<u>13,965,333</u>
NET POSITION - End of year			<u>\$ 15,244,811</u>

SEAL ROCK WATER DISTRICT

AUDITOR'S COMMENTS AND DISCLOSURES

GRIMSTAD & ASSOCIATE

Certified Public Accountants

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(541) 265-5411
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Independent Auditor's Report Required by Oregon State Regulations

Board of Commissioners
Seal Rock Water District
Seal Rock, Oregon

I have audited, in accordance with the auditing standards generally accepted in the United States of America, the financial statements of the business-type activities of Seal Rock Water District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Seal Rock Water District's basic financial statements, and have issued my report thereon dated December 5, 2024.

Compliance

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

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

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

In connection with my testing nothing came to my attention that caused me to believe the Seal Rock Water District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Members:
AICPA OSCP & OAIA

Internal Control Over Financial Reporting

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

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

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

Purpose of This Report

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



SIGNE GRIMSTAD
Certified Public Accountant

Newport, Oregon
December 5, 2024