

RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2014



12700 SW 72nd Ave.
Tigard, OR 97223

RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

2013-2014

FINANCIAL REPORT

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RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

2013-2014
FINANCIAL REPORT

<u>BOARD OF COMMISSIONERS</u>	<u>TERM EXPIRES</u>
Shon DeVries, Chair	June 30, 2015
Christine Roth, Vice-Chair	June 30, 2017
Jonathan McDowell, Board Member	June 30, 2017
Sherry Patterson, Board Member	June 30, 2015
William (Bill) Beckwith, Secretary-Treasurer	June 30, 2015

All commissioners receive mail at the address below:
17661 Pilkington Road
Lake Oswego, OR 97035

REGISTERED AGENT
DJ Ezell

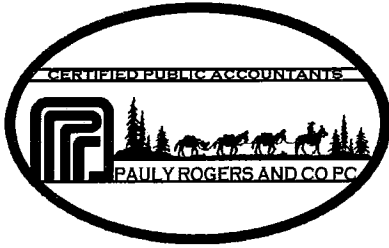
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RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
INDEPENDENT AUDITORS' REPORT	1
<u>BASIC FINANCIAL STATEMENTS</u>	
Balance Sheet – Cash Basis	3
Statement of Receipts, Disbursements, and Changes in Net Position – Cash Basis	4
Notes to Basic Financial Statements	5
<u>SUPPLEMENTARY INFORMATION</u>	
Schedule of Funding Progress and Employer Contributions	13
Combining Balance Sheet – Cash Basis	14
Combining Schedule of Receipts, Disbursements, and Changes in Cash Balances	15
Cash Basis Schedule of Receipts, Disbursements, and Changes in Fund	
Balance - Actual and Budget	
General Fund	16
Unemployment Fund	17
Capital Improvements Fund	18
Truck & Equipment Fund	19
<u>REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS</u>	
Independent Auditors' Report Required by Oregon State Regulations	20

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September 3, 2014

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Rivergrove Water District
Clackamas County, Oregon

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of Rivergrove Water District, as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of Rivergrove Water District, as of June 30, 2014, and the respective changes in cash basis financial position thereof for the year then ended in accordance the basis of accounting as described in Note 1.

Emphasis of Matter

The District changed its reporting method from the modified cash basis of accounting to the full cash basis of accounting for the year ended June 30, 2014. Our opinion is not modified with respect to this matter.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

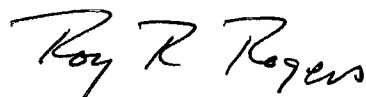
The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole. We do not express an opinion or provide any assurance on the Schedule of Funding Progress and Employer Contributions because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The listing of board members containing their term expiration dates, located before the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated September 3, 2014, on our consideration of compliance with certain provisions of 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 our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.

RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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**RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON**

BALANCE SHEET - CASH BASIS

June 30, 2014

ASSETS:

Cash and Investments	\$ 775,008
Cash Restricted for Deposits	<u>47,098</u>
Total Assets	<u><u>\$ 822,106</u></u>

NET POSITION:

Restricted for System Development	\$ 613,042
Restricted for Truck & Equipment	2,029
Restricted for Unemployment	9,998
Unrestricted	<u>197,037</u>
Total Cash Basis Net Position	<u><u>\$ 822,106</u></u>

See accompanying notes to basic financial statements.

RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET POSITION - CASH BASIS
For the Year Ended June 30, 2014

OPERATING RECEIPTS:

Water Sales	\$ 489,680
New Service Fees	151,152
Water Deposits	8,250
Reimbursed Maintenance	<u>513</u>
Total Operating Receipts	<u>649,595</u>

OPERATING DISBURSEMENTS:

Current:

Personal Services	238,123
Materials and Services	209,019
Capital Outlay	<u>52,467</u>
Total Operating Disbursements	<u>499,609</u>
Operating Income	149,986

NON-OPERATING RECEIPTS (DISBURSEMENTS):

Debt Service	(53,414)
Interest	4,191
Miscellaneous Income	<u>2,149</u>
Total Non-Operating Receipts	<u>(47,074)</u>

NET CHANGE IN EQUITY 102,912

CASH BASIS NET POSITION - BEGINNING OF YEAR, AS RESTATED 719,194

CASH BASIS NET POSITION - END OF YEAR \$ 822,106

See accompanying notes to basic financial statements.

RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the cash basis. This basis of accounting is an other comprehensive basis of accounting, which is an alternative to generally accepted accounting principles (GAAP) in the United States of America, but is allowable under Oregon law. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

Rivergrove Water District is a municipal corporation governed by an elected five member board, which was organized under provisions of Oregon Revised Statutes Chapter 264 for the purpose of operating a water district. As required by generally accepted accounting principles, these financial statements present Rivergrove Water District (the primary government) and any component units. Component units, as established by GASB Statement No. 61, are separate organizations that are included in the District's reporting because of the significance of their operational or financial relationships. There were no component units.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounting records are maintained on a fund accounting basis for budgetary and legal purposes. For financial reporting purposes, the financial statements are presented as a unitary enterprise operation, and as such, are reported as a single enterprise fund in the basic financial statements. The minimum numbers of funds is maintained consistent with legal and managerial requirements.

Financial operations are accounted for in the following budgetary funds:

GENERAL FUND

This fund accounts for all financial resources and expenses, except those required to be accounted for in another fund. The fund's principal source of revenue is water sales.

UNEMPLOYMENT FUND

This fund accounts for unemployment costs. The principal source of revenue is interest and transfers in from the General Fund. The ending fund balance for this fund is restricted for future unemployment costs.

CAPITAL IMPROVEMENTS FUND

This fund accounts for system improvement charges. The principal source of revenue is system development charges. The ending fund balance for this fund is restricted for system development.

TRUCK & EQUIPMENT FUND

This fund accounts for trucks and equipment. The principal source of revenue is interest and transfers in from the General Fund. The ending fund balance for this fund is restricted for truck and equipment purchases.

RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF ACCOUNTING

The cash basis of accounting is used. Under the cash basis of accounting, receipts are recorded when received and disbursements are recorded as paid in cash or by check. The government-wide statements and fund financial statements follow the cash basis of accounting with no exceptions. This basis of accounting is an other comprehensive basis of accounting, which is an alternative to generally accepted accounting principles.

This basis of accounting is not equivalent to the generally accepted accounting principles (GAAP) basis of accounting, which requires accrual accounting. Under the accrual basis of accounting, the cost of capital assets is capitalized and depreciated over the asset's estimated useful life, debt is recorded as a liability, revenues are recorded when earned irrespective of the collection of cash, and expenses, including depreciation, are recorded when incurred. Management believes the cash basis of accounting is preferable due to the District's small size and the necessity of assessing available cash resources. The cash basis of accounting is used in budgeting for the various funds. The cash basis of accounting is allowed under Oregon Local Budget Law.

Operating receipts are sales of water, connection fees, and water deposits. Operating disbursements are the cost of sales and services, and administrative expenses. The primary non-operating receipt is miscellaneous income, followed by interest earnings.

D. BUDGET

A budget is prepared and legally adopted for each fund on the cash basis of accounting in the main program categories required by the Oregon Local Budget Law. The budgets for all funds are adopted on the cash basis of accounting. The budget process begins each fiscal year with the establishment of the budget committee. Generally, recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published in early spring with a public hearing being held approximately three weeks later. The board may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is adopted and appropriations are made no later than June 30th.

Disbursement budgets are appropriated at the following levels for the each fund: Personal Services, Materials and Services, Capital Outlay, Contingency, and Transfers to Other Funds. Disbursements cannot legally exceed the appropriation levels. Supplemental appropriations may occur if the Board approves them due to a need that was not determined at the time the budget was adopted. Budget amounts shown in the financial statements reflect the original budget amounts. Disbursements of the various funds were within authorized appropriations for the year, except for an overexpenditure in the General Fund Transfers Out of \$5.

E. INVESTMENTS

GASB 31 has been adopted, which requires investments to be reported at fair value. The difference between cost and fair value is not considered material by management.

RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. VACATION AND SICK PAY

Vacation and other potential compensated absences are not accrued as earned due to the use of the cash basis of accounting. Such obligations are paid as used by employees. As of June 30, 2014, the amount of vacation pay and other compensated absences at pay rates in effect as of year-end approximated \$13,470.

G. RETIREMENT PLANS

Employees are offered a deferred compensation plan in accordance with the requirements of Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their wages until future years. The plan is administered, and the assets of the plan are held by, a third party. The availability of the plan to current and former employees is subject to Internal Revenue Service regulations.

For the years ended June 30, 2014, 2013, and 2012, there were contributions of \$17,957, \$19,572, and \$19,504 respectively, and the employees contributed \$11,622, \$13,205, and \$13,250, respectively, to the plan.

H. CUSTOMER DEPOSITS

Deposits are received to assure payment of water billings and to guarantee payment for services. Deposits are refunded to customers or applied to billings when necessary. As of June 30, 2014, the balance of customer deposits was \$47,098.

I. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

J. SUPPLY INVENTORY

Under the cash basis of accounting, inventory is not recorded in the financial statements. Any inventory on hand at year end was considered to be immaterial by management.

RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

State statutes govern the cash management policies. Statutes authorize investment in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

DEPOSITS

For the fiscal year ended June 30, 2014, the bank balance of \$76,979 was covered by federal depository insurance.

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Effective July 1, 2008, state statutes (ORS 295.002) allow public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295.001 to 295.108. As long as the bank depository has entered into an agreement (ORS 295.008(2)(b)) and has deposited securities pursuant to state statutes (ORS 295.015(1)), the District may now have on deposit at any one bank depository and its branches a sum in excess of the amount insured by the Federal Deposit Insurance Corporation.

INVESTMENTS

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund was in compliance with all portfolio guidelines at June 30, 2014.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. There is no material difference between the fair value of the State Treasurer's Local Government Investment Pool and the value of the pool shares at June 30, 2014. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Cash and Investments at June 30, 2014 (recorded at fair value) consisted of:

Deposits with Financial Institutions:		<u>2014</u>	
Petty Cash/Cash Drawer	\$		400
Checking			16,303
Restricted Cash			47,098
Investments			<u>758,305</u>
Total	\$		<u>822,106</u>

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There were no investments that have a maturity date beyond 3 months.

Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. No formal investment policy has been adopted for custodial credit risk. Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE.

Concentration Risk

Concentration risk is the risk of loss due to a large portion of investments with a single issuer. To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, investments are made mainly in the LGIP, which is not required to have a risk rating. At June 30, 2014, 100% of total investments were in the State Treasurer's Investment Pool.

Investment Type	Fair Value	<u>Investment Maturities (in months)</u>	
		Less than 3	More than 3
State Treasurer's Investment Pool	\$ 758,305	\$ 758,305	\$ -
Total	<u>\$ 758,305</u>	<u>\$ 758,305</u>	<u>\$ -</u>

3. CAPITAL ASSETS

Non-expendable equipment purchased or constructed at a value of \$5,000 or more and a useful life in excess of one year is generally recorded as a capital outlay disbursement. The original historical cost of such assets has been estimated or tracked and is recorded, but under the cash basis of accounting, the cost of capital assets is not required to be displayed in the financial statements. The costs of significant betterments to capital assets are similarly recorded as disbursements and not capitalized. Depreciation is not recorded. Normal repairs and maintenance are charged to disbursements as capital outlay or as materials and services. When property is retired or sold, any related proceeds are recorded as receipts.

RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. LEASE COMMITMENTS

There was an initial lease for office space for the period of November 2007 through October 2012, with an option to renew. An addendum was made extending the lease and establishing the monthly rate beginning November 2012 at \$978 until July 2013; \$1,000 until November 2015; and \$1,050 until October 2017, with certain operating expenses of the property included in the lease payment. Payments under this agreement for the year ended June 30, 2014 were \$12,000.

There is also a lease for a copier at \$314 per month from November 2011 until October 2017.

Commitments related to these leases, for the years ended June 30, are as follows:

Year	Building Lease	Copier	Total
2014-15	\$ 12,000	\$ 3,768	\$ 15,768
2015-16	12,400	3,768	16,168
2016-17	12,600	1,256	13,856
2017-18	13,000	-	13,000
Total	<u>\$ 50,000</u>	<u>\$ 8,792</u>	<u>\$ 58,792</u>

5. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for the past three years.

6. LONG-TERM DEBT

Under the cash basis of accounting, long term debt is not recorded in the financial statements. The following information is reported for disclosure purposes only.

In February of 2009, an agreement was entered into with the State of Oregon Economic and Community Development Department for a loan to construct and rehabilitate wells. As of December 2010, the total project costs were estimated to be \$935,000 and the loan was for \$735,000. The loan terms require repayment over a maximum of 20 years with an interest rate of 3.86%. As of June 30, 2014, \$682,697 is owing on the loan.

Fiscal Year ending June 30,	Principal	Interest
2015	\$ 27,062	\$ 26,352
2016	28,107	25,308
2017	29,192	24,223
2018	30,318	23,096
2019	31,489	21,926
2020-24	176,642	90,430
2025-29	213,469	53,602
2030-32	146,418	11,355
Total	<u>\$ 682,697</u>	<u>\$ 276,292</u>

RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. INTERFUND TRANSFERS

The composition of interfund transfers is as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 27,030	\$ -
Capital Improvements Fund	-	25,000
Truck & Equipment Fund	-	2,030
Totals	<u>\$ 27,030</u>	<u>\$ 27,030</u>

The internal transfers are budgeted and recorded to show legal and operational commitments between funds such as cost sharing.

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Post-Employment Benefits

Post-retirement health care benefits are provided for retirees, with the cost of the premium 100% borne by the retiree.

Post-Employment Health Insurance Subsidy

Plan Description - A single-employer retiree benefit plan is operated that provides postemployment health insurance benefits to eligible employees and their dependents. There are two active participants participating in the plan, and no retired members in the plan.

The post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums, represents the *implicit* employer contribution.

An irrevocable trust (or equivalent arrangement) was not established to account for the plan.

Funding Policy - The benefits from this program are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation to fund these benefits in advance.

Annual Pension Cost and Net Pension Obligation - The annual other postemployment benefit cost is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance within 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) over a period not to exceed thirty years. The following table shows the components of the projected OPEB obligation at the end of the year:

RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

	2012	2013	2014
Annual Required Contribution (ARC)	\$ 1,040	\$ 525	\$ 543
Interest on NPO	78	117	138
Adjustment to ARC	(74)	(104)	(127)
Annual Pension Cost (APC)	1,044	538	554
Contributions Made	(71)	(5)	(102)
Increase in Net Pension Obligation	973	533	452
Net Pension Obligation (Asset) at Beginning of Year	1,952	2,925	3,458
Net Pension Obligation (Asset) at End of Year	\$ 2,925	\$ 3,458	\$ 3,910

Fiscal Year	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB Obligation
2014	\$ 554	18%	\$ 3,910

Actuarial Methods and Assumptions – The annual required contribution (ARC) for the current year was determined as part of the July 1, 2012 actuarial valuation using the projected unit credit cost method. The objective of this method is to fund each participant’s benefits under the plans as they accrue. The unfunded accrued liability is amortized over an open period of 30 years as a percentage of payroll. The actuarial assumptions included an interest rate for discounting future liabilities of 4.0% compounded annually and a payroll growth rate of 3.50%. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates and withdrawal rates, are the same as those used by Oregon PERS.

Funding Status and Funding Progress – As of July 1, 2014, the plan was 0% funded. The actuarial accrued liability for benefits was \$3,910, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,910. The covered payroll was unavailable.

9. PRIOR PERIOD RESTATEMENT

The District changed its reporting method from a modified cash basis to cash basis in 2013-14. As a result, the District removed their OPEB obligation in the amount of \$45,022 and deposits payable in the amount of \$3,458. The District made a restatement to its June 30, 2013 net position.

Beginning Modified Cash Basis Net Position	Result of Change in Accounting Principle	Restated Beginning Cash Basis Net Position
\$ 670,714	\$ 48,480	\$ 719,194

RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
 OTHER POST EMPLOYMENT BENEFITS
 June 30, 2014

PLAN I (HEALTH INSURANCE)
 SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b)-(a) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
July 1, 2012		- \$ 5,307	\$ 5,307	0.00%	\$ TBD	TBD
July 1, 2009		- \$ 8,069	\$ 8,069	0.00%	\$ 181,678	4.4%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2014	\$ 554	18 %
2013	538	1
2012	1,044	7

The above table presents the most recent actuarial valuations for the District's post-retirement health insurance and it provides information that approximates the funding progress of the plan.

RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

COMBINING BALANCE SHEET - CASH BASIS
June 30, 2014

	GENERAL FUND	UNEMPLOYMENT FUND	CAPITAL IMPROVEMENTS FUND	TRUCK & EQUIPMENT FUND	TOTALS 2014
ASSETS:					
Current:					
Cash and Investments	\$ 149,939	\$ 9,998	\$ 613,042	\$ 2,029	\$ 775,008
Cash Restricted for Deposits	47,098	-	-	-	47,098
Total Assets	<u>\$ 197,037</u>	<u>\$ 9,998</u>	<u>\$ 613,042</u>	<u>\$ 2,029</u>	<u>\$ 822,106</u>
FUND BALANCE:					
Restricted for System Development	-	-	613,042	-	613,042
Restricted for Truck & Equipment	-	-	-	2,029	2,029
Restricted for Unemployment	-	9,998	-	-	9,998
Unrestricted	197,037	-	-	-	197,037
Total Cash Basis Fund Balance	<u>\$ 197,037</u>	<u>\$ 9,998</u>	<u>\$ 613,042</u>	<u>\$ 2,029</u>	<u>\$ 822,106</u>

RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
For the Year Ended June 30, 2014

	GENERAL FUND	UNEMPLOYMENT FUND	CAPITAL IMPROVEMENTS FUND	TRUCK & EQUIPMENT FUND	TOTALS 2014
RECEIPTS:					
Water Sales	\$ 489,680	\$ -	\$ -	\$ -	\$ 489,680
New Service Fees	11,500	-	128,164	-	139,664
Deposits	8,250	-	-	-	8,250
Fees	11,488	-	-	-	11,488
Reimbursed Maintenance	513	-	-	-	513
Interest	882	53	3,255	1	4,191
Miscellaneous	2,149	-	-	-	2,149
Total Receipts	524,462	53	131,419	1	655,935
DISBURSEMENTS:					
Personal Services	238,123	-	-	-	238,123
Materials and Services	208,899	38	80	2	209,019
Capital Outlay	6,579	-	45,888	-	52,467
Debt Service	-	-	53,414	-	53,414
Total Disbursements	453,601	38	99,382	2	553,023
Excess of Receipts Over, (Under) Disbursements	70,861	15	32,037	(1)	102,912
Other Financing Sources, (Uses): Transfers In (Out)	(27,030)	-	25,000	2,030	-
Net Change in Cash Basis Fund Balance	43,831	15	57,037	2,029	102,912
Beginning Cash Basis Fund Balance	153,206	9,983	556,005	-	719,194
Ending Cash Basis Fund Balance	<u>\$ 197,037</u>	<u>\$ 9,998</u>	<u>\$ 613,042</u>	<u>\$ 2,029</u>	<u>\$ 822,106</u>

RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

CASH BASIS SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET (BUDGETARY BASIS)
 For the Year Ended June 30, 2014

GENERAL FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
RECEIPTS:				
Water Sales	\$ 494,400	\$ 494,400	\$ 489,680	\$ (4,720)
New Service Fees	8,150	8,150	11,500	3,350
Deposits	7,000	7,000	8,250	1,250
Fees	18,500	18,500	11,488	(7,012)
Grants	2,000	2,000	-	(2,000)
Reimbursed Maintenance	7,080	7,080	513	(6,567)
Interest	1,200	1,200	882	(318)
Miscellaneous	3,000	3,000	2,149	(851)
Total Receipts	<u>541,330</u>	<u>541,330</u>	<u>524,462</u>	<u>(16,868)</u>
DISBURSEMENTS:				
Personal Services	253,853	253,853 (1)	238,123	15,730
Materials and Services	326,915	326,915 (1)	208,899	118,016
Capital Outlay	40,000	40,000 (1)	6,579	33,421
Contingency	20,000	20,000 (1)	-	20,000
Total Disbursements	<u>640,768</u>	<u>640,768</u>	<u>453,601</u>	<u>187,167</u>
Excess of Receipts Over, (Under) Disbursements	(99,438)	(99,438)	70,861	170,299
Other Financing Sources, (Uses):				
Transfers In (Out)	(27,025)	(27,025) (1)	(27,030)	(5)
Net Change in Cash Basis Fund Balance	(126,463)	(126,463)	43,831	170,294
Beginning Cash Basis Fund Balance	<u>126,463</u>	<u>126,463</u>	<u>153,206</u>	<u>26,743</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,037</u>	<u>\$ 197,037</u>

(1) Appropriation Level

RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

CASH BASIS SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET
 For the Year Ended June 30, 2014

UNEMPLOYMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
RECEIPTS:				
Interest	\$ -	\$ -	\$ 53	\$ 53
DISBURSEMENTS:				
Personal Services	9,919	9,919	-	9,919
Materials and Services	40	40	38	2
Total Disbursements	<u>9,959</u>	<u>9,959 (1)</u>	<u>38</u>	<u>9,921</u>
Net Change in Cash Basis Fund Balance	(9,959)	(9,959)	15	9,974
Beginning Cash Basis Fund Balance	<u>9,959</u>	<u>9,959</u>	<u>9,983</u>	<u>24</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,998</u>	<u>\$ 9,998</u>

(1) Appropriation Level

RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

CASH BASIS SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET
 For the Year Ended June 30, 2014

CAPITAL IMPROVEMENTS FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
RECEIPTS:				
Interest	\$ 4,400	\$ 4,400	\$ 3,255	\$ (1,145)
System Development Charges	85,608	85,608	128,164	42,556
Total Receipts	<u>90,008</u>	<u>90,008</u>	<u>131,419</u>	<u>41,411</u>
DISBURSEMENTS:				
Materials and Services	80	80	80	-
Capital Outlay	613,560	613,560	45,888	567,672
Debt Service	53,414	53,414	53,414	-
Total Disbursements	<u>667,054</u>	<u>667,054 (1)</u>	<u>99,382</u>	<u>567,672</u>
Excess of Receipts Over, (Under) Disbursements	(577,046)	(577,046)	32,037	609,083
Other Financing Sources, (Uses):				
Transfers In	25,000	25,000	25,000	-
Net Change in Cash Basis Fund Balance	(552,046)	(552,046)	57,037	609,083
Beginning Cash Basis Fund Balance	<u>552,046</u>	<u>552,046</u>	<u>556,005</u>	<u>3,959</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 613,042</u>	<u>\$ 613,042</u>

(1) Appropriation Level

RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

CASH BASIS SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET
 For the Year Ended June 30, 2014

TRUCK & EQUIPMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
RECEIPTS:				
Interest	\$ 5	\$ 5	\$ 1	\$ (4)
DISBURSEMENTS:				
Materials and Services	30	30 (1)	2	28
Excess of Receipts Over, (Under) Disbursements	(25)	(25)	(1)	(32)
Other Financing Sources, (Uses):				
Transfers In	2,025	2,025	2,030	5
Net Change in Cash Basis Fund Balance	2,000	2,000	2,029	29
Beginning Cash Basis Fund Balance	-	-	-	-
Ending Cash Basis Fund Balance	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 2,029</u>	<u>\$ 29</u>

(1) Appropriation Level

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RIVERGROVE WATER DISTRICT
CLACKAMAS COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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September 3, 2014

To the Board of Commissioners
Rivergrove Water District
17661 Pilkington Road
Lake Oswego, Oregon 97035

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Rivergrove Water District as of and for the year ended June 30, 2014, and have issued our report thereon dated September 3, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

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

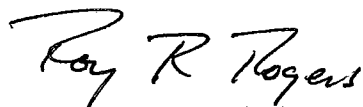
1. Expenditures exceeded budgeted appropriations as noted on page 6.

OAR 162-10-0230 Internal Control

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

We noted a matter involving the internal control structure and its operation that we consider to be a significant deficiency under standards established by the American Institute of Certified Public Accountants, which is noted in our management letter dated September 3, 2014.

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

A handwritten signature in black ink that reads "Roy R. Rogers". The signature is written in a cursive style with a large, stylized "R" at the beginning.

Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.