

RIVERGROVE WATER DISTRICT
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2024

**RIVERGROVE WATER DISTRICT
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**RIVERGROVE WATER DISTRICT
BOARD OF COMMISSIONERS**

JUNE 30, 2024

<u>Member</u>	<u>Position</u>	<u>Term Expires</u>
Sherry Patterson	1	6/30/27
James Johnson	2	6/30/27
Grant Howell	3	6/30/25
Lawrence Magura	4	6/30/27
Christine Roth	5	6/30/25

All commissioners receive mail at the address below:

**17661 Pilkington Road
Lake Oswego, OR 97035**

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Rivergrove Water District
Lake Oswego, Oregon

Opinions

We have audited the accompanying cash basis financial statements of the business-type activities of Rivergrove Water District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Rivergrove Water District's basis financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the business-type activities of Rivergrove Water District as of June 30, 2024, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note A.

Basis for Opinions

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note A 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 opinions are not modified with respect to this matter.

Responsibilities of Management 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 A, and for 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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, we:

- 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 Rivergrove Water 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rivergrove Water District's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Supplementary Information

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

Other Matters

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis but does not include the basis financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basis financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated _____, 2024, on our consideration of Rivergrove Water District's 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 consider an opinion on compliance.

JARRARD, SEIBERT, POLLARD & COMPANY, LLC
Certified Public Accountants

West Linn, Oregon
_____, 2024

By _____
Russell T. Ries, Partner

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

This discussion and analysis presents the highlights of financial activities and financial position for the Rivergrove Water District (District). The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the District.

Management's Discussion and Analysis focuses on current year activities and resulting changes. Please read it in conjunction with the District's financial statements.

REPORT LAYOUT

The District's annual financial report consists of several sections. Taken together they provide a comprehensive financial look at the District. The components of the report include the following:

- Management's Discussion and Analysis. This section of the report provides financial highlights affecting the District.
- Basic Financial Statements and the notes to the financial statements. Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position focus on a District-wide presentation using the cash basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the District.
- The notes to the financial statements provide additional disclosures required by government accounting standards and provide information to assist the reader in understanding the District's financial condition.
- Combining schedules present fund financial statements focus separately on individual proprietary funds, schedules of revenues, expenditures and changes in fund balances for the District's proprietary funds show original budget amounts, final budget amounts, actual amounts and variance between final budget and actual.

FINANCIAL INFORMATION

Management Discussion and Analysis for the year ending June 30, 2024:

General Fund resources were below budget by \$36,623. At year end there was approximately \$887,000 in General Fund cash and investments.

General Fund expenditures excluding capital outlay stayed within budget limits.

General Fund transfers were made to each fund as budgeted.

Capital Improvement Fund resources were above budgeted amounts by \$113,237. At year end there was approximately \$1,127,000 in Capital Improvement Fund cash and investments.

Capital Improvement Fund expenditures stayed within budget limits.

CONDENSED FINANCIAL INFORMATION

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Increase (Decrease)</u>
Cash and investments	\$ 2,093,096	\$ 1,921,956	\$ 171,140
Deposit	-	6,750	(6,750)
Total assets	<u>2,093,096</u>	<u>1,928,706</u>	<u>164,380</u>
Restricted for system development	1,127,422	1,150,253	(22,831)
Unrestricted	965,674	778,453	187,221
Total Net Position	<u>\$ 2,093,096</u>	<u>\$ 1,928,706</u>	<u>\$ 164,390</u>

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Increase (Decrease)</u>
Water service revenue	\$ 1,056,885	\$ 1,105,273	\$ (48,388)
System development charges	80,888	53,158	27,730
Other resources	<u>106,030</u>	<u>62,396</u>	<u>43,634</u>
Total business-type resources	1,243,803	1,220,827	22,976
Personal services	300,993	293,144	7,849
Materials and services	335,235	359,370	(24,135)
Capital outlay	256,752	372,903	(116,151)
Debt service	<u>186,433</u>	<u>186,433</u>	<u>-</u>
Total business-type expenses	1,079,413	1,211,850	(132,437)
Increase (decrease) in net position	<u>\$ 164,390</u>	<u>\$ 8,977</u>	<u>\$ 155,413</u>

CAPITAL ASSETS

The District had the following capital asset expenditures during 2024:

Pump, general and waterline replacements- \$237,000.

LONG TERM DEBT

At June 30, 2024, the District had long-term debt outstanding of \$3,210,764 (S09007 Full Faith and Credit - \$359,887 and S17031 Full Faith and Credit - \$2,850,877).

FINANCIAL CONTACT

The District's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact the District at: 17661 Pilkington Road, Lake Oswego, Oregon 97035.

RIVERGROVE WATER DISTRICT
STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2024

ASSETS

Current assets:

Cash \$ 2,034,176

Restricted assets:

Cash 58,920

Total current assets 2,093,096

NET POSITION

Restricted for system development 1,127,422

Unrestricted 965,674

Total Net Position \$ 2,093,096

(See accompanying notes to basic financial statements)

**RIVERGROVE WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2024**

OPERATING REVENUES:	
Water revenue and service installations	\$ 1,056,885
System development charges	80,888
Miscellaneous	16,478
Total operating revenues	<u>1,154,251</u>
OPERATING EXPENSES:	
Personal services	300,993
Materials and services	335,235
Total operating expenses	<u>636,228</u>
Operating Income	<u>518,023</u>
Non-operating revenues (expenses):	
Capital outlay	(256,752)
Interest income	89,552
Debt service	(186,433)
Total non-operating revenues (expenses)	<u>(353,633)</u>
Net income	164,390
Net Position-July 1, 2023	<u>1,928,706</u>
Net Position-June 30, 2024	<u>\$ 2,093,096</u>

(See accompanying notes to basic financial statements)

**RIVERGROVE WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

These financial statements are presented on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the cash basis of accounting.

Financial Reporting Entity

The District's financial reporting entity is composed of the following:

Primary Government:	RIVERGROVE WATER DISTRICT
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Basis of Presentation

The accounts of the District are organized and operated on the basis of a single proprietary fund, an enterprise fund. Enterprise funds are proprietary funds used to account for business-type activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income similar to the private sector.

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

The accounting records are maintained on a fund basis for budgetary and legal purposes. The District uses the funds listed below:

General Fund

This fund accounts for all receipts and expenditures, except those required to be accounted for in another fund. The principal source of revenue is water sales.

Unemployment Fund

This fund accounts for unemployment costs. The revenue sources are interest income and transfers from the General Fund.

Capital Improvements Fund

This fund accounts for water system capital improvements. The principal sources of revenue are system development charges and transfers from the General Fund.

Truck and Equipment Fund

This fund accounts for expenditures for equipment other than the water system. The revenue sources are interest income and transfers from the General Fund.

**RIVERGROVE WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the cash basis of accounting, is used as appropriate:

The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the financial statements, the District’s activities are presented using the cash basis of accounting. This basis recognizes assets, liabilities, net position, revenues, and expenditures when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted in the United States, the statements would use the accrual basis of accounting.

Assets, Liabilities, and Net Position

Cash and Investments

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

**RIVERGROVE WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Capital Assets

Under the cash basis of accounting expenditures for capital assets are not required to be reported in the financial statements, and depreciation is not recorded. When a capital asset is retired or sold, any proceeds are recorded as receipts.

Net Position Classification

Net position is classified and displayed in two components:

Restricted – consists of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted – all other assets that do not meet the definition of “restricted” assets.

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

Receipts and Expenditures

Operating Receipts and Expenditures

Operating receipts and expenditures for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and expenditures not related to capital and related financing, noncapital financing, or investing activities.

Internal and Interfund Balances and Activities

Interfund activity, if any, within and among the proprietary fund categories is reported as follows in the fund financial statements:

Interfund loans – amounts provided with a requirement for repayment are reported as interfund receivables and payables.

Interfund services – sales or purchases of goods and services between funds are reported as revenues and expenditures.

Interfund reimbursements – repayments from funds responsible for certain expenditures to the funds that initially paid for them are not reported as reimbursements but as adjustment to expenditures in the respective funds.

Interfund transfers – flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

**RIVERGROVE WATER DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024**

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

Budgetary Information

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 – Local Budget Law). The process under which the budget is adopted is described in the following paragraphs.

The Budget Officer submits a proposed budget to the Budget Committee. The District is required to budget all funds. The District’s budget is prepared for each fund on the modified accrual basis of accounting. Estimated receipts and expenditures are budgeted for by fund and object. Information on the past two years’ actual receipts and expenditures and current-year estimates are included in the budget document.

The Budget Committee conducts public hearings for the purpose of obtaining citizens’ comments, and then approves a budget and submits it to the Board of Commissioners for final adoption. The approved expenditures for each fund may not be increased by more than 10% by the Board without returning to the Budget Committee for a second approval.

The Board of Commissioners legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for each fund is at the object group level (i.e. personal services, materials and services, capital outlay, interfund transfer, and contingency). Appropriations lapse as of year-end.

The Board of Commissioners may change the budget throughout the year by transferring appropriations between levels of control or by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the District. Expenditure appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year. Management may transfer budget amounts between individual line items within the object group, but cannot make changes to the object groups themselves, which is the legal level of control. During the fiscal year ended June 30, 2024 the Board did not transfer any appropriations between levels of control, nor did they adopt a supplemental budget.

NOTE C – CASH AND INVESTMENTS:

Cash and investments were recorded at cost, which approximates fair market value, plus accrued interest at June 30, 2024. Cash and investments of the District at June 30, 2024 were:

Checking account – Banner Bank	\$	208,959
Water deposits		58,920
Local Government Investment Pool		<u>1,825,217</u>
 Total	 \$	 <u>2,093,096</u>

**RIVERGROVE WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE C – CASH AND INVESTMENTS (Continued):

Deposits

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal depository insurance of \$250,000 applies respectively to total demand deposits and to total savings accounts at each financial institution. Where balances exceed \$250,000, banks are required to pledge collateral, based on their capital condition. Banks are required to provide quarterly reporting of their public funds deposits to the State Treasurer's office, which will be the basis for the collateral pledging for the next quarter. Treasury monitors each depository bank and ensures compliance with collateralization requirements for all public fund deposits. Banks will pledge 10% if they are well capitalized, 25% if they are adequately capitalized, and in turn, the banks are required to share in the liability of a failed institution, should it ever occur. Undercapitalized banks are required to pledge collateral equal to 110% of their deposits, which is monitored on a weekly basis. At June 30, 2024, total demand deposits were \$280,313.

Investments

At June 30, 2024, the District had invested \$1,825,217 with the Oregon Short-Term Fund (OSTF), which is a cash and investment pool available for use by all state funds and local governments and is maintained by the State Treasurer. The Local Government Investment Pool (LGIP) is an open-ended, no loan diversified portfolio offered to eligible participants, including any municipality, political subdivision, or public corporation of the state. Currently there are more than 1,500 participants in the Pool. Local government pooled assets are reported as an Investment Trust Fund in Oregon's Comprehensive Annual financial report. The Oregon Short-Term Fund board, established by the Oregon Legislature, advises the Oregon Investment Council and the Oregon State Treasury in the management and investments of the LGIP. The carrying value of this investment (cost) approximates the market value at June 30, 2024.

Credit Risk

The State of Oregon LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon revised statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer for the LGIP and it is responsible for all funds in the LGIP. 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 funds board, which establish diversification percentages and specify the types and maturities of investments. The overall credit quality of the pool is not rated. The Oregon Audits Division of the Secretary of State's office audits of the Pool annually. The Division's report on the LGIP as of and for the year ended June 30, 2024 was unqualified.

Concentration Risk

The District's investment concentration is: LGIP – 87.2%

**RIVERGROVE WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE C – CASH AND INVESTMENTS (Continued):

Interest Rate Risk

The District does not have a formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Customer Deposits

Deposits are received to assure payment of water bills. They are refunded to customers or applied to billings as necessary. As of June 30, 2024, the balance of customer deposits was \$58,920.

NOTE D – INTERFUND TRANSFERS AND BALANCES:

Transfers are used to move revenues from one fund to another in order to finance various expenditures in accordance with budgetary authorization.

Transfers between funds of the District for the year ended June 30, 2024 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 208,000
Capital improvement	200,000	-
Truck & equipment	5,000	-
Unemployment	<u>3,000</u>	<u>-</u>
Total transfers	<u>\$ 208,000</u>	<u>\$ 208,000</u>

At June 30, 2024, there were no interfund balances.

NOTE E – 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.

The changes in long-term debt for the year ended June 30, 2024 is comprised of the following:

	<u>Outstanding July 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding June 30, 2024</u>	<u>Due Within One Year</u>
Faith & Credit	\$ 397,941	-	\$ 38,054	\$ 359,887	\$ 39,523
S17031 Full Faith &	2,921,950	-	71,073	2,850,877	72,580
	<u>\$ 3,319,891</u>	<u>-</u>	<u>\$ 109,127</u>	<u>\$ 3,210,764</u>	<u>\$ 112,103</u>

**RIVERGROVE WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE E – LONG-TERM DEBT (Continued):

During fiscal year 2008-09, the District entered into a loan agreement with the Oregon Department of Economic and Community Development to construct and rehabilitate wells. The loan principal was \$735,000, the term is 20 years, and the interest rate is 3.86%. Future debt service requirements are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 39,523	\$ 13,891	\$ 53,414
2026	41,048	12,366	53,414
2027	44,278	9,136	53,414
2028	45,987	7,427	53,414
2029	47,762	5,652	53,414
2030-32	<u>141,289</u>	<u>16,483</u>	<u>157,772</u>
Balance 6/30/24	\$ <u>359,887</u>	\$ <u>64,955</u>	\$ <u>424,842</u>

During fiscal year 2022-23, the District entered into a loan agreement with the Oregon Department of Economic and Community Development for reservoir #3 landslide remediation and seismic upgrading. The loan principal was \$ 2,930,569, the term is 30 years, and the interest rate is 2.12%.

Future debt services requirements are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 72,580	\$ 60,438	\$ 133,018
2026	74,119	58,899	133,018
2027	75,690	57,328	133,018
2028	77,295	55,723	133,018
2029	78,933	54,085	133,018
2020-2034	420,488	244,602	665,090
2035-2039	411,990	198,100	665,090
2040-2044	518,635	146,455	665,090
2045-2049	575,991	89,099	665,090
2050-2052	<u>490,156</u>	<u>23,320</u>	<u>513,476</u>
Balance 6/30/24	\$ <u>2,850,877</u>	\$ <u>988,049</u>	\$ <u>3,838,926</u>

The District will pledge its net revenues from water sales. The District will charge rates and fees in connection with the operation of the system which, when combined with other gross revenues, are adequate to generate net revenues each fiscal year at least equal to 120% of the annual debt service due in the fiscal year on the loan and any outstanding obligations payable from or secured by a lien on and pledge of net revenues that is on parity with the OBDD lien.

**RIVERGROVE WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE F – RETIREMENT PLAN:

The District offers a deferred compensation plan in accordance with Section 457 of the Internal Revenue code. The plan is administered and the assets are held by a third party. The District is required to contribute 12% of annual salary for each participating employee. For the year ended June 30, 2024, the District paid \$20,467 for pension expense.

NOTE G – RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; error or omissions; injuries to employees; and natural disasters. The District carries commercial insurance for risk of loss including workers' compensation, property damage, general liability, automobile liability and employee dishonest coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE H – LEASES:

The District entered into a 5-year lease agreement, effective January 1, 2022, with an unrelated party. Per the agreement, annual lease payments will be increased by 3.0%. Rent expense for this lease was \$17,074 for the year ended June 30, 2024.

At the time of the initial measurement, there was no interest rate specified in the original lease agreement. The District has used a risk free rate of return of 1.13%.

Annual requirements to amortize this lease liability and related interest are as follows:

Year Ending June 30	Principal	Interest
2025	\$ 17,191	\$ 396
2026	17,917	197
2027	9,170	22
	\$ 44,278	\$ 615

NOTE I – Subsequent Events:

On July 5, 2024, the District secured \$2,772,980 in financing from the Oregon Safe Drinking Water Revolving Fund to construct its upcoming Resilient Backbone and AC Pipeline Replacement project. \$280,000 will be forgivable. Loan matures in thirty years and has an interest rate of 2.64%.

SUPPLEMENTARY INFORMATION

**RIVERGROVE WATER DISTRICT
COMBINING SCHEDULE OF NET POSITION – CASH BASIS
JUNE 30, 2024**

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Track & Equipment Fund</u>	<u>Unemploy- ment Fund</u>	<u>Total</u>
ASSETS					
Cash and investments	\$ 827,708	\$ 1,127,422	\$ 38,451	\$ 40,595	\$ 2,034,176
Cash restricted for water deposits	<u>58,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,920</u>
Total Assets	<u>886,628</u>	<u>1,127,422</u>	<u>38,451</u>	<u>40,595</u>	<u>2,093,096</u>
NET POSITION					
Restricted for system development	-	1,127,422	-	-	1,127,422
Unrestricted	<u>886,628</u>	<u>-</u>	<u>38,451</u>	<u>40,595</u>	<u>965,674</u>
Total Net Position	<u>\$ 886,628</u>	<u>\$ 1,127,422</u>	<u>\$ 38,451</u>	<u>\$ 40,595</u>	<u>\$ 2,093,096</u>

**RIVERGROVE WATER DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION – CASH BASIS
JUNE 30, 2024**

	General Fund	Capital Improvements Fund	Truck & Equipment Fund	Unemployment Fund	Total
OPERATING REVENUES					
Water sales & service installations	\$ 1,056,885	\$ -	\$ -	\$ -	\$ 1,056,885
System development charges	-	80,888	-	-	80,888
Deposits	4,200	-	-	-	4,200
Miscellaneous	12,278	-	-	-	12,278
Total	<u>1,073,363</u>	<u>80,888</u>	<u>-</u>	<u>-</u>	<u>1,154,251</u>
OPERATING EXPENSES					
Personnel services	300,993	-	-	-	300,993
Materials & services	335,235	-	-	-	335,235
Total	<u>636,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>636,228</u>
OPERATING INCOME	<u>427,135</u>	<u>80,888</u>	<u>-</u>	<u>-</u>	<u>518,023</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest income	21,614	64,349	1,715	1,874	89,552
Capital outlay	(75,117)	(181,635)	-	-	(256,752)
Debt service	-	(186,433)	-	-	(186,433)
Transfers in	-	200,000	5,000	3,000	208,000
Transfers out	(208,000)	-	-	-	(208,000)
Loan proceeds	-	-	-	-	-
Total	<u>(261,503)</u>	<u>(103,719)</u>	<u>6,715</u>	<u>4,874</u>	<u>(353,633)</u>
CHANGE IN NET POSITION	175,632	(22,831)	6,715	4,874	164,390
NET POSITION, beginning	<u>710,996</u>	<u>1,150,253</u>	<u>31,736</u>	<u>35,721</u>	<u>1,928,706</u>
NET POSITION, ending	<u>886,628</u>	<u>1,127,422</u>	<u>38,451</u>	<u>40,595</u>	<u>2,093,096</u>

**RIVERGROVE WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL-CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Water sales	\$ 1,100,000	\$ 1,100,000	\$ 1,013,323	\$ (86,677)
New service and Installation fees	2,200	2,200	6,350	4,150
Deposits	5,000	5,000	4,200	(800)
Other fees	19,000	19,000	37,212	18,212
Miscellaneous	1,000	1,000	12,278	11,278
Interest income	4,400	4,400	21,614	17,214
Total revenues	1,131,600	1,131,600	1,094,977	(36,623)
Expenditures				
Personnel services	440,600	440,600	300,993	139,607
Materials and services	465,300	465,300	335,235	130,065
Capital outlay	40,000	40,000	75,117	(35,117)
Contingency				
Total expenditures	945,900	945,900	711,345	234,555
Excess of revenues over (under) expenditures	185,700	185,700	383,632	197,932
Other Financing Uses:				
Operating transfers out	(208,000)	(208,000)	(208,000)	0
Excess of revenues over (under) expenditures and other uses	(22,300)	(22,300)	175,632	197,932
Fund balances-July 1, 2023	422,300	422,300	710,996	288,696
Fund Balance-June 30, 2024	\$ 400,000	\$ 400,000	\$ 886,628	\$ 486,628

**RIVERGROVE WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CASH BASIS
CAPITAL IMPROVEMENTS/SDC FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 22,000	\$ 22,000	\$ 64,349	\$ 42,349
SDC charges	10,000	10,000	80,888	70,888
Total revenues	<u>32,000</u>	<u>32,000</u>	<u>145,237</u>	<u>113,237</u>
Expenditures				
Capital outlay	332,702	332,702	181,635	151,067
Debt service	186,433	186,433	186,433	0
Contingency				
	<u>519,135</u>	<u>519,135</u>	<u>368,068</u>	<u>151,067</u>
Excess of revenues over (under) expenditures	(487,135)	(487,135)	(222,831)	264,304
Other Financing Sources:				
Loan proceeds				
Operating transfers in	200,000	200,000	200,000	0
	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures	(287,135)	(287,135)	(22,831)	264,304
Fund balances-July 1, 2023	<u>1,278,000</u>	<u>1,278,000</u>	<u>1,150,253</u>	<u>(127,747)</u>
Fund balance-June 30, 2024	\$ <u>990,865</u>	\$ <u>990,865</u>	\$ <u>1,127,422</u>	\$ <u>136,557</u>

**RIVERGROVE WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CASH BASIS
TRUCK AND EQUIPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 600	\$ 600	\$ 1,715	\$ 1,115
Sale of surplus property				0
Total revenues	<u>600</u>	<u>600</u>	<u>1,715</u>	<u>1,115</u>
Expenditures				
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues over (under) expenditures	600	600	1,715	1,115
Other Financing Sources:				
Operating transfers in	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	
Excess of revenues and other sources over (under) expenditures	5,600	5,600	6,715	1,115
Fund balances-July 1, 2023	<u>31,000</u>	<u>31,000</u>	<u>31,736</u>	<u>736</u>
Fund balance-June 30, 2024	<u>\$ 36,600</u>	<u>\$ 36,600</u>	<u>\$ 38,451</u>	<u>\$ 1,851</u>

**RIVERGROVE WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CASH BASIS
UNEMPLOYMENT FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 500	\$ 500	\$ 1,874	\$ 1,374
Sale of surplus property				
Total revenues	<u>500</u>	<u>500</u>	<u>1,874</u>	<u>1,374</u>
Expenditures				
Personnel services				
Materials and services				0
Contingency				
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues over (under) expenditures	500	500	1,874	0
Other Financing Sources:				
Operating transfers in	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures	3,500	3,500	4,874	1,374
Fund balances-July 1, 2023	<u>34,700</u>	<u>34,700</u>	<u>35,721</u>	<u>1,021</u>
Fund balance-June 30, 2024	\$ <u><u>38,200</u></u>	\$ <u><u>38,200</u></u>	\$ <u><u>40,595</u></u>	\$ <u><u>2,395</u></u>

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

We have audited the basic financial statements of Rivergrove Water District, as of and for the year ended June 30, 2024, and have issued our report thereon dated _____, 2024. 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 Rivergrove Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the Rivergrove 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.

OAR 162-10-0230 Internal Control

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

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 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

JARRARD, SEIBERT, POLLARD & COMPANY, LLC
Certified Public Accountants
West Linn, Oregon

By _____
Russell T. Ries, Partner

_____, 2024