



**ROBERTS CREEK**  
**WATER DISTRICT**

**ROBERTS CREEK WATER DISTRICT**  
**ROSEBURG, OREGON**

Financial Statements and Supplementary Information

**JUNE 30, 2017**

# ROBERTS CREEK WATER DISTRICT

June 30, 2017

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## BOARD OF COMMISSIONERS

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

### OFFICE MANAGER

David Campos  
1858 NE Sunset St  
Roseburg, OR 97470

### SUPERINTENDENT

Alan Paulson  
4751 Happy Valley Rd.  
Roseburg, OR 97471

### REGISTERED AGENT

David Campos

# ROBERTS CREEK WATER DISTRICT

June 30, 2017

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# NEUNER, DAVIDSON, COOLEY & RAPP, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

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

Dear Board Members:

We have audited the accompanying basic financial statements of Roberts Creek Water District as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Roberts Creek Water District as of June 30, 2017 and 2016, and the respective changes in financial position and cash flows thereof for the years ended in accordance with accounting principles generally accepted in the United States of America.

Member:

American Institute of Certified Public Accountants  
Oregon Society of Certified Public Accountants  
Private Companies Practice Section

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

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9 be presented to supplement the basic financial statements. Such information, 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. We 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 regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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


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

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

**Other Reporting Required by Oregon Revised Statutes**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 22, 2017 on our consideration of the District's compliance with certain provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-100 to 162-10-320. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Neuner, Davidson, Cooley & Rapp, LLC  
Certified Public Accountants

By:   
\_\_\_\_\_  
Jeffrey R Cooley, CPA  
Roseburg, Oregon  
December 22, 2017

Management's Discussion and Analysis

# ROBERTS CREEK WATER DISTRICT

## Management's Discussion and Analysis for the Year Ending June 30, 2017

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The following discussion and analysis of Roberts Creek Water District's (the District) financial performance presents management's overview of the District's financial activities for the fiscal year ended June 30, 2017. The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Please read it in conjunction with the District's basic financial statements, which begin immediately following this analysis.

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

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

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

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The District's basic financial statements presented herein include all of the activities of the District as prescribed by GASB Statement No. 34. The basic financial statements are comprised of three components: (1) government-wide financial statements beginning on Page 10 of this report, (2) notes to financial statements beginning on Page 15 of this report, and (3) supplementary information beginning on Page 24 of this report.

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

## ROBERTS CREEK WATER DISTRICT

### Management's Discussion and Analysis for the Year Ending June 30, 2017

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

#### **PROPRIETARY FUNDS**

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

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

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

The District adopts an annual operating budget for all funds. A budgetary comparison statement to demonstrate compliance with this budget is provided for these funds beginning on Page 28. The proprietary fund financial statements can be found on Pages 24 through 27 of this report.

#### **INTERNAL SERVICE FUNDS**

The District does not maintain any Internal Service Funds.



## ROBERTS CREEK WATER DISTRICT

### Management's Discussion and Analysis for the Year Ending June 30, 2017

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#### **FIDUCIARY FUNDS**

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

The District does not maintain any Fiduciary Funds.

#### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

These notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the basic financial statements can be found on Pages 15 through 23 of this report.

#### **OVERALL FINANCIAL ANALYSIS OF THE DISTRICT**

##### **(Government-Wide Financial Statements)**

**Net Position** – The District's net position decreased by \$104,704 (from \$8,347,839 to \$8,243,135) during the fiscal year 2016-17. Net position invested in capital assets decreased by \$403,526. Restricted Net Position increased by \$168,718. Unrestricted net position increased by \$130,104.

**Change in Net Position** – The District's program revenues increased by \$76,028 from \$1,863,843 in 2015-16 to \$1,939,871 in 2016-17, due to increases in water and meter sales, and receipts from special surcharge revenues.

**Operating Expenses** -- Program expenses increased from \$1,797,537 to \$1,826,974 (an increase of \$29,437) primarily due to an increase in personal services, such as salaries, employment taxes, and benefits. An increase in utility costs also contributed to the increase in program expenses.

The District's non-operating revenues increased by \$206, which reflects the change in interest income.

Non operating expenses increased by \$5,903. Although interest expense decreased due to the refunding of the treatment plant upgrade loan, the District incurred debt issuance costs associated with the refunding agreement.

There were no lines installed by contractors during the 2016-17 fiscal year.

# ROBERTS CREEK WATER DISTRICT

## Management's Discussion and Analysis for the Year Ending June 30, 2017

### FINANCIAL HIGHLIGHTS – PROPRIETARY FUND FINANCIAL STATEMENTS

The most significant source of operating revenue for the District is water sales. Revenue in the General Fund (Enterprise Fund) increased by \$20,924.

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	2017 vs 2016 Increase/ (Decrease)
Water Sales	1,777,782	1,787,897	1,870,093	82,196
Meter Sales	7,250	21,392	61,371	39,979
Standby Charges	18,534	18,558	18,535	(23)
Special Surcharge (Lines)	-	4,993	12,005	7,012
Special Surcharge (Tank)	-	-	17,664	17,664
Backflow Test Receipts	2,550	4,425	4,452	27
Miscellaneous	38,833	47,019	44,125	(2,894)
Interest	532	2,541	2,747	206
	<u>\$ 1,845,481</u>	<u>\$ 1,886,825</u>	<u>\$ 2,030,992</u>	<u>\$ 144,167</u>

Expenses in the General Fund (Enterprise Fund) increased by \$38,176, and operating transfers to the Capital Projects Fund decreased by \$50,000.

### BUDGETARY COMPARISONS

#### Enterprise Fund

##### Revenues:

Water consumption was up this year due to warmer weather and 14 new service connections.

Meter sales increased by \$6,900, due to increased economic activity and new construction.

The sale of a lot that was subject to Special Surcharges brought revenues of \$29,669 in special surcharge revenues. See below.

The amount of revenue and payment of the Special System Development Surcharge Tank & Lines is undeterminable due to being collectible strictly by the sale of the property to which the charges are attached. Therefore, the amount collected can make the comparison between actual and budget appear skewed.

## ROBERTS CREEK WATER DISTRICT

### Management's Discussion and Analysis for the Year Ending June 30, 2017

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#### Expenditures:

The move to a new health insurance plan and provider resulted in significant savings, allowing for personal services to remain well under budget.

There were no significant expenditures for capital outlay in the 2016-17 fiscal year. The budget included lines replacement of \$50,000 and an operating contingency of \$73,000 but there were no expenditures for those line items in the fiscal year.

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

#### Capital Projects

#### Revenues:

Revenues included a significant increase in meter sales, due to a increased economic activity and new home construction.

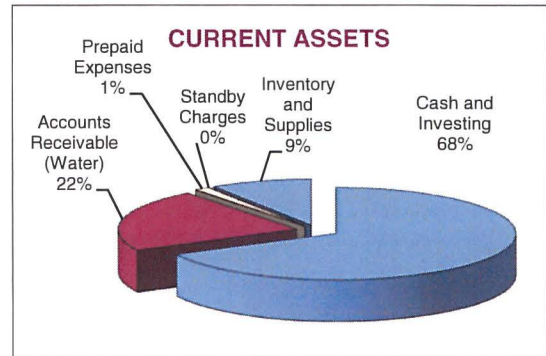
#### Expenditures:

In 2009, the District secured a 20-yr. loan from Oregon Community Economic Development (Safe Drinking Water) @ 4% interest to facilitate the upgrade to the treatment plant. The District refinanced this loan in February 2017 through a loan refunding agreement with JP Morgan Chase Bank. The new loan retains the original maturity date of December 2031, but will save the District approximately \$580,000 (approx. \$38,000 annually) over the remainder of the life of the loan. The terms of the new loan are detailed in page 22 of the notes to the financial statements.

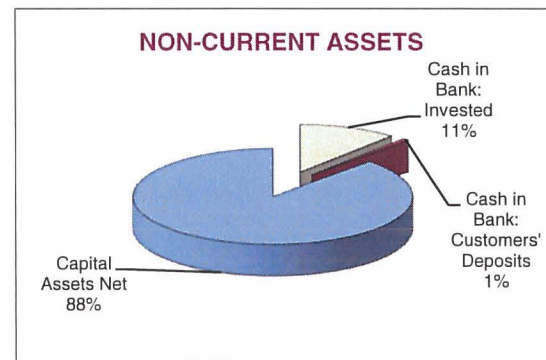
Roberts Creek Water District Board of Commissioners and staff are continually faced with the challenge of replacing aging infrastructure, complying with new requirements in the water purveyor's industry, and maintaining a stable source, quantity and delivery of water for our existing and future customers. In the upcoming fiscal year, the District will increase water rates to ensure that the same level of water quality and service are maintained for several years. The increase in water rates is expected to generate approximately \$200,000 in additional revenues from water sales per year, which will ensure that overall operations, reserves for future capital improvements, and debt service payments remain adequately funded.

# ROBERTS CREEK WATER DISTRICT

	2014-15	2015-16	2016-17
<b>TOTAL CURRENT ASSETS</b>	<b>618,799</b>	<b>596,716</b>	<b>640,511</b>
Cash and Investing	395,036	390,036	432,236
Accounts Receivable (Water)	159,866	139,425	141,051
Prepaid Expenses	7,232	8,504	8,239
Standby Charges	-	-	-
Inventory and Supplies	56,665	58,751	58,985

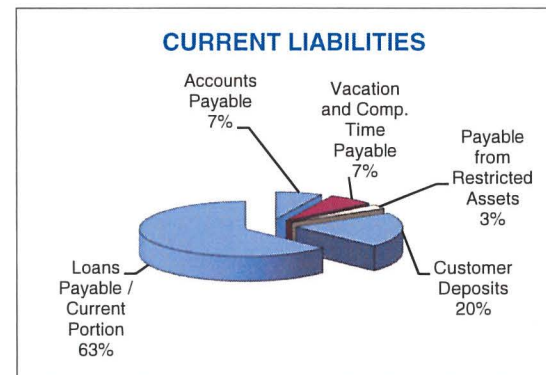


	2014-15	2015-16	2016-17
<b>NON-CURRENT ASSETS</b>	<b>14,032,470</b>	<b>13,652,750</b>	<b>13,228,962</b>
Cash in Bank: Invested	1,324,140	1,402,708	1,569,036
Cash in Bank: Customers' Deposits	97,316	98,936	101,326
Capital Assets Net	12,611,014	12,151,106	12,151,106



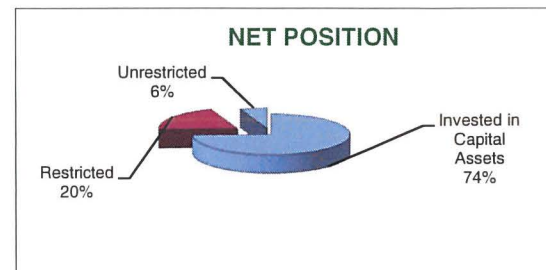
	2014-15	2015-16	2016-17
<b>Total Assets</b>	<b>14,651,269</b>	<b>14,249,466</b>	<b>13,869,473</b>
<b>Total Non-Current Assets</b>	<b>14,032,470</b>	<b>13,652,750</b>	<b>13,228,962</b>
<b>TOTAL CURRENT ASSETS</b>	<b>618,799</b>	<b>596,716</b>	<b>640,511</b>

	2014-15	2015-16	2016-17
<b>Total Current Liabilities</b>	<b>526,209</b>	<b>527,327</b>	<b>494,607</b>
Accounts Payable	23,813	14,482	34,849
Vacation and Comp. Time Payable	32,177	34,223	34,839
Payable from Restricted Assets	127,359	122,119	12,437
Customer Deposits	97,316	98,936	101,326
Loans Payable / Current Portion	245,544	257,567	311,156



	2014-15	2015-16	2016-17
<b>Loans Payable/Non Current</b>	<b>5,877,167</b>	<b>5,374,300</b>	<b>5,131,731</b>
<b>TOTAL LIABILITIES</b>	<b>6,403,376</b>	<b>5,901,627</b>	<b>5,626,338</b>

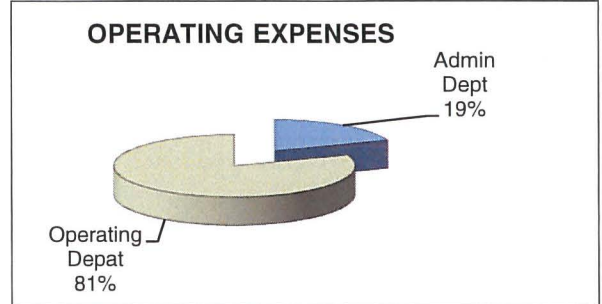
	2014-15	2015-16	2016-17
<b>NET POSITION</b>			
Invested in Capital Assets	6,733,847	6,519,483	6,115,957
Restricted	1,421,456	1,501,644	1,670,362
Unrestricted	338,134	326,712	456,816



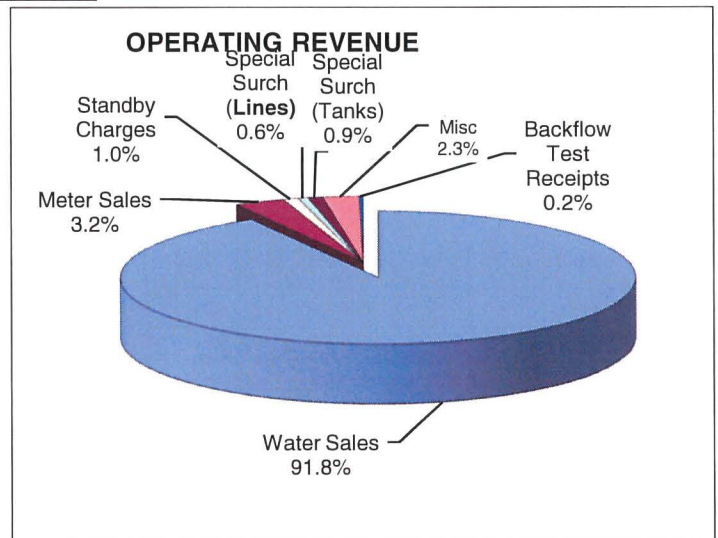
	2014-15	2015-16	2016-17
<b>TOTAL NET POSITION</b>	<b>8,493,437</b>	<b>8,347,839</b>	<b>8,243,135</b>

# ROBERTS CREEK WATER DISTRICT

	2014-15	2015-16	2016-17
<b>OPERATING EXPENSES</b>	<b>1,749,446</b>	<b>1,797,537</b>	<b>1,826,974</b>
Administrative Department	347,888	349,655	355,739
Operating Department	1,401,558	1,447,882	1,471,235



	2014-15	2015-16	2016-17
<b>OPERATING REVENUES</b>	<b>1,906,778</b>	<b>1,858,850</b>	<b>1,939,871</b>
Water Sales	1,783,899	1,767,456	1,781,719
Meter Sales	62,962	21,392	61,371
Standby Charges	18,534	18,558	18,535
Special Surcharge (Lines)	-	-	12,005
Special Surcharge (Tanks)	-	-	17,664
Miscellaneous	38,833	47,019	44,125
Backflow Test Receipts	2,550	4,425	4,452



	2014-15	2015-16	2016-17
<b>NON-OPERATING REVENUES</b>	<b>5,168</b>	<b>2,541</b>	<b>2,747</b>
Gain on Asset Sales	2,160	-	-
Interest	3,008	2,541	2,747

	2014-15	2015-16	2016-17
<b>CAPITAL CONTRIBUTION</b>			
Developer Contributions	none	none	none

## Basic Financial Statements



**ROBERTS CREEK  
WATER DISTRICT**

Statement of Net Position  
June 30, 2017 and 2016

	Business - Type Activities	
	2017	2016
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$432,236	\$390,036
Accounts Receivable, Net:		
Water	141,051	139,425
Inventory and Supplies	58,985	58,751
Prepaid Expenses	8,239	8,504
Total Current Assets	<u>640,511</u>	<u>596,716</u>
Noncurrent Assets:		
Restricted Assets		
Cash in Bank-Capital Projects	1,569,036	1,402,708
Cash in Bank-Customer's Deposits	101,326	98,936
Capital Assets Net	<u>11,558,600</u>	<u>12,151,106</u>
Total Noncurrent Assets	<u>13,228,962</u>	<u>13,652,750</u>
Total Assets	<u>13,869,473</u>	<u>14,249,466</u>

	Business - Type Activities	
	2017	2016
<u>Liabilities and Net Position</u>		
Liabilities:		
Current Liabilities:		
Accounts Payable	34,849	14,482
Vacation and Comp. Time Payable	34,839	34,223
Payable from Restricted Assets:		
Accrued Interest	12,437	122,119
Customer Deposits	101,326	98,936
Loans Payable-Current Portion	311,156	257,567
Total Current Liabilities	494,607	527,327
Non Current Liabilities:		
Uncashed Funds Outstanding	244	244
Loan Payable - SPWF - Less Current Portion Above	29,790	55,946
Loan Payable - Douglas County	416,697	434,361
Loan Payable - Treatment Plant Upgrade	4,685,000	4,883,749
Total Non Current Liabilities	5,131,731	5,374,300
Total Liabilities	5,626,338	5,901,627
Net Position:		
Invested in Capital Assets	6,115,957	6,519,483
Restricted	1,670,362	1,501,644
Unrestricted	456,816	326,712
Total Net Position	\$8,243,135	\$8,347,839

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





# ROBERTS CREEK WATER DISTRICT

## Statement of Revenues, Expenses and Changes in Net Position For The Fiscal Years Ended June 30, 2017 and 2016

	2017	2016
Operating Revenues:		
Water Sales	\$1,781,719	\$1,767,456
Meter Sales	61,371	21,392
Standby Charges	18,535	18,558
Special Surcharge (Lines)	12,005	4,993
Special Surcharge (Tanks)	17,664	-
Backflow Test Reciepts	4,452	4,425
Miscellaneous	44,125	47,019
Total Operating Revenues	<u>1,939,871</u>	<u>1,863,843</u>
Operating Expenses:		
Administrative Department:		
Personal Services	242,586	229,395
Material and Services	113,153	120,260
Operating Department:		
Personal Services	581,924	574,957
Material and Services	284,681	272,035
Inventory Change	(235)	(2,086)
Meter, Line Replacement, Misc. Improvements	8,439	1,687
Depreciation Expense	596,426	601,289
Total Operating Expenses	<u>1,826,974</u>	<u>1,797,537</u>
Net Operating Income	<u>112,897</u>	<u>66,306</u>
Non Operating Revenues:		
Interest	2,747	2,541
Total Non Operating Revenues	<u>2,747</u>	<u>2,541</u>
Non Operating Expenses:		
Debt Issuance Costs	42,300	-
Interest Expense	178,048	214,445
Total Non Operating Expenses	<u>220,348</u>	<u>214,445</u>
Capital Contribution - Developer Contributions	-	-
Change in Net Position	(104,704)	(145,598)
NET POSITION - BEGINNING	<u>8,347,839</u>	<u>8,493,437</u>
NET POSITION - ENDING	<u>\$8,243,135</u>	<u>\$8,347,839</u>

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



Comparative Statement of Cash Flows  
For The Fiscal Years Ended June 30, 2017 and 2016

	2017	2016
Cash Flow From Operating Activities:		
Receipts from customers	\$1,896,510	\$1,838,885
Other operating cash receipts	44,125	47,263
Payments to suppliers	(385,640)	(404,585)
Payments to employees	(823,894)	(802,306)
Net Cash Provided by Operating Activities	731,101	679,257
Cash Flows From Capital and Related Financing Activities:		
Purchase of Depreciable Assets	(3,920)	(141,381)
Interest paid on Bonds and Loans	(287,730)	(219,685)
Loan Proceeds Received	4,970,000	-
Debt Issuance Costs	(42,300)	-
Douglas County Loan Repaid	(17,664)	-
SPWF Loan Repaid	(22,854)	(19,858)
SDWRLF Loan Repaid	(5,118,462)	(225,686)
Net Cash Used by Capital and Related Financing Activities	(522,930)	(606,610)
Cash Flows From Investing Activities:		
Interest Received	2,747	2,541
Net Cash Provided by Investing Activities	2,747	2,541
Net Increase in Cash	210,918	75,188
CASH, Beginning	1,891,680	1,816,492
CASH, Ending	\$2,102,598	\$1,891,680
SUPPLEMENTAL SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributed Capital from Contractor Paid Line Improvements	\$ -	\$ -
Cash & Cash Equivalents	432,236	390,036
Cash in Bank - Capital Projects	1,569,036	1,402,708
Cash in Bank - Customer's Deposit	101,326	98,936
	\$2,102,598	\$1,891,680

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



**ROBERTS CREEK  
WATER DISTRICT**

Comparative Statement of Cash Flows (Continued)  
For The Fiscal Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of Operating Income (Loss) to net cash provided (Used) by operating activities:		
Operating Income	\$ 112,897	\$ 66,306
Adjustments to Reconcile Net Income to Net Cash Provided by Operations:		
Depreciation	596,426	601,289
(Increase) Decrease in Accounts Receivable:		
Water	(1,626)	20,441
(Increase) Decrease in Inventory	(234)	(2,086)
(Increase) in Prepaid Expenses	265	(1,272)
Increase (Decrease) in Accounts Payable	20,367	(9,331)
Increase (Decrease) in Vacation and Comp Payable	616	2,046
Increase (Decrease) in Customer Deposits	2,390	1,620
Increase (Decrease) in Unclaimed Property	-	244
	<u>                    </u>	<u>                    </u>
Net Cash Provided by Operating Activities	<u>\$ 731,101</u>	<u>\$ 679,257</u>

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

Notes to Financial Statements

# ROBERTS CREEK WATER DISTRICT

Notes to the Financial Statements  
For years ended June 30, 2017 and 2016

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### A. Organization and Fund Structure

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

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

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

### B. Proprietary Fund and Fund Financial Statements

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

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

Comparative total data for the prior years have been presented in the accompanying basic financial statements in order to provide an understanding of changes in the district's financial position and operations. However, comparative data have not been presented in the fund financial statement information at the level required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

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

## ROBERTS CREEK WATER DISTRICT

Notes to the Financial Statements  
For years ended June 30, 2017 and 2016

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

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

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

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

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

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

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

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

#### C. Basis of Accounting-Budget Purposes

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

#### Major Business-Type Funds Reported by the District Include -

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

# ROBERTS CREEK WATER DISTRICT

Notes to the Financial Statements  
For years ended June 30, 2017 and 2016

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

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

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

### D. Cash and Investments

#### Cash and Cash Equivalents

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

#### Investments

Investments other than U.S. Government agency securities and investment in the Oregon Local Government Investment Pool are carried at fair market value. Investments in U.S. Government agency securities with a maturity of three months or more, when purchased, are carried at amortized cost which approximates fair value. Fair value is based on current market prices. Changes in the fair value of investments are recognized as revenue. The District had no investments at June 30, 2017.

### E. Receivables

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

### F. Inventory

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

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

### G. Restricted Assets

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

Capital Projects  
Customer Deposits

# ROBERTS CREEK WATER DISTRICT

## Notes to the Financial Statements

For years ended June 30, 2017 and 2016

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

#### H. Fixed Assets

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

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

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

#### I. Net Position

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

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

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

#### J. Interfund Transactions

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

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

#### K. Use of Estimates

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



## ROBERTS CREEK WATER DISTRICT

Notes to the Financial Statements  
For years ended June 30, 2017 and 2016

### 2. CASH AND INVESTMENTS

The District's cash management policies are governed by state statutes. These statutes authorize the district to invest 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.

#### A. Cash and Cash Equivalents

	2017	2016
Cash balances consist of the following:		
Cash on Hand	\$ 550	\$ 550
Checking/Savings	220,673	125,946
Money Market Accounts	1,881,375	1,765,184
Total Cash and Cash Equivalents	\$ 2,102,598	\$ 1,891,680

The District does not have a deposit policy for custodial risk, but deposits are secured by Federal deposit insurance to legal limits. The remaining balance is secured by collateral as established by Oregon Revised Statutes.

The District has no formal investment policy to deal with the interest rate risk and credit risk. In practice, the District has limited the investments in money market accounts.

Deposits with financial institutions include bank demand deposits. The total per the bank statements is \$2,161,767 and \$1,946,833 at June 30, 2017 and 2016, respectively. These deposits were adequately covered.

### 3. WATER SALES AND OTHER RECEIVABLES

Receivables for water sales are \$148,475 at June 30, 2017 and \$146,763 at June 30, 2016. The Reserve for Bad Debt is \$7,424 at June 30, 2017 and \$7,338 at June 30, 2016.

### 4. FIXED ASSETS

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

	July 01, 2016	Increase	Decrease	June 30, 2017
Capital Assets Not Being Depreciated:				
Land	\$ 341,036			\$ 341,036
Total Capital Assets Not Being Depreciated:	341,036			341,036
Capital Assets Being Depreciated:				
Office Equipment	112,296			112,296
Office Building & Improvements	157,861	1,225		159,086
Vehicles	145,896			145,896
Water Plant & Equipment	11,779,641	2,695		11,782,336
Reservoir Tank & Road	1,017,735			1,017,735
Distribution Lines & Reservoir	6,920,290			6,920,290
Total Capital Assets Being Depreciated:	\$ 20,133,719	\$ 3,920	\$ -	\$ 20,137,639

## ROBERTS CREEK WATER DISTRICT

Notes to the Financial Statements  
For years ended June 30, 2017 and 2016

### 4. FIXED ASSETS (Cont'd)

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

	Balance July 01, 2016	Increase	Decrease	Balance June 30, 2017
Office Equipment	\$ 110,888	\$ 439		\$ 111,327
Office Building & Improvements	95,118	3,649		98,767
Vehicles	105,869	15,983		121,852
Water Plant & Equipment	4,227,928	337,339		4,565,267
Reservoir Tank & Road	414,478	29,196		443,674
Distribution Lines & Reservoir	3,369,368	209,820		3,579,188
Total	<u>\$ 8,323,649</u>	<u>\$ 596,426</u>	<u>\$ -</u>	<u>\$ 8,920,075</u>
Capital Assets - Net	<u>\$ 12,151,106</u>	<u>\$ (592,506)</u>	<u>\$ -</u>	<u>\$ 11,558,600</u>

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

	Balance July 1, 2015	Increase	Decrease	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land	\$ 341,036			\$ 341,036
Total Capital Assets Not Being Depreciated:	<u>341,036</u>			<u>341,036</u>
Capital Assets Being Depreciated:				
Office Equipment	112,296			112,296
Office Building & Improvements	151,591	6,270		157,861
Vehicles	145,896			145,896
Water Plant & Equipment	11,777,551	2,090		11,779,641
Reservoir Tank & Road	1,011,735	6,000		1,017,735
Distribution Lines & Reservoir	6,793,269	127,021		6,920,290
Total Capital Assets Being Depreciated:	<u>\$ 19,992,338</u>	<u>\$ 141,381</u>	<u>\$ -</u>	<u>\$ 20,133,719</u>

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

	Balance July 1, 2015	Increase	Decrease	Balance June 30, 2016
Office Equipment	\$ 108,354	\$ 2,534		\$ 110,888
Office Building & Improvements	91,679	3,439		95,118
Vehicles	88,183	17,686		105,869
Water Plant & Equipment	3,886,445	341,483		4,227,928
Reservoir Tank & Road	385,282	29,196		414,478
Distribution Lines & Reservoir	3,162,417	206,951		3,369,368
Total	<u>\$ 7,722,360</u>	<u>\$ 601,289</u>	<u>\$ -</u>	<u>\$ 8,323,649</u>
Capital Assets - Net	<u>\$ 12,611,014</u>	<u>\$ (459,908)</u>	<u>\$ -</u>	<u>\$ 12,151,106</u>

# ROBERTS CREEK WATER DISTRICT

## Notes to the Financial Statements

For years ended June 30, 2017 and 2016

### 5. DEFINED CONTRIBUTION PLAN

The District established a Simplified Employee Pension (SEP) retirement plan for their employees effective July 1, 1994. Edward D. Jones & Co. administers the defined contribution plan. For the 2016-2017 and 2015-2016 fiscal years, the District contributed 12% for eligible employees. The amount of contribution is to be determined annually. The length of employment to be eligible for retirement benefits is six months. The employer contribution for the fiscal years ending June 30, 2017 and 2016 is \$57,734 and \$56,840, respectively.

### 6. COMPENSATED ABSENCES

The commitments to employee sick leave at June 30, 2017 and 2016 are:

	<u>2017</u>	<u>2016</u>
Administration	\$ 8,875	\$ 18,668
Operations	32,579	30,679
Total Sick Leave	<u>\$ 41,454</u>	<u>\$ 49,347</u>

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

Accrued and unused vacation benefits are paid upon termination of employment. Vacation benefits are accumulated by hour with a maximum of 200 hours per employee.

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

### 7. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2017 consisted of the following:

The Enterprise Fund transferred \$590,000 to the Capital Projects Fund for future capital projects and asset acquisitions.

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

### 8. LOANS AND REVENUE BONDS PAYABLE

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

**ROBERTS CREEK WATER DISTRICT**

Notes to the Financial Statements  
For years ended June 30, 2017 and 2016

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

The remaining \$175,000 was a deferred loan, payable in 25 years at 6.0% interest. Annual principal and interest payments began December 1, 1997. Total annual payments began at \$7,627 in 1997 and balloon to \$31,578 by the year 2018. The balance of the deferred loan at June 30, 2017 is \$55,947. Five year maturities are as follows:

Fiscal Year Ending June 30,	Outstanding June 30, 2016	Redeemed	Outstanding June 30, 2017	Interest
2017	\$ 22,853	\$ 22,853	\$ -	\$ 4,728
2018	26,156		26,156	3,357
2019	29,791	-	29,791	1,787
Total	<u>\$ 78,800</u>	<u>\$ 22,853</u>	<u>\$ 55,947</u>	<u>\$ 9,872</u>

The District was awarded a loan from the State of Oregon's Safe Drinking Water Revolving Loan Fund. The proceeds of the loan were used for the costs of the Wastewater Treatment Plant Upgrade. The maximum amount awarded for the loan is \$6,653,446. The final loan amount was \$5,972,289 at December 1, 2011. Payments began December 1, 2012 over a term of 20 years with 4% interest per annum. The balance of \$4,883,749 plus accrued interest of \$41,241 was paid off February 15, 2017, through a loan refunding agreement with JP Morgan Chase Bank.

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

Fiscal Year Ending June 30,	Outstanding June 30, 2016	Redeemed	Outstanding June 30, 2017	Interest
2018	\$ 285,000		\$ 285,000	\$ 122,136
2019	285,000		285,000	114,925
2020	290,000		290,000	107,652
2021	295,000		295,000	100,251
2022	305,000		305,000	92,661
2023-2027	1,645,000		1,645,000	341,866
2028-2031	1,865,000		1,865,000	120,112
Total	<u>\$ 4,970,000</u>	<u>\$ -</u>	<u>\$ 4,970,000</u>	<u>\$ 999,603</u>

9. INTERGOVERNMENTAL AGREEMENT - RESERVOIR TANK LOAN PAYABLE

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

**ROBERTS CREEK WATER DISTRICT**

Notes to the Financial Statements  
For years ended June 30, 2017 and 2016

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

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

10. RESERVATION FEE

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

11. CONTRIBUTED CAPITAL

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

	<u>2017</u>	<u>2016</u>
Beginning Balance	\$ 3,124,254	\$ 3,124,254
Contractor Line Improvements	-	-
Ending Balance	<u>\$ 3,124,254</u>	<u>\$ 3,124,254</u>

12. COMMITMENTS

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

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events as of December 22, 2017, the date the financial statements were made available to be issued. No subsequent events were noted.

Supplementary Information

Budget Basis



**ROBERTS CREEK  
WATER DISTRICT**

Balance Sheet - Fund Financial Statements - Budget Basis

June 30, 2017

	Enterprise Fund	Capital Projects Fund	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 533,562	\$ 1,569,036	\$2,102,598
Accounts Receivable:			
Water	148,475		148,475
Due from General Fund	-	2,710	2,710
Prepaid Expenses	8,239		8,239
Inventory and Supplies	58,985		58,985
Office Equipment, Net	969		969
Operating Equipment-Vehicle, Net	24,044		24,044
Office and Building Site, Net	60,319		60,319
Water Plant, Net	8,132,166		8,132,166
Distribution Lines and Reservoir, Net	3,341,102		3,341,102
Amount to be Provided for			
Retirement of Revenue Bonds	55,946		55,946
Reservoir Tank Loan	416,697		416,697
Treatment Plant Upgrade Loan	4,970,000		4,970,000
	<u>\$17,750,504</u>	<u>\$1,571,746</u>	<u>\$19,322,250</u>
<u>Liabilities and Fund Equity</u>			
<u>Liabilities:</u>			
Due to Capital Projects Fund	2,710		2,710
Accounts Payable and Accrued Expenses	34,849		34,849
Vacation and Comp. Time Payable	34,839		34,839
Service Deposits Payable	101,326		101,326
Unclaimed Property	244		244
Revenue Bond Payable-SPWF	55,946		55,946
Reservoir Tank Note Payable-Douglas County	416,697		416,697
Treatment Plant Upgrade Loan Payable	4,970,000		4,970,000
Deferred Revenue	148,475		148,475
Total Liabilities	<u>5,765,086</u>	<u>-</u>	<u>5,765,086</u>
<u>Fund Equity:</u>			
Fund Balance Reserved for:			
Inventory	58,986		58,986
Fixed Assets	11,558,600		11,558,600
Unreserved	367,832	1,571,746	1,939,578
Total Fund Equity	<u>11,985,418</u>	<u>1,571,746</u>	<u>13,557,164</u>
	<u>\$17,750,504</u>	<u>\$1,571,746</u>	<u>\$19,322,250</u>
Total Liabilities and Fund Equity	<u>\$17,750,504</u>	<u>\$1,571,746</u>	<u>\$19,322,250</u>



**ROBERTS CREEK  
WATER DISTRICT**

Reconciliation of the Budget Basis Fund Equity  
to the Statement of Net Position  
at  
June 30, 2017

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Total fund equity - Balance Sheet	\$13,557,164
Amounts reported for Enterprise Fund activities in the statement of net position are different because:	
Allowance for Bad Debt	(7,424)
Amount to be provided for bond retirement is not reported in the government-wide statements	(5,442,643)
Deferred revenues reported in the fund financial statements are recognized as revenues for the government-wide statements	148,475
Accrued interest payable is not reported in the fund financial statements, but is reported in the government-wide statements	(12,438)
Net Position	<u><u>\$8,243,135</u></u>





**ROBERTS CREEK  
WATER DISTRICT**

Statement of Revenues, Expenditures and Changes in Fund Balances  
Fund Financial Statements - Budget Basis  
For The Fiscal Year Ended June 30, 2017

	Enterprise Fund	Capital Projects Fund	Total
<b>Operating Revenues:</b>			
Water Sales	\$ 1,780,093	-	\$ 1,780,093
Meter Sales	7,400	\$ 53,971	61,371
Standby Charges	18,535	-	18,535
Miscellaneous	44,125	-	44,125
Special Surcharge (Lines)	12,005	-	12,005
Special Surcharge (Tanks)	17,664	-	17,664
Backflow Test Receipts	4,452	-	4,452
Proceeds from Refunding	-	4,970,000	4,970,000
Interest	614	2,133	2,747
<b>Total Revenues</b>	<b>1,884,888</b>	<b>5,026,104</b>	<b>6,910,992</b>
<b>Operating Expenditures:</b>			
Administrative Department	356,964	-	356,964
Operating Department	871,742	-	871,742
Debt Service	45,246	5,401,464	5,446,710
Debt Issuance Costs from Refunding	-	42,300	42,300
Capital Outlay	2,695	3,302	5,997
<b>Total Expenditures</b>	<b>1,276,647</b>	<b>5,447,066</b>	<b>6,723,713</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>608,241</b>	<b>(420,962)</b>	<b>187,279</b>
<b>Other Financing Sources (Uses):</b>			
Operating Transfer In	-	590,000	590,000
Operating Transfer Out	(590,000)	-	(590,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(590,000)</b>	<b>590,000</b>	<b>-</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>18,241</b>	<b>169,038</b>	<b>187,279</b>
<b>Fund Balance, Unreserved, Beginning</b>	<b>349,591</b>	<b>1,402,708</b>	<b>1,752,299</b>
<b>Fund Balance, Unreserved, Ending</b>	<b>\$367,832</b>	<b>\$1,571,746</b>	<b>\$1,939,578</b>



**ROBERTS CREEK  
WATER DISTRICT**

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances to Change in Net Position  
for the period ended  
June 30, 2017

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Net Change in fund balances - Proprietary Funds - Budget	\$187,279
Amounts reported for proprietary funds and the statement of activities are different because:	
Depreciation Expense on capital assets is reported in the government- wide statement of activities and changes in net position, and not reported as expenditure in the proprietary funds	(596,426)
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in proprietary funds.	235
Proprietary funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	3,920
Long-term debt proceeds reported as revenues in the proprietary funds are reported as liabilities in the government-wide financial statements	(4,970,000)
Accrued Interest expense is not reported in the fund financial statements, but is in the government-wide statements	109,682
The payment of long-term debt uses current financial resources in the budget basis financial statement of revenues, expenditures, and changes in fund balances, but they do not require the use of current financial resources in the proprietary fund.	5,158,980
Some revenues will not be collected for several months after the districts year end, they are not considered "available" revenues in the proprietary funds.	1,626
Change in net position	<u><u>(\$104,704)</u></u>



**ROBERTS CREEK  
WATER DISTRICT**

Schedule of Revenues, Expenditures and Changes in Fund Balances  
Actual and Budget - Enterprise Fund (Budget Basis)  
For The Fiscal Year Ended June 30, 2017

	Actual	Original & Final Budget	Over (Under) Budget
<b>Revenues:</b>			
Water Sales	\$ 1,340,093	\$ 1,450,000	\$ (109,907)
Water Sales Plant Upgrade	440,000	440,000	-
Meter Sales	7,400	10,000	(2,600)
Standby Charges	18,535	19,000	(465)
Miscellaneous	44,125	60,000	(15,875)
Special Surcharge (Lines)	12,005	50,000	(37,995)
Special Surcharge (Tanks)	17,664	50,000	(32,336)
Backflow Test Receipts	4,452	6,000	(1,548)
Previously Levied Taxes	1	-	1
Interest	614	600	14
Total Revenues	1,884,889	2,085,600	(200,711)
<b>Expenditures:</b>			
Administrative Department			
Personal Services:			
Office Manager	80,372	73,500	6,872
Office Assistant	71,981	79,500	(7,519)
Administrative Assistant	-	2,000	(2,000)
Social Security	11,696	12,000	(304)
Worker's Compensation	257	500	(243)
Insurance	62,700	60,000	2,700
Unemployment Compensation	5,965	6,100	(135)
Retirement	16,414	18,500	(2,086)
Vacation and Compensation Time	(6,799)	2,000	(8,799)
Total Personal Services	242,586	254,100	(11,514)



Schedule of Revenues, Expenditures and Changes in Fund Balances  
Actual and Budget - Enterprise Fund (Budget Basis)  
For The Fiscal Year Ended June 30, 2017

	Actual	Original & Final Budget	Over (Under) Budget
Administrative Department (Con't)			
Materials and Services:			
Audit	8,750	11,750	(3,000)
Elections	1,396	1,500	(104)
Supplies	5,851	6,000	(149)
Telephone	2,064	4,000	(1,936)
Electricity	2,951	3,000	(49)
Legal Fees	295	5,000	(4,705)
Property Insurance	30,572	34,000	(3,428)
Liability and Auto Insurance	8,659	10,000	(1,341)
Repair and Maintenance	3,299	8,000	(4,701)
Administrative Services	2,465	3,200	(735)
Bank Charges	-	2,000	(2,000)
Budgeting	314	375	(61)
Education	1,587	2,000	(413)
Miscellaneous	2,438	5,000	(2,562)
Advertising	7	500	(493)
Postage	10,832	17,000	(6,168)
Contract Services	25,746	28,000	(2,254)
Merchant Service Fees	6,843	5,500	1,343
	<u>114,069</u>	<u>146,825</u>	<u>(32,756)</u>
Capital Outlay:			
Office Equipment	309	1,000	(691)
Office Improvements	-	5,000	(5,000)
	<u>309</u>	<u>6,000</u>	<u>(5,691)</u>
	<u>356,964</u>	<u>406,925</u>	<u>(49,961)</u>
Operating Department			
Personal Services:			
Plant Superintendent	79,126	79,000	126
Service Crew	272,188	280,000	(7,812)
Social Security	27,047	28,000	(953)
Worker's Compensation	6,727	13,000	(6,273)
Insurance	134,330	157,000	(22,670)
Unemployment Compensation	13,771	14,500	(729)
Retirement	41,320	41,500	(180)
Vacation and Compensation Time	7,415	2,000	5,415
	<u>581,924</u>	<u>615,000</u>	<u>(33,076)</u>



**ROBERTS CREEK  
WATER DISTRICT**

Schedule of Revenues, Expenditures and Changes in Fund Balances  
Actual and Budget - Enterprise Fund (Budget Basis)  
For The Fiscal Year Ended June 30, 2017

	Actual	Original & Final Budget	Over (Under) Budget
Operating Department (Con't)			
Materials and Services:			
Freight	1,680	3,000	(1,320)
Tools	2,808	2,500	308
Supplies and Safety Items	2,810	4,000	(1,190)
Telephone and Communications	4,239	6,400	(2,161)
Electricity	122,660	120,000	2,660
Fees and Dues	11,318	10,000	1,318
Fuel	7,140	10,000	(2,860)
Equipment Maintenance	16,445	10,000	6,445
Repair and Maintenance-Field	36,729	25,000	11,729
Repair and Maintenance-Plant	22,089	35,000	(12,911)
Chemicals	35,841	40,000	(4,159)
Miscellaneous	333	2,000	(1,667)
Education	1,383	5,000	(3,617)
Reservoir Maintenance	678	4,000	(3,322)
Miox System	2,373	4,000	(1,627)
Summer Stored Water	2,175	6,000	(3,825)
Emergency Inter-tie	-	1,500	(1,500)
Engineering	-	1,000	(1,000)
New Connections-Materials	1,314	2,000	(686)
Inventory Adjustment	2,512	-	2,512
Water Samples	6,952	8,500	(1,548)
Compliance Fees	-	1,300	(1,300)
Backflow Testing	3,202	3,500	(298)
Total Materials and Services	<u>284,681</u>	<u>304,700</u>	<u>(20,019)</u>
Capital Outlay:			
Meter Installations	594	3,000	(2,406)
Replace Lines	-	50,000	(50,000)
Equipment Purchases	2,695	3,000	(305)
Safety Equipment	863	3,000	(2,137)
Repair River Intake	-	4,000	(4,000)
Replace Filter Media	3,680	6,000	(2,320)
Total Capital Outlay	<u>7,832</u>	<u>69,000</u>	<u>(61,168)</u>
Total Operating Department Expenditures	<u>874,437</u>	<u>988,700</u>	<u>(114,263)</u>



**ROBERTS CREEK  
WATER DISTRICT**

Schedule of Revenues, Expenditures and Changes in Fund Balances  
Actual and Budget - Enterprise Fund (Budget Basis)  
For The Fiscal Year Ended June 30, 2017

	Actual	Original & Final Budget	Over (Under) Budget
Operating Contingencies	-	73,000	(73,000)
Debt Service			
Deferred Loan Interest	4,728	4,729	(1)
Deferred Loan Principal	22,854	22,854	-
Reserve for Payment	-	50,000	(50,000)
Intergovernmental Agreement Payment	17,664	50,000	(32,336)
Total Debt Service	<u>45,246</u>	<u>127,583</u>	<u>(82,337)</u>
 Total Expenditures	 <u>1,276,647</u>	 <u>1,596,208</u>	 <u>(319,561)</u>
 Excess of Revenues Over (Under) Expenditures	 <u>608,242</u>	 <u>489,392</u>	 <u>118,850</u>
Other Financing Sources (Uses):			
Operating Transfer Out	<u>(590,000)</u>	<u>(640,000)</u>	<u>50,000</u>
Total Other Financing Sources (Uses)	<u>(590,000)</u>	<u>(640,000)</u>	<u>50,000</u>
 Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 18,242	 (150,608)	 168,850
FUND BALANCE, Beginning	<u>349,591</u>	<u>265,000</u>	<u>202,934</u>
FUND BALANCE, Ending	<u>\$367,833</u>	<u>\$114,392</u>	<u>\$371,784</u>



**ROBERTS CREEK  
WATER DISTRICT**

Schedule of Revenues, Expenditures and Changes in Fund Balances  
Actual and Budget - Capital Project Fund (Budget Basis)  
For The Fiscal Year Ended June 30, 2017

	Actual	Original & Final Budget	Over (Under) Budget
<b>Revenues:</b>			
Meter Sales	\$53,971	\$69,000	(\$15,029)
Interest	2,133	2,000	133
Proceeds from Refunding	4,970,000	-	4,970,000
<b>Total Revenues</b>	<b>5,026,104</b>	<b>71,000</b>	<b>4,955,104</b>
<b>Expenditures:</b>			
Capital Outlay	-	1,207,000	(1,207,000)
Reservoir Maintenance	3,302	150,000	(146,698)
Miscellaneous	-	2,000	(2,000)
Debt Issuance Costs	42,300	-	42,300
Debt Service - Plant Upgrade	5,401,464	440,000	4,961,464
<b>Total Expenditures</b>	<b>5,447,066</b>	<b>1,799,000</b>	<b>3,648,066</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(420,962)</b>	<b>(1,728,000)</b>	<b>1,307,038</b>
<b>Other Financing Sources (Uses):</b>			
Operating Transfer In	590,000	640,000	(50,000)
<b>Total Other Financing Sources (Uses)</b>	<b>590,000</b>	<b>640,000</b>	<b>(50,000)</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>169,038</b>	<b>(1,088,000)</b>	<b>1,257,038</b>
<b>FUND BALANCE, Beginning</b>	<b>1,402,708</b>	<b>1,300,000</b>	<b>1,134,708</b>
<b>FUND BALANCE, Ending</b>	<b>\$1,571,746</b>	<b>\$212,000</b>	<b>\$2,391,746</b>

Other Supplemental Data



**ROBERTS CREEK WATER DISTRICT**

Schedule of Insurance Coverage

As of June 30, 2017

Company	Policy Number	Agency	Expires	Coverage	Amount
Special Districts Association of Oregon	23P54183-1219	Umpqua Insurance Agency	1/1/18	Property Coverage:	
				Buildings	\$17,031,870
				Contents	3,667,166
				Equipment	210,750
				Electronic Data Processing Equip	100,000
				Business Income	1,000,000
				Extra Expense	1,000,000
				Accounts Receivable	250,000
				Other Property Liability	250,000
				Earthquake	10,000,000
				Public Entity Liability Coverage	500,000
				Uninsured Motorist	500,000
				BOLI Defense	50,000
				Pollution Coverage	100,000
				Crime:	
				Public Employee Dishonesty	50,000
				Forgery	50,000
				Theft, Disappearance or Destruction	
				Inside/Outside Premises	250,000
				Computer Fraud	50,000
Excess Liability	4,500,000				
Total Limit of Indemnification	20,909,786				

Auditor's Comments and Disclosures  
Required by State Law



# NEUNER, DAVIDSON, COOLEY & RAPP, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Thomas J. Davidson, C.P.A.  
Jeffrey R. Cooley, C.P.A.  
Vickie L. Rapp, C.P.A.  
Traci I. Trotter, C.P.A.  
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## INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors  
Roberts Creek Water District  
Roseburg, OR 97471

We have audited the basic financial statements of the Roberts Creek Water District as of and for the year ended June 30, 2017, and have issued our report thereon dated December 22, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

### Compliance

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

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

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

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

### OAR 162-10-0230 Internal Control

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

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

**Restrictions on Use**

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

Neuner, Davidson, Cooley & Rapp, LLC  
Certified Public Accountants



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Jeffrey R. Cooley, CPA  
Roseburg, Oregon  
December 22, 2017