

# ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT DRAFT MINUTES

18 November 2016

A quorum was present.

Water Board: Virginia Birkby, President  
Ron Schiffman, Vice-President  
Debra Birkby, Treasurer  
Dan Seifer

Sanitary Board: Darr Tindall (non-voting)  
Casey Short (non-voting)

Public: Don Cahill  
David & Jeannie Stockton

Staff: Phil Chick, District Manager  
Steve Hill, Secretary

Ms. Virginia Birkby called the meeting to order at 6:00pm.

**Public Comments:** None.

**Agenda:** Strike the District Manager's Contract Revision. Mr. Seifer moved acceptance of the agenda as amended which was seconded by Ms. Debra Birkby. All in Favor (AIF).

**Consent Agenda:** . Pull the minutes. Mr. Seifer moved acceptance of the consent agenda as revised which was seconded by Ms. Debra Birkby. AIF.

## **Old Business:**

**Irrigation and Leak Policies:** A typo was indicated in the third paragraph of the Irrigation System Report and Leak Policy where it now reads, "... water consumption, and ...", should now read, "... water consumption, and ... ". Recommendations were made to advise customers every year of both policies which could be accomplished through notations within the quarterly bills to include the requirement, where appropriate, to submit an annual irrigation report and to shut off irrigation systems from November to April. It was also recommended to post information for both policies on the web site.

Mr. Seifer moved for the adoption of the Dwelling Leak Policy (attached) which was seconded by Ms. Debra Birkby. AIF.

Discussion ensued on the irrigation and leak policy where it was expressed that the dwelling leak policy was sound in that it was based upon an actual unanticipated failure of a plumbing system while the purposeful use of an irrigation system wasn't consistent with the District's objective of conserving water and to provide a 'leak' provision was inappropriate.

Mr. Schiffman moved for the adoption of the Irrigation System Report and Leak Policy (attached) which was seconded by Ms. Debra Birkby. Mr. Schiffman voted yes. Ms. Virginia Birkby, Ms. Debra Birkby, and Mr. Seifer voted no. The motion failed. This item to appear on next month's agenda.

Mr. Seifer moved recommend the existing irrigation policy which did not receive a second.

**MODA Policy Renewal:** The District's health insurance policy with MODA was reported to be up for renewal on the first of next year reflecting an approximate three percent (3%) increase or \$65.00 per month increase which would cover district employees and their families. Vision coverage was discussed which amounts to a maximum of \$300.00 per year per family.

Mr. Seifer moved that the District renew the policy with MODA which was seconded by Mr. Schiffman. AIF.

**Admin Assistant RFP Update:** The RFP (attached) was reported to have been advertized on the SDAO web site, with the Daily Astorian, Seaside Signal and Tillamook Headlight Herald. Proposals will be accepted through 3:00pm November 30, 2016 and reviewed on December 5, 2015 by Ms. Virginia Birkby and Mr. Short with the objective of concluding a contract on January 1, 2017.

**SDC Financing (Bancroft):** Moved to next month.

**Whistle Blower Policy:** It was reported that Oregon now requires districts to establish a whistle blowers policy by the first of next year and the district utilized draft wording provided by SDAO (attached). It was recommended that in the first sentence of the Purpose section on page one that where it reads, "To provide and reporting procedures..." be changed to read, "To provide reporting procedures ...". It was moved by Mr. Seifer to adopt Resolution 16-08 WD establishing the whistle blowers policy as amended and was seconded by Ms. Debra Birkby. AIF

**October 21<sup>st</sup> Minutes:** In the District Manager's Contract section where it presently reads, "... to include supervision of the administrative support contractor." be corrected to read, "... to include administration of the administrative support contractor."

Mr. Seifer moved acceptance of the October 21<sup>st</sup> minutes as corrected which was seconded by Ms. Debra Birkby. AIF.

### **New Business:**

**2015-16 Preliminary Audit Review Draft:** Mr. Hill reported that the transition to reporting on a modified cash basis was now complete with the draft now available to the Board. On page 6 in the financial highlights section where results of operations were reported it was suggested that in place of, "... received more expended more resources than ... " be changed to read, "... expended more resources than ...". He was requested to contact the District's auditor, Mr. Pat Carney, CPA to learn whether Mr. Carney could join the regular meeting held on December 16, 2016 to present the audit review and answer questions posed by the Board.

**Reports:**

**Accounts Receivable:** Accounts receivable were reported to be in excellent shape.

**District Managers Report:** Mr. Chick reported that in addition to the information contained in the Managers Report (attached) five thousand (5000) acres of land in the Arch Cape watershed owned by Stimpson Lumber of Forest Grove Oregon had been purchased by Ecotrust located in Portland Oregon. He cited the organization's mission statement being, "Ecotrust's mission is to inspire fresh thinking that creates economic opportunity, social equity, and environmental well-being. Our goal is to foster a natural model of development that creates more resilient communities, economies, and ecosystems here and around the world." It was anticipated that Ecotrust would sell carbon credits to other firms as well as conduct limited, environmentally sensitive logging in the future. There was a general feeling among those at the meeting that this was a welcome and positive development for the Arch Cape community.

**Treasurer's Report:** The Columbia Bank checking account was reported to have a balance at month end of \$75,181 and the accounts to be reconciled.

**Board of Directors' Comments and Reports:** Mr. Seifer expressed his appreciation to David and Jeannie Stockton for the support they had shown the district.

**December Agenda Items:** Auditor report to the Board, District Manager contract revision, Irrigation policy, second water source update, admin assistant RFP update, Bancroft SDC financing.

**Public Comment:** None.

Ms. Virginia Birkby adjourned the meeting at 6:52pm.

Respectfully submitted,

Steve Hill

Attest \_\_\_\_\_  
Ms. Virginia Birkby, President

**ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT**

**RESOLUTION 16-08 WD**

**A RESOLUTION ESTABLISHING THE WHISTLE BLOWER POLICY FOR THE ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT (“District”).**

WHEREAS, the 2016 Oregon Legislature adopted House Bill 4067 requiring all public and nonprofit employers to establish and implement a whistleblower policy by January 1, 2017; and

WHEREAS, the District is a public employer and therefore required to adopt a whistleblower policy;

NOW THEREFORE BE IT RESOLVED that the District adopts the whistleblower policy attached to this Resolution, entitled “Whistleblower Protections” dated November 18, 2016.

The above resolution statements were approved and declared adopted on this 18<sup>th</sup> day of November 2018.

\_\_\_\_\_  
Virginia Birkby, President

Attest \_\_\_\_\_  
Steve Hill, Secretary

# Whistleblower Protections

## Purpose

To provide and reporting procedures should a District employee become aware of improper government action in accordance with Oregon Revised Statute 659A.200 to 659A.224.

- I. The District encourages any employee with knowledge of or concern of an illegal or dishonest fraudulent District activity to report it to the District Manager. The employee may also provide the information to a District board member, a state or federal regulatory agency, a law enforcement agency or an attorney licensed to practice law in Oregon if a confidential communication is made in connection with the alleged violation. Attorneys employed by the District may report violations of law to the Attorney General, subject to rules of professional conduct. All such issues will be investigated in a timely manner to determine fault and institute any appropriate corrective measures. Examples of illegal or dishonest activities are violations of federal, state, or local laws; billing for services not performed or for goods not delivered; and other fraudulent financial reporting.
- II. The employee must exercise sound judgment to avoid baseless allegations. An employee who intentionally files a false report of wrongdoing may be subject to corrective action up to and including termination.
- III. Whistleblower protections are provided to maintain confidentiality and to prevent retaliation. While identity may have to be disclosed to conduct a thorough investigation, to comply with the law, and to provide accused individuals their due course, the privacy of the individual making the report will be protected as much as possible. The District will not retaliate against a whistleblower. This includes, but is not limited to, protection from retaliation in the form of an adverse employment action such as termination, compensation decreases, or poor work assignments and threats of physical harm. Any whistleblower who believes he/she is being retaliated against must contact the District Manager or a District board member immediately. The right of a whistle blower for protection against retaliation does not include immunity for any personal wrongdoing that is alleged and investigated.
- IV. All reports of illegal and dishonest activities will be promptly submitted to the District Manager or a District board member who is responsible for investigating and coordinating corrective action.

**Arch Cape Domestic Water Supply District  
Dwelling Water Leak Policy  
Policy # \_\_\_\_\_**

WHEREAS, the Arch Cape Domestic Water Supply District [ACDWSD] is a water conservation district, and

WHEREAS, the ACDWSD has adopted a rate structure intended to encourage water conservation, and

WHEREAS, the ACDWSD recognizes that plumbing failures beyond the control of the homeowner can result in water leaks, and

WHEREAS, it is not the intention of the ACDWSD to create a financial hardship on homeowners by assessing excess usage fees for water consumed due to a leak beyond the control of the homeowner,

NOW THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT,

THAT the term “dwelling plumbing system” as used herein is defined as the plumbing system from the ACDWSD water meter to the premises dwelling and its attendant pipes, fittings and fixtures and does not include irrigation systems [Ref. ACDWSD Irrigation System Report and Leak Policy # \_\_\_\_\_],

THAT the term “leak” as used herein is defined as a dwelling plumbing system failure beyond the control of the homeowner, resulting in unintended water consumption,

THAT the “cost of producing potable water” includes Operating Costs (total M&S), excluding bonded debt service, for the then current budget of the ACDWSD,

THAT homeowners shall reasonably monitor water usage and timely repair dwelling plumbing systems, upon discovery by the homeowner, or notice from the ACDWSD, of any leaks,

THAT in the event of a leak resulting in excess water use charges, said excess charges may be appealed to the ACDWSD as provided in the ACDWSD Billing Appeal Policy, including a statement of when the leak was discovered along with evidence of timely repair such as a plumbing bill or parts invoice,

THAT along with other relevant evidence, consideration shall be given to homeowner history of water consumption, homeowner acts or omissions, the timeliness of repairs, the severity of the leak, and whether the homeowner was absent from the subject dwelling for a period of 30 days or more at the time of occurrence, without having shut off the water supply to the dwelling.

THAT it shall be the policy of the ACDWSD to bill the subject excess water consumption, as determined by the ACDWSD, at the cost of producing potable water for the ACDWSD District, and not at excess water usage rates,

THAT this ACDWSD Water Leak Policy shall supersede the ACDWSD Policy # \_\_\_\_\_, adopted \_\_\_\_\_.

DATED:

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**Arch Cape Domestic Water Supply District  
Irrigation System Report and Leak Policy  
Policy #\_\_\_\_\_**

WHEREAS, the Arch Cape Domestic Water Supply District [ACDWSD] is a water conservation district, and

WHEREAS, the ACDWSD has adopted a rate structure intended to encourage water conservation, and

WHEREAS in an effort to protect our water supply, the ACDWSD intends to create a policy with regard to irrigation systems, water consumption, and irrigation system failures resulting in leaks, and

WHEREAS, it is not the intention of the ACDWSD to create a financial hardship on homeowners by assessing excess usage fees for water consumed due to a leak beyond the control of the homeowner,

NOW THEREFORE, IT IS RESOLVED BY THE BOARD OF COMMISSIONERS OF THE ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT,

THAT the term “irrigation systems” as used herein is defined as an under-ground or above-ground system of pipes, fittings and sprinkler/distribution heads which when in operation dispense water onto lawns and landscape and is external to the dwelling plumbing system and is not directly or indirectly connected to the ACSD wastewater collection and treatment system [Ref ACDWSD Dwelling Water Leak Policy #\_\_\_\_\_],

THAT the term “leak” as used herein is defined as a irrigation system failure beyond the control of the homeowner, resulting in the unintended consumption of water,

THAT the “cost of producing potable water” includes Operating Costs (total M&S), excluding bonded debt service, for the then current budget of the ACDWSD,

THAT owners and operators of irrigation systems within the boundaries of the ACDWSD shall submit annually a maintenance and operations report in the form and substance provided herein, including as follows [Ref. Annual Irrigation Policy Maintenance and Operations Report Form]:

- (1) The report shall contain a certification by the owner of proper operation on the controllers and piping, fittings, and sprinkler/distribution heads;
- (2) The report shall contain the time and rate of use in gallons per minute (GPM)
- (3) The report shall contain the current names and current telephone numbers for the homeowner and his/her irrigation contractors (simple residence drip systems may be maintained by the homeowner);



- (4) The report shall be submitted to the District Manager of the ACDWSD and ACSD no later than May 1st of each year.

THAT irrigation systems shall be physically shut off from November 1 through April 30 of the next year and that no relief for irrigation leaks shall be granted for leaks occurring during that period,

THAT homeowners shall reasonably monitor water usage and timely repair irrigation systems, upon discovery by the homeowner, or notice from the ACDWSD, of any leaks,

THAT in the event of an irrigation system leak resulting in excess water use charges, said excess charges may be appealed to the ACDWSD as provided in the ACDWSD Billing Appeal Policy, including a statement of when the leak was discovered along with evidence of timely repair such as a repair bill or parts invoice [Ref. ACDWSD Billing Appeal Policy # \_\_\_\_\_],

THAT along with other relevant evidence, consideration shall be given to homeowner history of water consumption during the twelve month period immediately preceding the discovery of the leak, homeowner acts or omissions, the timeliness of repairs, the severity of the leak, and whether the homeowner was absent from the subject dwelling for a period of 30 days or more at the time of occurrence, without having shut off the water supply to the irrigation system.

THAT it shall be the policy of the ACDWSD to bill the subject excess water consumption, as determined by the ACDWSD, at the cost of producing potable water for the ACDWSD District, and not at excess water usage rates,

THAT in the event that an Annual Irrigation Policy Maintenance and Operations Report Form is not submitted by May 1<sup>st</sup> of each year as provided herein, then the owner shall have no claim for relief whatsoever from Arch Cape Domestic Water Supply District billing invoice charges, basic, excess or otherwise.

THAT this Irrigation System Report and Leak Policy shall supersede ACDWSD Irrigation Policy No. 14-00 WD, adopted January 10, 2014.

DATED:

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**Arch Cape Domestic Water Supply District  
And  
Arch Cape Sanitary District  
Annual Irrigation Policy Maintenance and Operations Report Form**

Type of Irrigation  
Controller: \_\_\_\_\_;  
Date of Last  
Inspection: \_\_\_\_\_  
\_\_\_\_\_;

Number of  
Zones: \_\_\_\_\_  
\_\_\_\_\_;

Time of Day Each Zone is Used:  
1 \_\_\_\_\_ 2 \_\_\_\_\_ 3 \_\_\_\_\_ 4 \_\_\_\_\_ 5 \_\_\_\_\_ 6 \_\_\_\_\_ 7 \_\_\_\_\_  
\_\_\_\_\_ 8 \_\_\_\_\_

Rate of Use for Each Zone:  
1 \_\_\_\_\_ 2 \_\_\_\_\_ 3 \_\_\_\_\_ 4 \_\_\_\_\_ 5 \_\_\_\_\_ 6 \_\_\_\_\_ 7 \_\_\_\_\_  
\_\_\_\_\_ 8 \_\_\_\_\_

Total Gallons Used per Minute  
(GPM): \_\_\_\_\_;

Report and  
Repairs: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_;

Homeowners  
Name: \_\_\_\_\_  
\_\_\_\_\_

Homeowners Telephone  
Numbers: \_\_\_\_\_

Homeowners Email  
Address: \_\_\_\_\_

Homeowners Other Emergency  
Contact: \_\_\_\_\_

Irrigation Contractors  
Name: \_\_\_\_\_

Irrigation Contractors Telephone  
Numbers: \_\_\_\_\_

Please submit this report on or before May 1<sup>st</sup>:  
Arch Cape Water and Sanitary Districts  
32065 E Shingle Mill Ln  
Arch Cape, OR 97102

**FAILURE TO TIMELY SUBMIT THIS REPORT WILL FORFEIT YOUR  
RIGHT TO A CLAIM FOR RELIEF IN THE EVENT OF A SYSTEM LEAK**

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Date: \_\_\_\_\_  
(Homeowners Signature)

Arch Cape Domestic Water Supply District

REQUEST FOR PROPOSAL

1. Objective:

The Arch Cape Domestic Water Supply District is seeking to contract the services of an Administrative Assistant to provide support in bookkeeping, reporting, banking, and assistance to the Arch Cape Domestic Water Supply Board of Commissioners, Sanitary District Board of Directors, and District Manager.

2. Submission of Proposals

Proposals are due in the office of the Arch Cape Water District, Attention: Mr. Phil Chick, **by 3:00 p.m. on November 30th, 2016**. No late proposals will be accepted. No facsimile quotes are allowed.

3. Responsibilities of Administrative Assistant:

*See Scope of Services Attachment*

4. Contract Requirements:

- a. The selected proposer must agree to maintain accurate financial reports that conform to generally accepted accounting principles.
- b. The selected proposer must comply with all applicable Federal, State, County and local statutes, rules and funding criteria governing insurance, workers compensation, services and facilities.
- c. A copy of the Personal Services Agreement the selected proposer is expected to execute is attached hereto. A Proposer must notify District in writing of any exceptions to the Contract at the time of submission of its quote.

5. Proposal Contents:

Proposer is to provide one original and 2 copies of its proposal to the location and by the due date specified in Section 2 above. The proposal should address the following:

Demonstrate substantial experience performing this type of work.

- a. Submit a minimum of 3 references for existing contracts; References shall demonstrate a minimum of three (3) complete years of satisfactory service by Proposer to the Reference. References should include government entities of comparable size, with comparable facilities.
- b. Describe Proposer's program model and service strategy. Indicate clearly what the measurable service objectives and outcomes will be.
- c. Describe Proposer's pricing structure and fees and/or compensation required.

*Consideration will be given to proposals that demonstrate each of the following:*

- a. At least five (5) years experience in bookkeeping including accounts payable/receivable
- b. Prior experience with Quickbooks
- c. Prior experience with public funding mechanisms
- d. Prior experience working with and reporting through PERS
- e. Prior experience in Public Meeting and Public Records laws, minute taking
- f. Prior experience in Microsoft Excel and MS Word
- g. Prior experience with Oregon public water, sanitary, or Special Districts

The proposal shall further describe the proposer's abilities and experience in each of the following:

- a. Punctuality in managing customer accounts, Board requests, vendor billings.
- b. Ability to organize and manage data and records
- c. I.T. Skills
- d. Budgeting/Forecasting/Analysis Skills
- e. Customer Service

6. Protest:

Any person submitting a quote who disagrees with the selection decision must submit a written protest within 7 days of receipt of the notice of decision.

7. Reservation of Rights:

Arch Cape Water District reserves the right to:

- a. Reject any or all Quotes or any portion thereof, or to select the Proposal which, in its sole opinion, is in the best interest of the District. Proposals are subject to rejection if any omissions, conditional proposals, or irregularities of any kind exist.
- b. Accept a Quote and subsequent offers for Contract from other than the lowest cost proposed.
- c. Waive or modify any irregularities in Proposals received.
- d. Make the award to any Proposer whose Quote, in the opinion of management and the Board, is in the best interest of the District.

proposals may be submitted to:

Mr. Phil Chick

Arch Cape Water District

32065 East Shingle Mill Lane

Arch Cape, OR 97102

503-436-2790

**Deadline: Wednesday November 30<sup>th</sup> by 3pm**

**ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT  
ADMINISTRATIVE SUPPORT PERSONAL SERVICES AGREEMENT**

THIS PERSONAL SERVICES CONTRACT ("Contract") is made by and between the Arch Cape Domestic Water Supply District (ACDWSD), a water district formed under ORS Chapter 264, and, \_\_\_\_\_ ("Contractor").

**RECITALS**

- A. ACDWSD needs the services of professional Contractor with the particular training, ability, knowledge, and experience possessed by Contractor and wishes to continue receiving such services from Contractor.
- B. ACDWSD desires assistance with the administration of the District as it relates to Finance, accounts and general services limited to the job descriptions.
- C. The parties wish to set forth the terms and conditions of their agreement in this Personal Services Contract ("Contract").

**AGREEMENT**

- 1. **SCOPE OF WORK.** Contractor shall provide professional, technical and expert services to ACDWSD, as more particularly described in the attached, "Contractor Scope of Services Arch Cape Domestic Water Supply and Sanitary Districts – Exhibit A."
- 2. **EFFECTIVE DATE AND DURATION OF CONTRACT.** This Contract shall become effective on \_\_\_\_\_. This Contract shall remain in full force and effect until \_\_\_\_\_.
- 3. **PAYMENT.** ACDWSD agrees to pay Contractor a monthly lump sum payment of \_\_\_\_\_ by the Arch Cape Domestic Water Supply District for the services and work required under this Contract.
  - 3.1. **CONTRACTOR** shall submit monthly billings for work performed from \_\_\_\_\_.
  - 3.2. ACDWSD shall pay Contractor for the amount billed within thirty (30) days after receiving Contractor's billing. ACDWSD shall not pay any amount in excess of the compensation amounts set forth above nor shall ACDWSD pay Contractor any fees or costs which ACDWSD reasonably disputes.
  - 3.3. **FAILURE TO PERFORM.** In the event that Contractor fails to perform any material obligations, ACDWSD reserves the right to give Contractor written notice of such failure. Contractor will then have thirty (30) calendar days to resolve the failure. If the failure is not resolved within thirty (30) days after notification, ACDWSD reserves the right to withhold all money that is due and payable to Contractor. Such a remedy is in addition to other remedies that might be available to ACDWSD. Moreover, ACDWSD reserves the right to terminate the contract if Contractor exceeds thirty (30) days of non-performance.

4. **CHANGES.** This Contract, including all exhibits attached hereto, shall not be waived, altered, modified, supplemented, extended or amended, in any manner whatsoever, except by written instrument, executed by both parties. The parties acknowledge and agree that this Contract may be amended to specifically provide for changes (additions or subtractions) to Contractor services that are within or directly related to the Scope of Work.
5. **INDEPENDENT CONTRACTOR STATUS/CONTRACTOR WARRANTIES.** Contractor shall be free from ACDWSD direction and control over the means and manner of providing the labor or service, subject only to the specifications of the desired results. Contractor shall furnish the tools or equipment necessary for the contracted labor or services.
  - 5.1. Contractor agrees, warrants, represents and certifies that:
    - 5.1.1. Contractor is engaged as an independent Contractor and will be responsible for any federal or state taxes applicable to any payments made under this Contract.
    - 5.1.2. Contractor has filed federal and state income tax returns in the name of the business, for the previous year, for labor or services performed as an independent Contractor in the previous year.
    - 5.1.3. The work or services performed under this Contract shall be performed in a good and workmanlike manner and in accordance with the degree of skill and diligence normally employed by professional Contractors performing the same or similar services at the time and location such services are performed.
    - 5.1.4. Contractor has the power and authority to enter into and perform this Contract and, when executed and delivered, this Contract shall be a valid and binding obligation of Contractor enforceable in accordance with its terms.
    - 5.1.5. Contractor has read, understands and agrees to be bound by each of the terms and conditions of this Contract.
    - 5.1.6. Contractor represents and warrants that Contractor is not an employee of ACDWSD is not currently employed by a government agency and, meets the specific independent Contractor standards of ORS 670.600.
6. **OTHER CONTRACTORS.** ACDWSD may undertake or award other contracts for additional or related work, and Contractor shall fully cooperate with such additional Contractors and with any ACDWSD employees concerned with such additional or related work, and shall coordinate the performance of work under this Contract and contract documents, with such additional or related work. If such award results in additional work for Contractor beyond the scope of this agreement, ACDWSD will negotiate with Contractor for the payment of additional compensation. Contractor shall not commit or permit any act which will interfere with the performance of work by any other Contractor or by any ACDWSD employee. Contractor shall notify ACDWSD as soon as possible if work is performed by any other Contractor is interfering with or will interfere with the work to be performed by Contractor under this Agreement.

7. SUBCONTRACTORS, ASSIGNMENT; SUCCESSORS-IN-INTEREST.

- 7.1. Except as specifically authorized in the contract documents, Contractor shall not make any subcontract with any other party for furnishing any of the work and services contemplated under the contract documents or assign or transfer any interest in this Contract, without obtaining the express prior written consent of ACDWSD.
- 7.2. Contractor shall be wholly responsible for the performance of all subcontractors and for their acts, errors and omissions, and those of persons either directly or indirectly employed by Contractor, and the fact that subcontractors are subject to the approval of ACDWSD shall not affect Contractor's responsibility in this regard. In any case, this Contract shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and assigns, if any.
- 7.3. Contractor shall bind every subcontractors to all terms and conditions anywhere contained in the contract documents as far as applicable to the work of such subcontractors so that subcontractor assumes toward Contractor and toward the work all the obligations and responsibilities that the contract assumes toward ACDWSD as to the performance of the subcontractor's portion of the work.
- 7.4. Nothing contained in the Contract documents shall be construed to create any contract between ACDWSD and any subcontractor.

8. NO THIRD-PARTY BENEFICIARIES. ACDWSD and Contractor are the only parties to this Contract and are the only parties entitled to enforce its terms. Nothing in this Contract gives, is intended to give, or shall be construed to give or provide, any benefit or right, whether directly or indirectly or otherwise, to third persons unless such third persons are individually identified by name herein and expressly described as intended beneficiaries of the terms of this Contract.

9. PAYMENT OF LABORERS; PAYMENT OF TAXES.

Contractor shall:

- 9.1.1. Make payment promptly, as due, to all persons supplying to Contractor labor and material for the prosecution of the work provided for in the contract documents;
- 9.1.2. Not permit any lien or claim to be filed or prosecuted against ACDWSD on account of any labor or material furnished; and
- 9.1.3. Be responsible for all federal, state and local taxes applicable to any compensation or payments paid to Contractor under this Contract.
- 9.1.4. If Contractor fails, neglects or refuses to make prompt payment of any claim for labor or services furnished by any person in connection with this Contract as such claim becomes due, ACDWSD may pay such claim to the person furnishing the labor or services and charge the amount of the payment against funds due or to become due Contractor by reason of the Contract.
- 9.1.5. The payment of a claim in this manner shall not relieve Contractor from obligation with respect to any unpaid claims.



- 9.2. Contractor and its subcontractors, if any, are subject to Oregon Workers' Compensation Law, which requires all employers that employ subject workers who work under this Contract in the State of Oregon to comply with ORS 656.017 and provide the required workers' compensation coverage, unless such employers are exempt under ORS 656.126. Contractor shall ensure that each of its subcontractors, if any, complies with these requirements.
10. COMPLIANCE WITH APPLICABLE LAW. Contractor shall comply with all federal, state and local laws and ordinances applicable to the work under this Contract, including, without limitation, the provisions of ORS 279B.230, B.235, and as set forth, in part, herein. Contractor further expressly agrees to comply with (i) Title VI of the Civil Rights Act of 1964; (ii) Section V of the Rehabilitation Act of 1973; (iii) the Americans With Disabilities Act of 1990 (Pub L No. 101-336), ORS 659.425, and all regulations and administrative rules established pursuant to those laws.
- 10.1. Contractor shall comply with all requirements of the Americans with Disabilities Act, 42 U.S.C. sec. 12101, et seq., and all regulations implementing the Act, especially including those regulations set forth at 28 C.F.R. sec. 35.130, or any later replacement for those regulations, directly or indirectly applicable to Contractor as a result of a contract with BWD.
11. INSURANCE. Contractor shall obtain prior to beginning any work under this Contract, and shall maintain in full force and effect for the term of this Contract, at Contractor's expense, commercial general liability and automobile insurance policies for bodily injury, including death, and property damage, including coverage for owned, hired or non-owned vehicles, as applicable. The policies shall be primary policies, issued by a company authorized to do business in the State of Oregon and providing single limit general liability coverage of \$1,000,000 and separate automobile coverage of \$1,000,000 or the limit of liability contained in ORS 30.260 to 30.300, whichever is greater. Contractor shall be financially responsible for all pertinent deductibles, self-insured retentions and/or self-insurance.
12. INDEMNIFICATION. Contractor shall indemnify, defend, save and hold harmless ACDWSD, its elected and appointed officials, officers, agents, employees and volunteers against all liability, claims, suits or actions of whatsoever nature, loss or expenses, including attorney fees and other expenses incident thereto, and against all claims, actions, judgments based upon or arising out of damage or injury or death to persons or property, if such is caused in whole or in part by any act or omission by Contractor and anyone acting on Contractor's behalf in connection with, or incidental to, this Contract or the work to be performed hereunder; provided, however, that nothing herewith shall be construed to require indemnification of ACDWSD attributable to its own negligence. Should ACDWSD be required to defend itself for any such claim before Contractor undertakes such defense, Contractor agrees to reimburse ACDWSD for such cost.
13. RECORDKEEPING. Contractor shall maintain all fiscal records relating to this Contract in accordance with generally accepted accounting principles. In addition, Contractor shall maintain updated desk top procedures any other records pertinent to this Contract in such a manner as to clearly document Contractor's performance hereunder. All such fiscal records, books, documents, papers, plans, and writings shall be retained by Contractor and kept accessible; the districts quick books data base shall be updated monthly.

14. ACCESS TO RECORDS. Contractor agrees that ACDWSD and its authorized representatives shall have access to all books, documents, papers and records of Contractor which are directly related to the Contract for the purpose of making any audit, examination, copies, excerpts and transcripts.
15. ERRORS. Contractor shall perform such additional work as may be necessary to correct errors in the work required under this Contract without undue delays and without additional cost to ACDWSD.
16. TERMINATION.
  - 16.1. This agreement may be terminated by the District, with majority vote of the Board of Directors or the Contractor upon thirty (30) days written notice to the other party.
  - 16.2. Contractor may terminate this Contract upon thirty (30) days' written notice to ACDWSD if ACDWSD fails to pay Contractor pursuant to the terms of this Contract and ACDWSD fails to cure within thirty (30) days after receipt of Contractor's notice or such longer period of cure as Contractor may specify in such notice.
  - 16.3. In the event of termination or breach, each Party shall be entitled to have any remedy available to it in law or equity.
17. ATTORNEY FEES. If a suit or action is filed to enforce any of the terms of this Contract, the prevailing party shall be entitled to recover from the other party, in addition to costs and disbursements provided by statute, any sum which a court, including any appellate court, may adjudge reasonable as attorney fees.
18. FUNDS AVAILABLE AND AUTHORIZED. ACDWSD has sufficient funds currently available and authorized for expenditure to finance the costs of this Contract.
19. SEVERABILITY. The parties agree that if any term or provision of this Contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Contract did not contain the particular term or provision held to be invalid.
20. FORCE MAJEURE. Neither ACDWSD nor Contractor shall be held responsible for delay or default caused by fire, riot, acts of God, or war where such cause was beyond, respectively, ACDWSD's or Contractor's reasonable control. Contractor shall, however, make all reasonable efforts to remove or eliminate such a cause of delay or default and shall, upon the cessation of the cause, diligently pursue performance of its obligations under this Contract.
21. WAIVER. The failure of either Party to enforce any provision of this Contract shall not constitute a waiver by that Party of that or any other provision.

The Contractor and Arch Cape Domestic Water Supply District hereby agree to all provisions of this Contract.

**Arch Cape Domestic Water Supply District**

**Contractor**

By: \_\_\_\_\_

By: \_\_\_\_\_

Virginia Birkby, President  
32065 East Shingle Mill Lane  
Arch Cape, Oregon 97102

Date: \_\_\_\_\_

Date \_\_\_\_\_

"Exhibit A"  
CONTRACTOR SCOPE OF SERVICES  
ARCH CAPE DOMESTIC WATER SUPPLY AND SANITARY DISTRICTS

**Banking**

- Maintain checkbook monthly and submit to the Board Treasurer for reconciliation.
- Deposit all revenue to bank accounts and record and manage necessary Local Government Pool and Clatsop County documentation forms.

**Full Charge Bookkeeping**

- Maintain QuickBooks and customer database.
- Maintain water usage data generated for the District.
- Execute quarterly billing in accordance with District policy.
- Send disconnection and reconnection notices to the District Manager who follows through on the process for delinquent or new accounts.
- Support Payroll.
- Report District payables and pay Board approved bills.
- Coordinate efforts with auditor for annual accounting review audit.
- Record, maintain, and distribute ledgers with appropriate explanatory notes to District financial statements in monthly budget versus actual financial reports to all Board members.
- Provide data hard drive backup.
- Assist the District Manager in budget preparation and distribute approved budgets to the proper authorities.

**Reporting**

- Comply with codes and standards.
- Fulfill federal, state, and local reporting requirements including debt service reporting.
- Provide monthly financial report to District Manager.

**Supporting Water and Sanitary Boards**

- Attend all regular Board and Budget meetings and hearings; record, prepare, and Distribute minutes within ten calendar days.
- Place legal notice of all Board meetings and work sessions with agendas, resolutions, Ordinances.
- Serve as Secretary of Board if elected by Board.
- Facilitate development and distribution of the board packet in accordance with the District Manager and Board Presidents.

**ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT**

**REVIEWED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

*Arch Cape, Oregon  
June 30, 2016*

**PATRICK G. CARNEY, CPA, P.C.**

**Certified Public Accountant**

---

**14535 Westlake Drive, Suite A-1**

**Lake Oswego, Oregon 97035**

**Phone: (503) 624-9204**

**Fax: (503) 624-9275**

**ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT  
BOARD OF DIRECTORS**

*June 30, 2016*

Virginia Birkby  
79829 Gelinsky  
Arch Cape, Oregon 97102

President

Ron Schiffman  
32016 E. Shingle Mill Lane  
Arch Cape, Oregon 97102

Vice-President

Debra Birkby  
31897 West Ocean View Lane  
Arch Cape, Oregon 97102

Treasurer

Dan Seifer  
79916 West Cannon Road  
Arch Cape, Oregon 97102

Director

Registered agent: Mr. Phil Chick

District mailing address: 32065 East Shingle Mill Lane  
Arch Cape, OR 97102

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**PATRICK G. CARNEY, CPA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANT

Phone: (503) 624-9204  
Fax: (503) 624-9275

14535 Westlake Drive, Suite A-1  
Lake Oswego, OR 97035

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors  
Arch Cape Domestic Water Supply District  
Arch Cape, Oregon

I have reviewed the accompanying modified cash basis financial statements of the Arch Cape Domestic Water Supply District, Arch Cape, Oregon, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

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

Management is responsible for the preparation and the fair presentation of the financial statements in accordance with the modified cash basis of accounting; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

**Accountant's Responsibility**

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

**Change in Accounting Basis**

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

**Accountant's Conclusion**

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting.



### **Required Supplementary Information**

My review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with the modified cash basis of accounting. The supplemental information, as listed in the table of contents, has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements and I did not become aware of any material modifications that should be made to such information.

The Management's Discussion and Analysis and the Management Representation of Fiscal Affairs Required by Oregon Regulation, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but has been compiled from information that is the representation of management. I have not audited or reviewed this information, and accordingly, I do not express an opinion or provide any assurance on such supplementary information.

Lake Oswego, Oregon  
November 14, 2016

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis presents the highlights of financial activities and financial position for the Arch Cape Domestic Water Supply 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, overview and economic factors affecting the District.
- \* **Basic Financial Statements.** The District's basic financial statements are comprised of four components; 1) Statement of Net Position- Modified Cash Basis 2) Statement of Revenue, Expenses and Changes in Net Position- Modified Cash Basis 3) Statement of Cash Flows- Modified Cash Basis and 4) Notes to Basic Financial Statements.

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

The Statement of Revenue, Expenses and Changes in Net Position-Modified Cash Basis presents information showing profitability and credit worthiness as well as how the District's net position changed during the most recent fiscal year. This statement shows income and expenses from operations, nonoperating revenues and expenses, and reconciles the change from one fiscal year to the next. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges.

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

The Notes to Basic Financial Statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

## **FINANCIAL HIGHLIGHTS**

The water treatment plant has continued to run well and hookups continued to grow from 280 to 282 for the year. Additional hookup increases are forecast for 2016-17 based on builder inquiries and building permit requests. Work on examining a second water source is anticipated for the following year. Development of District policies continues as well as SDAO training. A claim submission for beneficial use for Asbury Creek is also anticipated for next year. The water conservation management plan was completed and a new plant operator was hired in April. The financial statements reflect an election to reporting on a modified cash basis where personnel expense and inter-governmental agreement obligations are reflected in the period incurred while remaining monies received as income or disbursed as expense are shown when received and paid.

**Results of Operations:** During 2015-16 the District received more expended more resources than it received, thereby decreasing the net position of the District at June 30, 2016.

**Significant Transactions and Changes in Individual Funds:** The current year water revenue was sufficient to cover current year personnel and operating costs.

**Significant Budgetary Variances:** The total expenditures for total personal services, materials and services and capital outlay were all within budget limits, and one budget appropriation transfer was made during 2015-16.

**Infrastructure:** The District infrastructure consists principally of water service lines. The water system is depreciated over the estimated useful life of its components.

## CONDENSED FINANCIAL INFORMATION

	June 30, 2015	June 30, 2016	Increase (Decrease)
Cash	\$ 189,591	\$ 90,854	\$ (98,737)
Capital assets, net	1,502,393	1,395,217	(107,176)
Total assets	1,691,984	1,486,071	(205,913)
Current liabilities	35,878	16,037	(19,841)
Long-term liabilities	623,495	457,458	(166,037)
Total liabilities	659,373	473,495	(185,878)
Invested in capital assets	843,020	921,722	78,702
Restricted for capital expenditure	21,486	33,649	12,163
Unrestricted	168,105	57,205	(110,900)
Total net position	\$ 1,032,611	\$ 1,012,576	\$ (20,035)

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2016	Favorable (Unfavorable)
User charges	\$ 162,450	\$ 171,497	\$ 9,047
Hook-up fees	0	16,033	16,033
Total business-type revenue	162,450	187,530	25,080
Personal services	88,700	155,422	(66,722)
Materials and services	60,599	86,908	(26,309)
Depreciation	111,008	111,046	(38)
Total business-type expenses	260,307	353,376	(93,069)
General resources and (expenses) net	47,149	145,811	98,662
Increase (decrease) in net position	\$ (50,708)	\$ (20,035)	\$ 30,673

### 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: 32065 East Shingle Mill Lane. Arch Cape, Oregon 97102.

**ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT  
STATEMENT OF NET POSITION – MODIFIED CASH BASIS**

*June 30, 2016*

**ASSETS**

Current assets:

Cash	\$ 90,854
Total current assets	<u>90,854</u>

Non-current assets:

Fixed assets, net of depreciation	1,395,217
Total non-current assets	<u>1,395,217</u>

Total assets	<u>1,486,071</u>
--------------	------------------

**LIABILITIES**

Current liabilities:

Current portion of long-term debt	16,037
Total current liabilities	<u>16,037</u>

Non-current liabilities:

Long-term debt	457,458
Total liabilities	<u>457,458</u>

Total liabilities and deferred inflows	<u>473,495</u>
--	----------------

**NET POSITION**

Invested in capital assets, net of related debt	921,722
Restricted for capital expenditure	33,649
Unrestricted	<u>57,205</u>
Total Net Position	<u>\$ 1,012,576</u>

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

**ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION – MODIFIED CASH BASIS**  
*Fiscal year ended June 30, 2016*

**OPERATING REVENUES:**

Service revenues	\$ 171,497
Total operating revenues	171,497

**OPERATING EXPENSES:**

Manager salary	66,390
Operator salary	38,449
Payroll taxes and employee benefits	50,583
Administrative assistant fee	26,784
Clothing and uniform	764
Insurance	5,434
Licenses, permits and memberships	1,096
Maintenance	20,918
Chemicals	6,324
Sanitary facilities use charge	3,225
Office expense	4,640
Professional services	5,461
Vehicle usage	3,161
Utilities	9,101
Depreciation	111,046
Total operating expenses	353,376

Operating income (loss)	(181,879)
-------------------------	-----------

**Non-operating revenues (expenses):**

New hook up revenue	16,033
Interest income	214
Intergovernmental reimbursement receipts	105,498
Loan interest expense	(10,936)
Loan surcharge income	48,675
Miscellaneous income	2,360
Total non-operating revenues (expenses)	161,844

Change in net position	(20,035)
------------------------	----------

Net Position - July 1, 2015	1,032,611
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<b>Net Position - June 30, 2016</b>	<b>\$ 1,012,576</b>
-------------------------------------	---------------------

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

# ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT

## STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS

*Fiscal year ended June 30, 2016*

<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 168,211
Payments to suppliers	(159,156)
Payments to employees	(84,189)
Net cash provided (used) by operating activities	(70,833)
 <b>Cash flows from non-capital financing activities</b>	
Intergovernmental reimbursement receipts	105,498
New hook up revenue	16,033
Loan surcharge income	48,675
Net cash provided from non-capital financing activities	170,206
 <b>Cash flows from capital and related financing activities</b>	
Payment of water system improvement	(3,871)
Payment of long-term debt	(185,877)
Payment of interest expense	(10,936)
Net cash provided (used) by capital and related financing activities	(200,684)
 <b>Cash flows from investing activities</b>	
Interest received	214
Miscellaneous non-operating income	2,360
Net cash provided (used) from investing activities	2,574
Net increase (decrease) in cash and investments	(98,737)
Cash balance - July 1, 2015	189,591
<b>Cash balance - June 30, 2016</b>	<b>\$ 90,854</b>
 <b>Reconciliation of operating income (loss) to net cash provided</b>	
(used) by operating activities	
Operating income (loss)	\$ (181,879)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	111,046
Net cash provided (used) by operating activities	<b>\$ (70,833)</b>

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

# ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

*June 30, 2016*

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

#### **Reporting Entity:**

Arch Cape Domestic Water Supply District was established under the provisions of Oregon statutes to provide water distribution and service for the benefit of the population within the District, which is located within Clatsop County, Oregon. Control of the District is vested in its Board of Directors who are elected to office by voters within the District.

As required by generally accepted accounting principles, the District's basic financial statements include all component units over which the District officials exercise oversight responsibility. The criteria used in making this determination included an evaluation of the concepts of financial interdependency, election of the governing authority, designation of management, ability to significantly influence operations and accountability of fiscal matters. Based upon the evaluation of these criteria the District is a primary government with no inclusive component units.

#### **Basic Financial Statements:**

The District is considered to be a single enterprise similar to a commercial entity for financial reporting purposes. The District's financial statements are prepared on the accrual basis of accounting using the "economic resources" measurement focus using the accrual basis of accounting principles applicable to commercial enterprises. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when liabilities are incurred, regardless of the timing of the related cash flow.

The District's accounts are maintained in accordance with the principles of accounting, which classifies resources into funds. Funds are considered a separate accounting entity with a separate set of self-balancing accounts. The District's General Fund accounts for all of the District's operating and unrestricted activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for water sales. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.



The budgetary operations of the District are accounted for in the following two funds:

**General Fund:**

The General Fund accounts for the operations of the District, financed from service revenues and other general revenues. The general operation costs and expenses are paid from this fund.

**Special Revenue Fund:**

The Capital Fund accounts for water system improvement and expansion expenditures. Revenues of this Fund are provided by new hook-up charges and interest income. Expenditures are for fixed assets of the District. The assets acquired are transferred to the General Fund and are included in the depreciable fixed assets of the General Fund.

**Cash and investments**

Cash and investments include cash on hand, demand deposits, short-term investments with original or remaining maturities of three months or less when purchased, and cash and investments in the District-wide investment pool. Investments, including equity in pooled cash and investments are stated at fair value.

The District applies the provisions of Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, which require governmental entities, including governmental external investment pools, to report certain investments at fair value in the Statements of Net Position and recognize the corresponding change in the fair value of investments in the year in which the change occurred.

The District is restricted by State of Oregon statutes in the types of investments that can be made. Statutes authorize the District to invest in obligations of the U.S. Treasury; agencies, and instrumentalities of the U.S.; States of Oregon, Washington, Idaho or California; various interest bearing bonds of municipalities; commercial paper rated P-2 and better by Moody's Investors Services or A-2 and better by Standard and Poor's Corporation; bankers' acceptances; and the Oregon State Treasurer's Local Government Investment Pool. Certain other investment types, which are not listed here, are also authorized.

**Capital Assets**

Capital assets, which include property, water system and equipment, are reported in the General Fund. Capital assets are charged to expenditures as purchased and then capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at estimated fair market value as of the date of the donation.

Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more, and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of

Revenues, Expenses and Changes in Fund Net Position with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Water system and reservoir	25
Improvements other than buildings	10
Office and other equipment	10

One-half year of depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

**Net Position Classification**

Net Position is classified and displayed in three components:

- A. Invested in capital assets, net of related debt. Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.
- B. Restricted net position. Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws and regulations of other governments: or (2) law through constitutional provisions or enabling legislation.
- C. Unrestricted net position. All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

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.

**Retirement Plan**

All of the District's full-time employees are participants in the Public Employee's Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged to expenditures.

**Use of Estimates**

In preparing the District's financial statements, management is required 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **Intergovernmental Agreement**

Arch Cape Sanitary District has an agreement with Arch Cape Domestic Water Supply District to share personal service costs. The Water Supply District is the employer of two employees and the Sanitary District reimburses the Water Supply District for its share of labor costs, payroll taxes and employee benefits performed on behalf of the Sanitary District.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **Budgetary Information**

Annual budgets for all funds are adopted on a cash 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 cash 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 Directors 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 Directors 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, debt service, interfund transfers, and contingency). Appropriations lapse as of year-end.

The Board of Directors may change the budget throughout the year by transferring appropriations between levels of control and 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, 2016 the Board did one budget transfer of appropriations between levels of control and did not adopt a supplemental budget.

<b>Budget Category</b>	<b>Increase</b>	<b>Decrease</b>
<b>Debt Service</b>	<b>\$7,000</b>	
<b>Contingency</b>		<b>\$7,000</b>

### **3. DETAILED NOTES ON ALL FUNDS**

#### **Cash and investments**

Oregon Revised Statute 295 governs the collateralization of Oregon public funds. District deposits exceeding federal depository insurance are afforded protection through the Public Funds Collateralization Program, which is a shared liability structure for participating depositories established by the State Treasurer to facilitate compliance with ORS 295. Under the Public Funds Collateralization Program, a qualifying bank depositories are required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, or 110% of the quarter-end public fund deposits if they are adequately capitalized, or 110% of the quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public bank depositories is available to repay the deposits of public funds of governmental entities.

The District has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2016. The Oregon Short-term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-term Fund Board and approved by the Oregon Investment Council (ORD 294.805 to 294.895). Local Government Investment Pool (LGIP) is an external investment pool managed by the State Treasurer's office, which allow governments within the state to pool their funds for investment purposes.

#### **Custodial Credit Risk - Deposits**

At June 30, 2016, the book balance of the District's bank deposits is \$48,778 and the bank balance is \$57,099. The difference is due to transactions in process. Of the bank deposit balance \$250,000 is insured by federal depository insurance.

The State of Oregon LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company and is not rated by any national rating service. 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 Oregon Audits Division of the Secretary of State's Office audits the Pool annually. The Audit Divisions report on the LGIP as of and for the year ended June 30, 2016 was unqualified. District deposits in the Oregon LGIP are not required to be collateralized.

Cash and investments at June 30, 2016, were comprised of the following:

Type of Deposit	Total Cash Balance
Columbia Bank	\$ 48,778
Oregon Local Government Investment Pool	42,076
<b>Total cash and investments</b>	<b>\$ 90,854</b>

The State Treasurer's Local Government Investment Pool 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 State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements.

There is no material difference between the fair value of the District's position in the State Treasurer's Local Government Investment Pool and the value of the Pool shares at June 30, 2016. The State Treasurer's Local Government Investment Pool does not have a credit rating.

The District's cash management policies are governed by state statutes. Statutes authorize the District to invest in bankers' acceptances, time certificates of deposit, repurchase agreements, obligations of the United States' agencies and instrumentalities and the Oregon State Treasurer's Local Government Investment Pool (LGIP).

### Capital Assets

The components of the District's fixed assets and changes to the fixed assets are as follows:

	Cost July 1, 2015	Additions	Deletions	Cost June 30, 2016
Water system	\$ 914,496	\$ 3,870		\$ 918,366
Water treatment plant upgrade	1,436,070			1,436,070
Structures	1,208			1,208
Vehicle	0	45,017		45,017
Equipment	23,444			23,444
Accumulated depreciation				
Water system	(631,764)	(39,242)		(671,006)
Water treatment plant	(216,406)	(71,804)		(288,210)
Structures	(1,208)			(1,208)
Vehicle	0	(45,017)		(45,017)
Equipment	(23,447)			(23,447)
<b>Totals</b>	<b>\$ 1,502,393</b>	<b>\$ (107,176)</b>	<b>\$ 0</b>	<b>\$ 1,395,217</b>

### Long-Term Debt

During 2003-2004, the District refinanced their loan balance in the amount of \$395,000 to be repaid over a period of twenty years with interest rates varying from 2.25% to 5.50%.

This debt was paid off early during the 2015-2016 fiscal year, which resulted in a significant decrease in the amount of scheduled interest expense.

Changes to Long-Term Debt during 2015-2016 are as follows:

	July 1, 2015	Paid in 2015-2016	June 30, 2016
Principal	\$ 170,000	\$ (170,000)	\$ 0
Interest	38,285	(6,041)	0
Total	\$ 208,285	\$ (176,041)	\$ 0

For the purpose of paying for upgrades to the District's Water Treatment Plant, the District obtained financing from the State of Oregon, through its Business Oregon loan program. The note bears interest at the rate of 1% per year. Annual payments of principal and interest are to begin on December 1, 2012 and continue for 31 years with the final payment scheduled for December 1, 2041.

The future principal requirements for this loan are as follows:

Fiscal year Ending	Principal	Interest
2017	\$ 16,037	\$ 4,735
2018	16,197	4,575
2019	16,359	4,413
2020	16,523	4,219
2021	16,688	4,084
2022-2026	85,977	17,882
2027-2031	90,363	13,496
2032-2036	94,970	8,887
2037-2041	99,816	4,043
2041	20,565	205
Total	\$ 473,495	\$ 66,539

Changes to Long-Term Debt during 2015-2016 are as follows:

	July 1, 2015	Paid in 2015-2016	June 30, 2016
Principal	\$ 489,373	\$ (15,878)	\$ 473,495
Interest	71,463	(4,894)	66,569
<b>Total</b>	<b>\$ 560,836</b>	<b>\$ (20,772)</b>	<b>\$ 540,064</b>

### **Risk Management**

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; error and 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.

### **Defined Benefit Pension Plan**

#### **Plan Description**

The Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit plan. Employees of the District are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. OPERS issues a publicly available financial report. This report can be obtained at the PERS website: [http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

#### **Benefits provided under Chapter 238-Tier One/Tier/Two**

##### *Pension Benefits*

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

### *Death Benefits*

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

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

### *Disability Benefits*

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

### *Benefit Changes after Retirement*

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

## **Benefits provided under Chapter 238A-OPSRP Pension Program**

### *Pension Benefits*

The ORS 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

**Police and Fire:** 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

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



### *Death Benefits*

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

### *Disability Benefits*

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

### *Benefit Changes after Retirement*

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

### **Contributions**

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation, as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2016 were \$9,582, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2015 were: (1) Tier 1/Tier 2 - 15.63%, (2) OPSRP general service - 6.74%, and (3) OPSRP uniformed - 9.47%.

### **Actuarial assumptions**

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year). (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2013 rolled forward to June 30, 2015
Experience Study Report	2014, published September 18, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation rate	2.75 percent
Investment Rate of Return	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service.
Mortality	<p>Health retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

**Discount rate**

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Long-term expected rate of return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at

that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	4.10%
Short-Term Bonds	8.00%	3.65%
Bank/Leveraged Loans	3.00%	5.69%
High Yield Bonds	1.00%	6.67%
Large/Mid Cap US Equities	15.75%	7.96%
Small Cap US Equities	1.31%	8.93%
Micro Cap US Equities	1.31%	9.37%
Developed Foreign Equities	13.13%	8.34%
Emerging Foreign Equities	4.13%	10.56%
Non-US Small Cap Equities	1.88%	9.01%
Private Equity	17.50%	11.60%
Real Estate (Property)	10.00%	6.48%
Real Estate (REITS)	2.50%	8.74%
HedgeFund of Funds – Diversified	2.50%	4.94%
HedgeFund – Event-driven	0.63%	7.07%
Timber	1.88%	6.60%
Farmland	1.88%	7.11%
Infrastructure	3.75%	8.31%
Commodities	1.88%	6.07%
Assumed Inflation – Mean		2.50%

### **Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

### **Changes in Plan Provisions Subsequent to Measurement Date**

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS will make restoration payments to those benefit recipients.

OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and has not been included in the net pension liability (asset) proportionate shares provided by OPERS.

### **Changes in Plan Provisions**

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure information which can be found at: [http://www.oregon.gov/EMP/er\\_general\\_information/opers\\_gasb\\_68\\_disclosure\\_information\\_revised.pdf](http://www.oregon.gov/EMP/er_general_information/opers_gasb_68_disclosure_information_revised.pdf).

**SUPPLEMENTARY INFORMATION**

**ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT**  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN CASH BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**

*Fiscal year ended June 30, 2016*

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
User fees	\$ 136,382	\$ 136,382	\$ 139,576	\$ 3,194
Excess usage charges	30,000	30,000	31,920	1,920
Loan surcharge	52,114	52,114	48,675	(3,439)
Sanitary District reimbursement	129,503	129,503	105,498	(24,005)
Miscellaneous income	1,400	1,400	1,550	150
Interest income	250	250	214	(36)
Cannon View Park	648	648	810	162
Total receipts	<u>350,297</u>	<u>350,297</u>	<u>328,243</u>	<u>(22,054)</u>
<b>Disbursements</b>				
Schedule - page 26	<u>498,490</u>	<u>498,490</u>	<u>439,143</u>	<u>59,347</u>
<b>Excess of receipts over (under) disbursements</b>	(148,193)	(148,193)	(110,900)	37,293
Cash balance - July 1, 2015	<u>176,943</u>	<u>176,943</u>	<u>168,105</u>	<u>(8,838)</u>
<b>Cash Balance - June 30, 2016</b>	<u><u>\$ 28,750</u></u>	<u><u>\$ 28,750</u></u>	<u><u>\$ 57,205</u></u>	<u><u>\$ 28,455</u></u>

**ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT**  
**SCHEDULE OF DISBURSEMENTS - BUDGET AND ACTUAL**  
**GENERAL FUND**

*Fiscal year ended June 30, 2016*

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Personal services:</b>				
Manager	\$ 65,280	\$ 65,280	\$ 66,390	\$ (1,110)
Operator	47,025	47,025	38,449	8,576
FICA	8,591	8,591	8,020	571
Retirement	10,265	10,265	9,582	683
Medical insurance	41,395	41,395	29,414	11,981
Workers compensation	3,725	3,725	3,576	158
<b>Total personal services</b>	176,281	176,281	155,422	20,859
<b>Materials and services:</b>				
Administrative services	27,320	27,320	26,784	536
Payroll service	500	500	500	0
Clothing allowance	650	650	764	(114)
Liability insurance	4,500	4,500	5,434	(934)
Dues and Taxes	875	875	697	178
Licenses	1,000	1,000	399	601
Maintenance	16,000	16,000	19,597	(3,597)
CIP Chemicals	4,000	4,000	6,324	(2,324)
Temporary Help	2,000	2,000	1,321	679
Office supplies	1,000	1,000	1,029	(29)
Postage	1,320	1,320	1,126	194
Professional	5,000	5,000	2,971	2,029
Auditing	2,500	2,500	2,180	320
Legal services	2,500	2,500	310	2,190
Public notices	700	700	1,220	(520)
Vehicle use	6,000	6,000	3,161	2,839
Sanitary facilities use charge	3,000	3,000	3,225	(225)
Education	2,000	2,000	765	1,235
Travel expense	2,000	2,000	0	2,000
Utilities	14,000	14,000	9,101	4,899
<b>Total materials and services</b>	96,865	96,865	86,908	9,957
<b>Debt service</b>				
Flex-lease-Reservoir	29,572	36,572	36,041	531
Water Tank Pre-Payment	140,000	140,000	140,000	0
IFA Water Plant upgrade	20,772	20,772	20,772	0
<b>Total debt service</b>	190,344	197,344	196,813	531
<b>Operating contingencies</b>	35,000	28,000	0	28,000
<b>Total disbursements</b>	\$ 498,490	\$ 498,490	\$ 439,143	\$ 59,347

**ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT**  
**SCHEDULE OF RECEIPTS DISBURSEMENTS,**  
**AND CHANGES IN CASH BALANCE - BUDGET AND ACTUAL**  
**CAPITAL FUND**

*Fiscal year ended June 30, 2016*

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Hook up revenue	\$ 10,252	\$ 10,252	\$ 16,033	\$ 5,781
<b>Total receipts</b>	<u>10,252</u>	<u>10,252</u>	<u>16,033</u>	<u>5,781</u>
<b>Disbursements</b>				
Water Source Assessment	20,000	20,000	3,870	16,130
Contingency	11,738	11,738	0	11,738
<b>Total Disbursements</b>	<u>31,738</u>	<u>31,738</u>	<u>3,870</u>	<u>27,868</u>
Excess of receipts over (under) disbursements	(21,486)	(21,486)	12,163	33,649
Cash balance – July 1, 2015	<u>21,486</u>	<u>21,486</u>	<u>21,486</u>	<u>0</u>
<b>Cash Balance - June 30, 2016</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 33,649</u>	<u>\$ 33,649</u>



**ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT**  
**SCHEDULE OF FUTURE LOAN PRINCIPAL**  
**AND INTEREST REQUIREMENTS**

*June 30, 2016*

**State of Oregon, Business Oregon**

Date	Principal	Interest Rate	Interest	Total
12/1/2016	\$ 16,037	1.0%	\$ 4,735	\$ 20,772
12/1/2017	16,197	1.0%	4,575	20,772
12/1/2018	16,359	1.0%	4,413	20,772
12/1/2019	16,523	1.0%	4,249	20,772
12/1/2020	16,688	1.0%	4,084	20,772
12/1/2021	16,855	1.0%	3,917	20,772
12/1/2022	17,023	1.0%	3,748	20,771
12/1/2023	17,194	1.0%	3,578	20,772
12/1/2024	17,366	1.0%	3,406	20,772
12/1/2025	17,539	1.0%	3,233	20,772
12/1/2026	17,715	1.0%	3,057	20,772
12/1/2027	17,892	1.0%	2,880	20,772
12/1/2028	18,071	1.0%	2,701	20,772
12/1/2029	18,251	1.0%	2,520	20,771
12/1/2030	18,434	1.0%	2,338	20,772
12/1/2031	18,618	1.0%	2,154	20,772
12/1/2032	18,804	1.0%	1,967	20,771
12/1/2033	18,992	1.0%	1,779	20,771
12/1/2034	19,182	1.0%	1,589	20,771
12/1/2035	19,374	1.0%	1,398	20,772
12/1/2036	19,568	1.0%	1,204	20,772
12/1/2037	19,764	1.0%	1,008	20,772
12/1/2038	19,961	1.0%	811	20,772
12/1/2039	20,161	1.0%	611	20,772
12/1/2040	20,362	1.0%	409	20,771
12/1/2041	20,565	1.0%	205	20,770
<b>Total</b>	<b>\$ 473,495</b>		<b>\$ 66,569</b>	<b>\$ 540,064</b>

**ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT  
COMMENTS AND DISCLOSURES  
REQUIRED BY STATE REGULATIONS**

*June 30, 2016*

The Arch Cape Domestic Water Supply District is subject to, and responsible for, compliance with various laws, rules, and regulations relating to its operation and finances. Among such laws, rules, and regulations are the requirements prescribed in Municipal Audit Law (ORS Chapter 297) and the Minimum Standards for Review of Oregon Municipal Corporation (OAR 162, division 40) including, but not limited to:

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

The management of Arch Cape Domestic Water Supply District is aware of the requirements of Oregon laws and administrative rules concerning each of the above requirements and has complied, in all material respects, with such requirements. Further, we are not aware of any violations or possible violations of laws, rules, or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

## Managers Report November 18, 2016

### WATER:

All water testing required by the Oregon Health Authority has been completed for 2016

Staff worked with Westech to remedy an issue involving the timing of flow totalization and pressure decay tests. It was determined to have been caused by a power outage last month and is now fixed.

I will soon begin working on the Water Management Conservation Plan, addressing Oregon Water Resources Department's comments from the draft plan. I am aiming to have this wrapped up and sent for final submittal and approval to OWRD in December.

The District has received an Updated Source Water Assessment Report from the Oregon Health Authority. These reports delineate source water boundaries through mapping and identify challenges for water providers in order to assist communities in drinking water protection efforts. The last report was prepared in 2002. A copy is available on file at the office.

Thanks to Plant Operator, Matt Gardner, for doing an excellent job providing coverage for the Districts while I was away on vacation this month.

### MONTHLY LOG : ARCH CAPE WATER & SANITARY DISTRICTS

October 2016

Total Hours	<b>303.00</b>	<b>83.50</b>	<b>219.50</b>
Percentage Split		<b>28%</b>	<b>72%</b>
Total Accounts	<b>621</b>	<b>286</b>	<b>335</b>
Percentage Split		<b>46%</b>	<b>54%</b>