

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021



12700 SW 72nd Ave.
Tigard, OR 97223

RAINBOW WATER DISTRICT
LANE COUNTY, OREGON

2020-2021

FINANCIAL REPORT

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**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

**2020-2021
FINANCIAL REPORT**

BOARD OF COMMISSIONERS

TERM EXPIRES

Lou Allocco (President)	June 2025
Jim McLaughlin (Vice President)	June 2025
Doug Keeler (Secretary – Treasurer)	June 2023
Marla Casley (Member)	June 2023
Mary Beth Wilson (Member)	June 2023

All commissioners receive their mail at the address below.

REGISTERED AGENT

Jamie Porter, Superintendent
1550 North 42nd Street
Springfield, Oregon 97477

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**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

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RAINBOW WATER DISTRICT
LANE COUNTY, OREGON

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PAULY, ROGERS, AND CO., P.C.
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December 10, 2021

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Rainbow Water District
Lane County, Oregon

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, and major fund of Rainbow Water District (the District), as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, and cash flow statements where applicable which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and major fund of Rainbow Water District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on management's discussion and analysis or the Schedules of Net Pension Liability, Net OPEB Asset, and Contributions for PERS or RHIA because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them.

The budgetary comparison schedule presented as Required Supplementary Information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

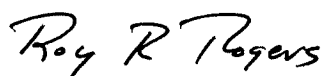
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The listing of commissioners containing their term expiration dates, located before the table of contents, and the other information as listed in table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 10, 2021 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



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

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**Management's Discussion and Analysis
to Accompany June 30, 2021 Annual Financial Report
of the Rainbow Water District**

This discussion and analysis is intended to provide an overview of the Rainbow Water District's financial activities based on information known at the time the report was compiled and presented. It complements the more detailed and comprehensive text discussion contained in the Notes section of this Annual Financial Report. Readers are encouraged to review both this section and the Notes section to assist in understanding the Annual Financial Report.

Overview of the Financial Statements

Rainbow Water District's basic financial statements comprise three components:

- 1) government-wide financial statements
- 2) fund financial statements, and
- 3) notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business.

1. The *statement of net position* presents information on all the District assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
2. The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, e.g. uncollected taxes and earned but not yet used vacation leave.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities such as water sales).

Fund financial statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental and proprietary.

1. Governmental Fund

Special Revenue Fund - Special revenue funds are used to account for proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The District has one fund in this category - the Fire Protection Fund (page 34).

**Management's Discussion and Analysis
to Accompany June 30, 2021 Annual Financial Report
of the Rainbow Water District**

2. Proprietary Funds

Proprietary funds are used to account for activities where the emphasis is placed on net income determination. The District historically maintained a separate Streetlight Fund, but currently maintains only one proprietary fund, the Water Operating Fund (page 37).

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses an enterprise fund to account for its General Water Fund which is primarily financed by water use charges and fees.

Reserve funds accumulate money for a specific purpose, acting as a savings account. The Capital Replacement Reserve Fund was renewed and renamed the Capital Reserve Fund by Resolution 2020-10 to provide for the replacement or construction of new utility infrastructure to enable the district to operate source, storage, treatment and related functions necessary for the provision of water for domestic and fire protection uses (page 38). The Resilience Fund was authorized by Resolution 2020-09 to enable the district to both save for a "rainy day" and smooth rate increases by managing fluctuations in water revenues over several budget years. It began use in FY 2020-21 (page 39).

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* referred to previously, and other schedules and information that are required by the State of Oregon.

Government-Wide Financial Analysis

As noted above, net position may serve over time as a useful indicator of the District's financial position. The District's assets exceeded liabilities by \$4,920,911 at the close of the fiscal year, a 5.75% decrease over the prior year. The District's investment in capital assets (land, construction in progress, buildings, improvements, machinery and equipment, bridges and other infrastructure), less any related outstanding debt to acquire those assets, is approximately 90% of the total net position. The District uses these capital assets to provide service to our customers, consequently, these assets are *not* available for future spending.

Budgetary Highlights

Rainbow Water District derives nearly all of its operating funds from property tax receipts (into the Fire Protection Fund) and from revenues from water sales to wholesale and retail customers (Water Operating Fund). The Water Operating Fund also receives revenue from other sources, such as contract services to other water utilities, which typically amount to less than 10% of the Water Fund's income. Neither of the District's two main funds are significantly limited for future uses. The District has one loan, a state drinking water revolving loan to finance construction of Chase Wellfield Improvements. The District currently has no bonded indebtedness.

**Management's Discussion and Analysis
to Accompany June 30, 2021 Annual Financial Report
of the Rainbow Water District**

Rainbow Water District's Changes in Net Position

	Governmental Activities		Business-Type Activities		Notes	Total	
	2020-21	2019-20	2020-21	2019-20		2020-21	2019-20
	REVENUE						
Program Revenues							
Fees, charges and fines for services							
*Charges for services	-	-	1,883,660	1,688,175	1	1,883,660	1,688,175
*Property taxes	1,589,296	1,540,790	-	-		1,589,296	1,540,790
*Transfers	(298,216)	(273,216)	298,216	273,216	2	-	-
*(Loss) on Sale of Assets	-	-	11,499	(2,937)		11,499	(2,937)
*Interest on investments	5,113	12,757	4,976	15,550		10,089	28,307
Total revenue	1,296,193	1,280,331	2,198,351	1,974,004		3,494,544	3,254,335
EXPENDITURES							
*Interest Expense	-	-	-	27,131		-	27,131
*Water service	-	-	1,996,744	2,002,173		1,996,744	2,002,173
*Pension Expense	-	-	-	-		-	-
*Public Safety	1,238,831	1,238,831	-	-		1,238,831	1,238,831
Total expenditures	1,238,831	1,238,831	1,996,744	2,029,304		3,235,575	3,268,135
*Change in net position	57,362	41,500	201,607	(55,300)		258,969	(13,800)
*Net position beginning	497,749	456,249	4,164,193	4,210,753	3	4,661,942	4,667,002
*Prior Period Adjustment	-	-	-	-		-	-
*Net position ending	555,111	497,749	4,365,800	4,155,453	3	4,920,911	4,653,202

Notes

- For FY 2020-21 the monthly base rate for a 3/4"-inch residential meter remained at \$20.00 and the first tier usage rate remained at \$1.15 per hundred cubic feet (748 gallons). These rates were established in June 2019. Before that, the prior year (FY 2018-19) 3/4-inch meter rates were \$19.00 (monthly base) and \$1.10 per hundred cubic feet (first tier usage).
- In FY 2020-21, \$150,000 (authorized by Resolution 2020-15) was transferred from the Fire Protection Fund to the Capital Replacement Reserve Fund and \$148,216 (authorized by Resolution 2020-16) was transferred from the Fire Protection Fund to the General Water Fund, for "water source, piping or storage capital improvement projects that maintain or enhance water system fire protection capabilities." \$74,987 was expended from the Capital Replacement Reserve Fund (authorized by Resolution 2020-11) this year for final payments associated with a seismic improvements project at Moe Reservoir.
- For Business-Type Activities, the Net position beginning July 1, 2020 was restated from the Net position ending June 30, 2020 for GASB 75 due to a change of \$8,740 in the RHIA Asset.

**Management's Discussion and Analysis
to Accompany June 30, 2021 Annual Financial Report
of the Rainbow Water District**

Rainbow Water District's Changes in Net Position

	Governmental Activities (Fire Protection)		Business-Type Activities (Water Operating)		Notes	Total	
	2020-21	2019-20	2020-21	2019-20		2020-21	2019-20
	ASSETS						
Current							
*Cash & Cash Equivalents	497,564	437,547	684,175	455,662		1,181,739	893,209
*Receivables	57,547	60,202	238,956	230,416		296,503	290,618
*Prepaid Insurance			21,100	18,892		21,100	18,892
*Inventory			62,619	28,201		62,619	28,201
Noncurrent (Capital)							
*OPEB RHIA Asset			11,053			11,053	
*Land/construct in prog			174,292	174,292		174,292	174,292
*Other capital assets			6,533,236	6,584,661		6,533,236	6,584,661
Total Assets	555,111	497,749	7,725,431	7,492,124		8,280,542	7,989,873
Deferred Outflows (Pension Related RHIA/PERS)			530,488	457,783	1	530,488	457,783
LIABILITIES							
Current							
*Accounts Payable			56,724	142,232		56,724	142,232
*Payroll Liabilities			46,036	36,270		46,036	36,270
*Customer Deposits			24,401	23,896		24,401	23,896
*Due within 1 year/Other			129,201	129,200		129,201	129,200
*Interest Accrual			25,962	27,131		25,962	27,131
Noncurrent							
*Proportionate share NPL			1,432,886	1,119,959		1,432,886	1,119,959
*Due in >1 year			2,155,511	2,259,220		2,155,511	2,259,220
Total Liabilities			3,870,721	3,737,908		3,870,721	3,737,908
Deferred Inflows (Pension Related RHIA/PERS)			19,398	56,546	1	19,398	56,546
NET POSITION							
*Net invest in cap assets			4,448,308	4,398,027		4,448,308	4,398,027
*Restricted	555,111	497,749	330,322	167,715		885,433	665,464
*OPEB RHIA Asset			11,053			11,503	
*Unrestricted			(423,883)	(410,289)		(423,883)	(410,289)
Total Net Position	555,111	497,749	4,365,800	4,155,453		4,920,911	4,653,202

Notes

1. *Deferred Inflows and Outflows of Resources provide a place to reflect the impact of pension earnings and pension obligations, estimated now but to be actually determined at a future point in time.*

**Management's Discussion and Analysis
to Accompany June 30, 2021 Annual Financial Report
of the Rainbow Water District**

There were several noteworthy items which are reflected in this year's financial report.

PAGE 1-2

- Property tax revenues in the Fire Protection Fund increased to \$1,589,296. These revenues are a combination of the Permanent Tax Base and the (5-year) Local Option Levy that was approved in November 2018. The Assessed Values used to calculate property taxes rose by about 3.2% over the prior year.
- Total expenses in the Fire Protection Fund remained at \$1,238,831 due to the Eugene-Springfield fire protection contract costs staying at the same level for another year. Costs are expected to climb in future years.
- Revenues for the year exceeded expenses by \$57,362. The balance in the Local Government Investment Pool (Fire Protection Fund) at year end increased to \$497,564.

PAGES 7-9

- The monthly retail base rate of \$20.00 and the first tier usage rate of \$1.15 per hundred cubic feet have been in effect since June 2019. Over the fiscal year 1,486 million gallons were sold, about 93% of the 1,592 million gallons that were produced. Water use was 8% higher than the previous year due to early watering during a hot and dry spring.
- Revenue from SUB wholesale and Rainbow retail water sales increased by 11% over the prior year to \$1,723,870. Rainbow retail sales were up \$71,578 and SUB wholesale sales up by \$100,605 over the prior year. Rainbow earned \$80,141 for contract services to other agencies, up \$7,855 from the prior year due to extensive help after the September 2020 Holiday Farm Fires and subsequent water system recovery efforts.
- Water Operating Expenses decreased from the prior year to \$1,985,245. Cash and Cash Equivalents in the Water Operating Fund increase from \$287,947 to \$353,853 over the previous year. A full-time position was not immediately filled following retirement, and Capital Outlay expenditures were reduced due to COVID-19 restrictions/complications.

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- A low interest (1.97%) state revolving fund loan was obtained to fund the Chase Water Treatment Facility. \$2,430,573 was borrowed and will be paid back over 20 years.

PAGES 38-39

- The Capital Replacement Reserve Fund ended the year with a balance of \$244,687. In May 2020 the fund was reauthorized by Resolution 2020-10 and name changed to the Capital Reserve Fund, to provide for the replacement of (or construction of new) utility infrastructure to enable the district to operate source, storage, treatment and related functions necessary for the provision of water for domestic and fire protection uses.
- The Resilience Fund was created in May 2020 by Resolution 2020-09 to enable the district to both save for a "rainy day" and smooth rate increases by managing fluctuations in water revenues across budget years. The year-end balance was \$85,635.

If you have any questions about this report, please send an inquiry to the following address: PO Box 8, Springfield, Or 97477.

Jamie Porter. Superintendent

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**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

BASIC FINANCIAL STATEMENTS

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RAINBOW WATER DISTRICT
LANE COUNTY, OREGON

STATEMENT OF NET POSITION

June 30, 2021

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current:			
Cash and Cash Equivalents	\$ 497,564	\$ 684,175	\$ 1,181,739
Receivables:			
Taxes	57,547	-	57,547
Water Service (net of allowance)	-	238,956	238,956
Prepaid Insurance	-	21,100	21,100
Inventory	-	62,619	62,619
Noncurrent:			
OPEB RHIA asset		11,053	11,053
Capital Assets:			
Land and construction in process	-	174,292	174,292
Other capital assets (net of accumulated depreciation)	-	6,533,236	6,533,236
Total Assets	<u>555,111</u>	<u>7,725,431</u>	<u>8,280,542</u>
DEFERRED OUTFLOWS OF RESOURCES			
Net Pension Related Deferrals - RHIA		1,610	1,610
Net Pension Related Deferrals - PERS	-	528,878	528,878
Total deferred inflows	<u>-</u>	<u>530,488</u>	<u>530,488</u>
LIABILITIES AND NET POSITION:			
Current Liabilities:			
Accounts Payable	-	56,724	56,724
Payroll Liabilities	-	46,036	46,036
Customer Deposits	-	24,401	24,401
Interest Accrual	-	25,962	25,962
Due within one year:			
Current maturities of long-term debt		103,709	103,709
Compensated absences payable	-	25,492	25,492
Noncurrent Liabilities:			
Net pension liabilities - PERS	-	1,432,886	1,432,886
Due in more than one year - long term debt		2,155,511	2,155,511
Total Liabilities	<u>-</u>	<u>3,870,721</u>	<u>3,870,721</u>
DEFERRED INFLOWS OF RESOURCES			
Net Pension Related Deferrals - RHIA	-	1,861	1,861
Net Pension Related Deferrals - PERS	-	17,537	17,537
Total deferred inflows	<u>-</u>	<u>19,398</u>	<u>19,398</u>
NET POSITION			
Net Investment in Capital Assets	-	4,448,308	4,448,308
Restricted			
Fire Protection Services	555,111	-	555,111
Capital Reserves	-	244,687	244,687
Resilience	-	85,635	85,635
OPEB RHIA Asset	-	11,053	11,053
Unrestricted	-	(423,883)	(423,883)
Total Net Position	<u>\$ 555,111</u>	<u>\$ 4,365,800</u>	<u>\$ 4,920,911</u>

See accompanying notes to the basic financial statements

RAINBOW WATER DISTRICT
LANE COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

FUNCTIONS	Expenses	PROGRAM REVENUES		Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contribution	Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Fire Protection	\$ 1,238,831	\$ -	\$ -	\$ (1,238,831)	\$ -	\$ (1,238,831)
Business-Type Activities:						
Water Service	1,996,744	1,883,660	-	-	(113,084)	(113,084)
Total Primary Government	\$ 3,235,575	\$ 1,883,660	\$ -	(1,238,831)	(113,084)	(1,351,915)
General Revenues:						
Taxes:						
Property taxes, levied for general purposes				1,589,296	-	1,589,296
Interest and investment earnings				5,113	4,976	10,089
Gain (loss) on sale of capital assets				-	11,499	11,499
Transfers, net				(298,216)	298,216	-
Total general revenues (losses)				1,296,193	314,691	1,610,884
Change in net position				57,362	201,607	258,969
Net Position- beginning (Restated for GASB 75)				497,749	4,164,193	4,661,942
Net Position - ending				\$ 555,111	\$ 4,365,800	\$ 4,920,911

See accompanying notes to the basic financial statements

RAINBOW WATER DISTRICT
LANE COUNTY, OREGON

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2021

ASSETS:	<u>Fire Protection</u>
Cash and cash equivalents	\$ 497,564
Property taxes receivable	<u>57,547</u>
Total Assets	<u>\$ 555,111</u>
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:	
Deferred Inflows of Resources	
Unearned revenue - unavailable property taxes	\$ <u>53,880</u>
Total Deferred Inflows of Resources	<u>53,880</u>
Fund Balances	
Restricted for fire protection services	<u>501,231</u>
Total Fund Balances	<u>501,231</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 555,111</u>

See accompanying notes to the basic financial statements

RAINBOW WATER DISTRICT
LANE COUNTY, OREGON

**Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
June 30, 2021**

Total Fund Balance - Governmental Fund	\$ 501,231
Total net position reported for governmental activities in the Statement of Net Position is different because:	
Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.	<u>53,880</u>
Net Position of Governmental Activities	<u><u>\$ 555,111</u></u>

See accompanying notes to the basic financial statements

RAINBOW WATER DISTRICT
LANE COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended June 30, 2021

	<u>Fire Protection</u>
REVENUE	
Property taxes	\$ 1,591,280
Interest	5,113
Total Revenue	<u>1,596,393</u>
EXPENDITURES	
Fire Protection	<u>1,238,831</u>
Total Expenditures	<u>1,238,831</u>
OTHER FINANCING SOURCES AND USES	
Transfers out	<u>(298,216)</u>
Total Other Financing Sources and Uses	<u>(298,216)</u>
Net change in fund balance	59,346
Beginning fund balance	<u>441,885</u>
Ending fund balance	<u><u>\$ 501,231</u></u>

See accompanying notes to the basic financial statements

RAINBOW WATER DISTRICT
LANE COUNTY, OREGON

Reconciliation of the Governmental Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
to the Statement of Activities
For the Year Ended June 30, 2021

Net change in fund balance - total governmental fund	\$	59,346
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Amounts reported for government-wide statements in the Statement of Activities are different because of the following:

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:

(Decrease) Increase in deferred revenues	<u>(1,984)</u>
Net Position of Governmental Activities	<u><u>\$ 57,362</u></u>

See accompanying notes to the basic financial statements

RAINBOW WATER DISTRICT
LANE COUNTY, OREGON

STATEMENT OF NET POSITION
ENTERPRISE FUND

June 30, 2021

	<u>Water Operating Fund</u>
ASSETS	
Current:	
Cash and cash equivalents	\$ 684,175
Accounts receivable (net of allowance)	238,956
Prepaid insurance	21,100
Inventory	62,619
Noncurrent:	
OPEB RHIA asset	11,053
Capital assets:	
Land and construction in process	174,292
Other capital assets (net of accumulated depreciation)	6,533,236
Total assets	<u>7,725,431</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Deferrals - RHIA	1,610
Pension Related Deferrals - PERS	528,878
Total deferred outflows	<u>530,488</u>
LIABILITIES AND FUND EQUITY:	
Current liabilities:	
Accounts payable	56,724
Payroll liabilities	46,036
Customer deposits	24,401
Interest Accrual	25,962
Due within one year:	
Current maturities of long-term debt	103,709
Compensated absences payable	25,492
Noncurrent liabilities:	
Net pension liabilities - PERS	1,432,886
Due in more than one year	2,155,511
Total liabilities	<u>3,870,721</u>
DEFERRED INFLOWS OF RESOURCES	
Pension Related Deferrals - RHIA	1,861
Pension Related Deferrals - PERS	17,537
Total deferred inflows	<u>19,398</u>
NET POSITION	
Net investment in capital assets	4,448,308
Restricted	
Capital Reserve Fund	244,687
Resilience Fund	85,635
OPEB RHIA asset	11,053
Unrestricted	
Total Net Position	<u>\$ 4,365,800</u>

See accompanying notes to the basic financial statements

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION - ENTERPRISE FUND
For the Year Ended June 30, 2021**

	Water Operating Fund
OPERATING REVENUES:	
Water service	\$ 1,723,870
Contract Services Income	80,141
Other operating revenues	79,649
	<hr/>
Total operating revenues	1,883,660
	<hr/>
OPERATING EXPENSES:	
Personal services	1,198,277
Materials and services	540,264
Contractual expense	61,730
Capital Outlay	(45,917)
Depreciation	230,891
	<hr/>
Total operating expenses	1,985,245
	<hr/>
Operating Income	(101,585)
	<hr/>
NON-OPERATING REVENUE (EXPENSE):	
Interest income	4,976
Transfers in	458,203
Transfers out	(159,987)
	<hr/>
Total non-operating revenue (expense)	303,192
	<hr/>
Net Change in Net Position	201,607
	<hr/>
Beginning Net Position (Restated for GASB 75)	4,164,193
	<hr/>
Ending Net Position	\$ 4,365,800
	<hr/> <hr/>

See accompanying notes to the basic financial statements

RAINBOW WATER DISTRICT
LANE COUNTY, OREGON

STATEMENT OF CASH FLOWS - ENTERPRISE FUND
For the Year Ended June 30, 2021

	<u>Water Operating Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 1,875,625
Cash Paid to Suppliers	(691,484)
Cash Paid to Employees	(996,718)
Net Cash Provided (Used) by Operating Activities	<u>187,423</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments of Long-term Debt	(102,875)
Purchase of Capital Assets, net	(167,967)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(270,842)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers In	458,203
Transfers Out	(159,987)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>298,216</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	4,976
Net Cash Provided (Used) by Investing Activities	<u>4,976</u>
 Net Increase (Decrease) in Cash	 219,773
 Cash and Cash Equivalents - Beginning of Year - Restated	 <u>464,402</u>
 Cash and Cash Equivalents - End of Year	 <u>\$ 684,175</u>
 Cash Paid for Interest	 \$ 46,511
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income	\$ (101,585)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation Expense	219,392
Decrease (Increase) in net pension liability and deferred inflow/outflow	202,823
Decrease (Increase) in OPEB RHIA liability (asset) and deferred inflow/outflow	(10,802)
Decrease (Increase) in Accounts Receivable	(8,540)
Decrease (Increase) in Prepaid Insurance	(2,208)
Decrease (Increase) in Inventory	(34,418)
Increase (Decrease) in Accounts Payable	(85,508)
Increase (Decreased) in Payroll Liabilities	9,766
Increase (Decrease) in Other Liabilities	(1,269)
Increase (Decrease) in Accrued Compensated Absences	(228)
Net Cash Provided (Used) By Operating Activities	<u>\$ 187,423</u>

See accompanying notes to the basic financial statements

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**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

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**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. THE FINANCIAL REPORTING ENTITY

Rainbow Water District (the District) is a municipal corporation governed by an elected board. Several other local governmental entities operate within the service area of Rainbow Water District. In no case does the District exert oversight authority over any of the other agencies in accordance with criteria established by generally accepted accounting principles (GAAP); therefore, none of the other governmental agencies have been included in these financial statements as a component unit of the District.

Generally accepted accounting principles, require these financial statements present Rainbow Water District (the primary government) and any component units, if any. Component units, as established by Government Accounting Standards Board (GASB) Statement No. 61, are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements. There are no component units.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

FIRE PROTECTION – MAJOR GOVERNMENTAL FUND

The principal source of revenue is property taxes. The only expenditures are for fire protection and transfers to reserves.

WATER OPERATING – MAJOR ENTERPRISE FUND

This is the district's primary operating fund. This fund accounts for the operations, maintenance and development of water services and the provision of street lights. The fund's primary source of revenue is water charges.

NONMAJOR ENTERPRISE FUNDS

The principal source of revenue is transfers from the major funds.

CAPITAL RESERVE FUND

The purpose of this fund is to provide for the replacement or construction of new utility infrastructure to enable to district to operate source, storage, treatment and related functions necessary for the provision of water for domestic and fire protection uses. (Renewed and renamed by Resolution 2020-10 on May 13, 2020)

RESILIENCE FUND

The purpose of this fund is to save for a rainy day and smooth rate increases by managing fluctuations in water revenues over several budget years. (Created by Resolution 2020-09 on May 13, 2020)

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF ACCOUNTING

GASB Statement Number 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments* is followed.

The basic financial statements are prepared on the accrual basis of accounting using the “economic resources” measurement focus. 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.

Accordingly, all assets and liabilities are reflected within the balance sheet with the equity section representing “net total position.”

D. BUDGET

A budget is prepared and legally adopted for each fund type on the modified accrual basis of accounting in the main program categories required by Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles except that property taxes received after year-end are not considered budgetary resources in the funds, inventory is expensed when purchased, capital outlay is reported as an expenditure rather than capitalized, pension costs are recorded when paid, depreciation and amortization are not recorded and debt and vacation pay are expensed when paid instead of when incurred.

Expense budgets are appropriated at the following levels for each fund:

Personal Services	Contingency
Materials and Services	Capital Reserve
Capital Outlay	Resilience

Expenditures cannot legally exceed the above appropriation levels. Supplemental appropriations may occur if the Board approves them due to a need, which was not determined at the time the budget was adopted. Budget amounts shown in the basic financial statements reflect the original budget amounts. Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2021, except for the Capital Reserve Fund where transfer out was over expended by \$74,987.

E. OPERATING REVENUES AND EXPENSES

Proprietary funds (enterprise) distinguish operating revenues and expenses from nonoperating 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 enterprise fund is water charges. Water revenue is recorded when the service is rendered. Operating expenses for enterprise 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 nonoperating revenues and expenses.

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. INVESTMENTS

Investments are reported at fair value based on quoted market prices for securities purchased by the District and for cash reported by the investment pool in which the District participates. All investments held have readily available market prices. The change in fair value is reported in the statement of revenues, expenses and changes in net position as investment earnings. Realized gains or losses on the maturity or disposition of securities are not separately disclosed.

G. INVENTORIES

Inventories are valued at cost using the first-in/first-out (FIFO) method.

H. PREPAID INSURANCE

Unexpired insurance premiums at June 30, 2021 on insurance policies expiring in 2021-22 are recorded as prepaid insurance and are recorded as expenditures when used.

I. CAPITAL ASSETS

Purchased capital assets are stated at cost where historical records are available and at estimated historical cost where no historical records exist. Major additions, improvements and replacements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Donated capital assets are stated at estimated fair value at the date of donation. Gains or losses realized from the sale of capital assets are reflected in the statement of operations. The District capitalizes all individual items over \$5,000.

Property, plant and equipment are depreciated and intangible assets, such as system buy-in-costs, are amortized using the straight-line method over their estimated lives as follows:

Building and Improvements	40 years
Chlorination equipment	20 years
Chlorination equipment, small	5 years
Fire hydrants	40 years
Office equipment	10 years
Pumping equipment	25 years
Pumping plant rehabilitation	10 years
Reservoirs	60 years
Roads and bridges	50 years
Service lines	40 years
Telemetry/control	20 years
Transmission and distribution mains	50 years
Water quality equipment	10 years
Vehicles and tools	10 years
Wells	50 years
Well rehabilitation	10 years

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. CAPITAL ASSETS (CONTINUED)

All interest costs on borrowings that are used to finance the construction of property, plant and equipment, less any interest earned on investments acquired with the proceeds of the borrowings, are capitalized as capital assets from the date of the borrowings until the assets are ready for their intended use. Most of the borrowings are on a reimbursement basis after the construction is complete. No interest costs were capitalized in the fiscal year ending June 30, 2021.

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the basic financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2021 there were deferred outflows representing PERS pension and OPEB RHIA related deferrals reported in the Statement of Net Position.

In addition to liabilities, the basic financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items which qualify for reporting in this category. The first is unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The second is PERS pension and OPEB RHIA related deferrals, which is reported in the statement of net position.

K. NET POSITION

Net position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories.

Net Investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on net asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – consists of all other net position that is not included in the other categories previously mentioned.

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. FUND BALANCE

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions, is followed. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The Superintendent and Business Manager have the authority to assign fund balance.
- Unassigned fund balance is the residual classification of a General Fund. The District has no General Fund.

There is only a restricted fund balance designated for fire protection services at year end.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

M. COMPENSATED ABSENCES

The liability for compensated absences reported in the proprietary fund statements consist of unpaid, accumulated annual leave balances. All unused vacation leave vests with employees and is payable upon termination of employment.

N. CUSTOMER DEPOSITS

Customer Deposits are for new customers to set up their utility billing accounts with the District and pay a deposit of \$80. The deposit is refundable after 12 months of consistent payments with no more than one late fee.

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. RETIREMENT PLANS

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

P. CASH AND CASH EQUIVALENTS

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Fair Value Inputs and Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Q. ESTIMATES

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

RAINBOW WATER DISTRICT
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

The cash management policies are governed by state statutes. Statutes authorize investing in bankers acceptances, time certificates of deposit, commercial paper, repurchase agreements, obligations of the United States and its agencies and instrumentalities, Local Government Investment Pools and fixed or variable life insurance or annuity contracts for funding the deferred compensation plan.

A cash pool is maintained that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as Deposits and Investments or amounts in Due to Other Funds. In addition, cash is separately held by some of the funds. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

The District had the following cash and investments:

Deposits With Financial Institutions	2021
Petty Cash	\$ 150
Demand Deposits:	
Checking	41,258
Investments	1,140,331
Total	\$ 1,181,739

Deposits

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. The total bank balance per the bank statements as of June 30, 2021 was \$87,247, of which all was covered by federal depository insurance and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP).

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2021, none of the bank balances were exposed to custodial credit risk.

Investments

State statutes authorize investment in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Fitch Ratings and Standard & Poor's Corporation or P1 by Moody's Commercial Paper Record (A-2/P-2 if Oregon commercial paper) and the state treasurer's investment pool. The investments during the year were invested in the state treasurer's investment pool.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued.

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments.

These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)
If the link has expired please contact the Oregon Short Term Fund directly.

The District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>		
		<u>Less than 3</u>	<u>3-18</u>	<u>18-59</u>
State Treasurer's Investment Pool	\$ 1,140,331	\$ 1,140,331	\$ -	\$ -
Total	\$ 1,140,331	\$ 1,140,331	\$ -	\$ -

Interest Rate Risk – Investments

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

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the value of the deposits will not be recovered. There is no formal investment policy for custodial credit risk. All of the investments are with the LGIP. Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE.

Concentration Risk - Investments

Concentration risk is the risk of loss due to a large portion of investments with a single issuer. To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the LGIP is invested in, which is not required to have a risk rating. State statutes do not limit the percentage of investments in this instrument. As of June 30, 2021, 100% of the investments were in the State Treasurer's Investment Pool.

3. RECEIVABLES

A. ACCOUNTS RECEIVABLE – WATER SERVICE

The District bills residential water users and commercial users every month. The water service receivable is \$238,956 (after an allowance of \$1,200) at June 30, 2021. The allowance was based on prior year's amount and has been historically set at \$1,200 to cover bad debt with no changes considered necessary.

B. PROPERTY TAXES RECEIVABLE – FIRE PROTECTION

Property taxes receivable for the District for fiscal year end 2020-21 were \$57,547

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS

The changes in Proprietary fund Capital Assets for the year ended June 30, 2021 are summarized below:

	Balance 7/1/2020	Additions	(Deletions)	Balance 6/30/2021
Non-Depreciable:				
Land and improvements	\$ 174,292	\$ -	\$ -	\$ 174,292
Total Non-Depreciable	<u>174,292</u>	<u>-</u>	<u>-</u>	<u>174,292</u>
Depreciable:				
Wells	1,154,847	-	-	1,154,847
Pumpling Plant	437,941	7,288	-	445,229
Purification Plant	72,866	-	-	72,866
Transmission Plant	1,941,523	5,191	-	1,946,714
Transmission Mains	385,132	-	-	385,132
Distribution Mains	1,202,905	6,654	-	1,209,559
Service Lines	187,687	11,499	(262)	198,924
Meters	453,149	88,171	(69)	541,251
Hydrants	50,735	-	-	50,735
Buildings and Bridges	163,649	-	-	163,649
Tools, Vehicles and Equipment	256,699	7,271	(2,551)	261,419
Office Furniture and Equipment	100,845	3,085	-	103,930
Weyco Corrosion Control	19,198	50,307	-	69,505
Chase Wellfield Devel	1,071,066	-	-	1,071,066
CWTP- Pacific Excavation	2,930,572	-	-	2,930,572
Supplies	13,665	-	-	13,665
Total Depreciable	<u>10,442,479</u>	<u>179,466</u>	<u>(2,882)</u>	<u>10,619,063</u>
Total Capital Assets	<u>10,616,771</u>	<u>179,466</u>	<u>(2,882)</u>	<u>10,793,355</u>
Accumulated Depreciation				
Wells	635,501	12,966	-	648,467
Pumpling Plant	249,946	15,270	-	265,216
Purification Plant	47,776	2,534	-	50,310
Transmission Plant	845,939	36,726	-	882,665
Transmission Mains	345,767	1,126	-	346,893
Distribution Mains	702,709	14,781	-	717,490
Service Lines	161,202	1,928	(262)	162,868
Meters	171,537	9,689	(69)	181,157
Hydrants	30,628	740	-	31,368
Buildings and Bridges	120,528	2,674	-	123,202
Tools, Vehicles and Equipment	210,413	12,958	(2,551)	220,820
Office Furniture and Equipment	71,810	6,132	-	77,942
Weyco Corrosion Control	5,850	2,543	-	8,393
Chase Wellfield Devel	77,260	21,421	-	98,681
CWTP- Pacific Excavation	175,397	88,037	-	263,434
Supplies	5,555	1,366	-	6,921
Total Accumulated Depreciation	<u>3,857,818</u>	<u>\$ 230,891</u>	<u>\$ (2,882)</u>	<u>4,085,827</u>
Capital Assets, Net	<u>\$ 6,758,953</u>			<u>\$ 6,707,528</u>

Deletions represent sale of fully depreciated assets for proceeds and a gain of \$11,499.

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. LONG-TERM OBLIGATIONS

Financing Contract: The District entered into a reimbursement basis financing contract for an estimated project cost of \$3,294,400 of which \$515,000 of the loan is forgivable. The final approved loan amount was \$2,430,573. The final payment is due in December 2038.

The following is a summary of long-term debt transactions for the year ended June 30, 2021:

<u>Loan</u>	<u>Interest Rates</u>	<u>Original Issue Amount</u>	<u>Outstanding July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Outstanding June 30, 2021</u>	<u>Due Within One Year</u>
Financing Contract	1.97%	\$ 2,430,573	2,360,926	-	(101,706)	2,259,220	103,709
Total			<u>\$ 2,360,926</u>	<u>\$ -</u>	<u>\$ (101,706)</u>	<u>\$ 2,259,220</u>	<u>\$ 103,709</u>

Annual debt service requirements to maturity for notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	<u>Financing Contract</u>		
2022	103,709	44,507	148,216
2023	105,752	42,464	148,216
2024	107,836	40,380	148,216
2025	109,960	38,256	148,216
2026	112,126	36,090	148,216
2027-2031	594,648	146,432	741,080
2032-2036	655,574	85,505	741,079
2037-2039	469,615	19,487	489,102
Total	<u>\$ 2,259,220</u>	<u>\$ 453,121</u>	<u>\$ 2,712,341</u>

The Financing Contract note payable agreement has a default clause stating that should the District default on the loan, the remaining amount of principal and interest can be accelerated to be due immediately. The District has no other significant default or termination clauses contained in the note payable loan agreement that would require disclosure under GASB 88.

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFERRED COMPENSATION

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of resignation, death, disability, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the District.

7. RISK MANAGEMENT

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

8. PROPERTY TAX LIMITATIONS

The Voters of the State of Oregon imposes a constitutional limit on property taxes. The limitation provides that property taxes for operations are limited to \$4.6552 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this requirement has been that districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue.

The State Voters further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to districts from the impact of the tax cuts.

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

9. DEFINED PENSION BENEFIT PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

If the link is expired please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **Pension Benefits.** The PERS 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, and 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 benefits 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 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 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.
 - ii. **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 contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **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 PERS judge members) for disability benefits regardless of the length of PERS-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.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. 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 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.
 - ii. **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. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
 - iii. **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.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Effective January 1, 2020, Senate Bill 1049 requires employees to pay contributions on re-employed PERS retirees' salaries as if they were an active member, excluding IAP (6%) contributions. Employer contributions for the year ended June 30, 2021 were \$148,470, excluding amounts to fund employer specific liabilities.

Pension Asset or Liability – At June 30, 2021, the District reported a net pension liability of \$1,432,886 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2020 and 2019, the District's proportion was .007 percent and .006 percent, respectively. Pension expense for the year ended June 30, 2021 was \$202,823.

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

The rates in effect for the year ended June 30, 2021 were:

- (1) Tier 1/Tier 2 – 29.29%
- (2) OPSRP general services – 20.46%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 63,064	\$ -
Changes in assumptions	76,898	2,694
Net difference between projected and actual earnings on pension plan investment	168,489	-
Changes in proportionate share	51,925	7,368
Difference between employer contributions and employer's proportionate share of system contributions	<u>20,032</u>	<u>7,475</u>
Subtotal - Amortized deferrals (below)	380,408	17,537
District contributions subsequent to measurement date	<u>148,470</u>	-
Net deferred outflow (inflow) of resources	<u>\$ 528,878</u>	<u>\$ 17,537</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2022.

Subtotal amounts related to pension as deferred outflows of resources, \$380,408, and deferred inflows of resources, (\$17,537), net to \$362,871 and will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ 86,850
2023	110,953
2024	100,552
2025	62,970
2026	1,546
Thereafter	-
Total	<u>\$ 362,871</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 12, 2021. Oregon PERS produces an independently audited CAFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

Actuarial Valuations – The employer contribution rates effective July 1, 2019 through June 30, 2021, were set using the entry age normal 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 (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer 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 actuarially determined amount for funding a disability benefit component, and (c) 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, 2018
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2018.

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Investments	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

(Source: June 30, 2020 PERS CAFR; p. 102)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-driven	0.38%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
<i>Assumed Inflation - Mean</i>		2.50%

(Source: June 30, 2020 PERS CAFR; p. 74)

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2020 and 2019 was 7.20 percent for both years for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate – the following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate.

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	\$ 2,127,717	\$ 1,432,886	\$ 850,237

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer’s reporting date that are expected to have a significant effect on the employer’s share of the collective Net Pension Liability, along with an estimate of the resulting change, if available. There are no changes subsequent to the June 30, 2020 Measurement Date that meet this requirement.

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

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. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member’s IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Benefits:

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits:

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

Contributions:

Employees of the District pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSERP members earning \$2,500 or more per month will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSERP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2021.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700.

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

10. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA)

Plan Description:

As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)

Funding Policy:

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

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.06% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2021. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The District's contributions to RHIA equaled the required contribution each year.

At June 30, 2021, the District reported a net OPEB asset of \$11,053 for its proportionate share of the net OPEB asset. The OPEB asset was measured as of June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB asset is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement dates of June 30, 2020 and 2019, the District's proportion was .005 percent and .006 percent, respectively. OPEB income for the year ended June 30, 2021 was \$2,062.

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)

Components of OPEB Expense/(Income):

Employer's Proportionate share of collective system OPEB Expense/(Income)	\$ (1,778)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	60
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
Employer's total OPEB Expense/(Income)	<u>\$ (1,718)</u>

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expended and actual experience	-	1,130
Changes of assumptions	-	588
Net Difference between project and actual earning on investment	1,229	-
Changes in proportionate share	381	143
Difference between employer contributions and employer's proportionate share of system contributions	-	-
Subtotal - Amortized Deferrals (below)	1,610	1,861
Contributions subsequent to measurement date	-	-
Deferred outflow (inflow) of resources	<u>\$ 1,610</u>	<u>\$ 1,861</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2022.

Subtotal amounts related to OPEB as deferred outflows of resources, \$1,610, and deferred inflows of resources, (\$1,861), net to (\$251) and will be recognized in OPEB expense as follows:

Year ending June 30,	
2022	\$ (1,032)
2023	(60)
2024	454
2025	387
2026	-
Thereafter	-
Total	<u>\$ (251)</u>

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2020. That independently audited report was dated March 12, 2021 and can be found at:

https://www.oregon.gov/pers/EMP/Documents/GASB/2020/GASB_75_FYE_6.30.2020.pdf

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2018
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Retiree healthcare participation	Healthy retirees: 32%; Disabled retirees: 20%
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2018.

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement dates of June 30, 2020 and 2019 was 7.20 and 7.20 percent, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA 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 OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-driven	38.00%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
<i>Assumed Inflation - Mean</i>		2.50%

(Source: June 30, 2020 PERS CAFR; p. 74)

Sensitivity of the District’s proportionate share of the net OPEB liability/(asset) to changes in the discount rate – The following presents the District’s proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.20 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate.

	1% Decrease <u>(6.20%)</u>	Discount Rate <u>(7.20%)</u>	1% Increase <u>(8.20%)</u>
District's Proportionate share of the net OPEB liability (asset)	\$ (8,923)	\$(11,053)	\$(12,874)

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2020 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

11. OTHER POST-EMPLOYMENT BENEFIT PLAN (HEALTH CARE)

Plan Description

The District administers a single-employer defined benefit healthcare plan that covers both active and retired participants. The plan provides post-retirement healthcare benefits for eligible retirees and their dependents through the District's group health insurance plans. The District's post-retirement plan was established in accordance with Oregon Revised Statutes (ORS) 243.303 which states, in part, that for the purposes of establishing healthcare premiums, the calculated rate must be based on the cost of all plan members, including both active employees and retirees. Because claim costs are generally higher for retiree groups than for active members, the premium amount does not represent the full cost of coverage for retirees. The resulting additional cost, or implicit subsidy, is required to be valued under GASB Statement 75 related to Other Post-Employment Benefits (OPEB). Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective.

Funding Policy

The District has not established a trust fund to finance the cost of post-employment health care benefits related to implicit rate subsidies. Premiums are paid by retirees based on the rates established for active employees. Additional costs related to an implicit subsidy are paid by the District on a pay-as-you-go basis. There is no obligation on the part of the District to fund these benefits in advance.

Implicit Health Subsidy

Employees are able to purchase post-employment insurance coverage through the District, until age 65. However, the District has no liability as the employees are responsible for all premiums. For the fiscal year ended June 30, 2021, the District did not obtain an actuarial valuation report for the Implicit Healthcare Subsidy in accordance with GASB 75.

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

12. INTERFUND TRANSFERS

Interfund transfers are comprised of the following at June 30, 2021:

	Transfers Out	Transfers In
Fire Fund	\$ 298,216	\$ -
Water Fund	85,000	223,203
Capital Reserve Fund	74,987	150,000
Resilience Fund	-	85,000
Total Transfers	\$ 458,203	\$ 458,203

Transfers were made to fund operations. There were no interfund receivables/payables at June 30, 2021.

13. TAX ABATEMENTS

As of June 30, 2021, the District potentially had tax abatements through various state allowed programs that impacted levied taxes. Based on the information available from the county as of the date of issuance of these basic financial statements, there were no material abatements disclosed by the county for the year ended June 30, 2021 for any program covered under GASB 77.

14. COMMITMENTS AND CONTINGENCIES

The COVID-19 outbreak in the United States has caused substantial disruption to business and local governments due to mandated and voluntary suspension of operations and stay at home orders. There is considerable uncertainty around the duration of the outbreak and the long-term impact to the overall economy. However, the impact on the District's finances is not determinable.

15. OPERATING LEASES

The District entered into a lease with Canon for a printer on November 7, 2018 which expires on November 7, 2021. Lease expense was \$466 for the year. As of June 30, 2021, minimum annual lease payments for leases with terms in excess of one year are as follows:

	Canon Printer
2021-22	187
Total	\$ 187

16. RESTATEMENT OF NET POSITION

Due to the current actuarial valuation of the District's OPEB-RHIA benefits for GASB Statement No. 75, a restatement of the prior year net position was required to record the RHIA asset at the prior measurement date. The restatement is as follows:

Net Position - Beginning as previously reported	\$ 4,653,202
Change in June 30, 2020 RHIA Asset	8,740
Net Position - Beginning as restated	\$ 4,661,942

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

REQUIRED SUPPLEMENTARY INFORMATION

(Individual Fund and Other Financial Schedules)

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**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Year Ended June 30, 2021**

<u>FIRE PROTECTION FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Current year property taxes	\$ 1,438,000	\$ 1,438,000	\$ 1,591,280	\$ 153,280
Interest	10,000	10,000	5,113	(4,887)
Total Revenues	<u>1,448,000</u>	<u>1,448,000</u>	<u>1,596,393</u>	<u>148,393</u>
EXPENDITURES:				
Materials and services	1,238,831	1,238,831 (1)	1,238,831	-
Contingency	309,708	309,708 (1)	-	309,708
Total Expenditures	<u>1,548,539</u>	<u>1,548,539</u>	<u>1,238,831</u>	<u>309,708</u>
Excess of Revenues Over, -Under Expenditures	(100,539)	(100,539)	357,562	458,101
Other Financing Sources, -Uses:				
Transfers Out	(298,216)	(298,216) (1)	(298,216)	-
Total Other Financing Sources, -Uses	<u>(298,216)</u>	<u>(298,216)</u>	<u>(298,216)</u>	<u>-</u>
Net Change in Fund Balance	(398,755)	(398,755)	59,346	458,101
Beginning Fund Balance	402,000	402,000	441,885	39,885
Ending Fund Balance	<u>\$ 3,245</u>	<u>\$ 3,245</u>	<u>\$ 501,231</u>	<u>\$ 497,986</u>

(1) Appropriation Level

**RAINBOW WATER DISTRICT
LANE COUNTY, OR
REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2021

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPA)	(c) Entity's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.007 %	\$ 1,432,886	\$ 665,085	215.4 %	75.8 %
2020	0.006	1,119,959	629,916	177.8	80.2
2019	0.006	895,446	562,685	159.1	82.1
2018	0.006	795,754	513,596	154.9	83.1
2017	0.006	911,928	481,819	189.3	80.5
2016	0.007	407,784	447,392	91.1	91.9
2015	0.007	(153,895)	439,364	(35.0)	103.6
2014	0.007	346,470	417,895	82.9	92.0

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2021	\$ 148,470	\$ 148,470	\$ -	\$ 633,492	23.4 %
2020	156,601	156,601	-	665,085	23.5
2019	127,929	127,929	-	629,916	20.3
2018	114,331	114,331	-	562,685	20.3
2017	88,169	88,169	-	513,596	17.2
2016	82,665	82,665	-	481,819	17.2
2015	60,158	60,158	-	447,392	13.4
2014	58,148	58,148	-	439,364	13.2

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

RAINBOW WATER DISTRICT
EUGENE, OREGON
 REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2021

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB ASSET FOR RHIA

Year Ended June 30,	(a) Employer's proportion of the net OPEB asset (NOA)	(b) Employer's proportionate share of the net OPEB asset (NOA)	(c) Employer's covered payroll	(b/c) NOA as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB asset
2021	0.0054 %	\$ 11,053	\$ 665,085	1.662 %	150.1 %
2020	0.0058	11,203	629,916	1.737	144.5
2019	0.0053	5,937	562,685	1.055	124.0
2018	0.0051	2,126	513,596	0.414	108.9

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

Amounts for covered payroll (c) use the prior year's data to match the measurement date used by the OPEB plan for each year.

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2021	\$ N/A	\$ N/A	\$ -	\$ 633,492	- %
2020	N/A	N/A	-	665,085	-
2019	N/A	N/A	-	629,916	-
2018	N/A	N/A	-	562,685	-

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

All statutorily required contributions were made and are included with PERS contributions (See p. 35)

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**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

SUPPLEMENTARY INFORMATION

(Individual Fund and Other Financial Schedules)

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**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Year Ended June 30, 2021**

<u>WATER OPERATING FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Water sales	\$ 1,619,970	\$ 1,619,970	\$ 1,723,870	\$ 103,900
Interest	2,400	2,400	2,382	(18)
Contract Services Income	73,600	73,600	80,141	6,541
Miscellaneous income	9,320	9,320	91,148	70,821
Total Revenues	1,705,290	1,705,290	1,897,541	192,251
EXPENDITURES:				
Personal services	1,006,988	1,006,988	997,744	9,244
Materials and services	584,200	584,200	541,433	42,767
Contractual	-	-	61,730	(61,730)
Debt Service	148,216	148,216	101,706	46,510
Capital outlay	382,570	382,570	145,048	237,522
Contingency	38,026	38,026	-	38,026
Total Expenditures	2,160,000	2,160,000	1,847,661	312,339
Excess of Revenues Over (Under) Expenditures	(454,710)	(454,710)	49,880	504,590
Other Financing Sources (Under):				
Transfers In	248,216	248,216	223,203	(25,013)
Transfers Out	(85,000)	(85,000)	(85,000)	-
Total Other Financing Sources (Under)	163,216	163,216	138,203	(25,013)
Net Change in Fund Balance	(291,494)	(291,494)	188,083	479,577
Beginning Balance	291,494	291,494	361,284	69,790
Ending Fund Balance	\$ -	\$ -	\$ 549,367	\$ 549,367

(1) Appropriation Level

Reconciliation to Government Fund Balance as required to GASB 54

Ending Fund Balance:

Capital Reserve Fund	244,687
Resilience Fund	85,635
	<u>\$ 879,689</u>

Reconciliation to Statement of Revenues, Expenses and Changes in Net Position - Enterprise Funds:

Capital Assets, net of accumulated depreciation	6,707,528
OPEB RHIA asset	11,053
Proportionate Share of net pension liability - PERS	(1,432,886)
Long Term debt	(2,259,220)
Interest accrual	(25,962)
Compensated absences	(25,492)
Deferred inflows/outflows - RHIA - net	(251)
Deferred inflows/outflows - PERS - net	511,341
Ending Net Position	<u><u>\$ 4,365,800</u></u>

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Year Ended June 30, 2021**

<u>CAPITAL RESERVE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES:				
Interest	\$ 1,000	\$ 1,000	\$ 1,959	\$ 959
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>1,959</u>	<u>959</u>
EXPENDITURES:				
Capital Outlay	<u>100,000</u>	<u>100,000</u>	(1) -	<u>100,000</u>
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Excess of Revenues Over (Under) Expenditures	(99,000)	(99,000)	1,959	- 100,959
Other Financing Sources (Under):				
Transfers out	-	-	(1) (74,987)	(74,987)
Transfers In	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total Other Financing Sources (Under)	<u>150,000</u>	<u>150,000</u>	<u>75,013</u>	<u>(74,987)</u>
Net Change in Fund Balance	51,000	51,000	76,972	25,972
Beginning Fund Balance	<u>77,000</u>	<u>77,000</u>	<u>167,715</u>	<u>90,715</u>
Ending Fund Balance	<u>\$ 128,000</u>	<u>\$ 128,000</u>	<u>\$ 244,687</u>	<u>\$ 116,687</u>

(1) Appropriation Level

Note: This fund's activities have been combined with the Water Operating Fund activities in accordance with GASB 54 due to it's financing resources being derived primarily from General Fund transfers.

RAINBOW WATER DISTRICT
LANE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Year Ended June 30, 2021

	<u>RESILIENCE FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Interest	\$ 100	\$ 100	\$ 635	\$ 535
Total Revenues	<u>100</u>	<u>100</u>	<u>635</u>	<u>535</u>
Other Financing Sources (Under):				
Transfers In	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Total Other Financing Sources (Under)	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Net Change in Fund Balance	85,100	85,100	85,635	535
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ 85,100</u>	<u>\$ 85,100</u>	<u>\$ 85,635</u>	<u>\$ 535</u>

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 due to its financing resources being derived primarily from General Fund transfers.

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2021**

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED AT JULY 1, 2020	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT JUNE 30, 2021
Current:						
2020-21	\$ 1,633,657	\$ 43,470	\$ (4,137)	\$ 564	\$ 1,559,226	\$ 27,388
Prior Years:						
2019-20	30,111	(30)	(2,345)	1,072	13,913	14,955
2018-19	12,714	(12)	(1,670)	1,186	6,403	5,839
2017-18	6,980	(2)	(1,464)	1,164	4,111	2,571
2016-17	3,026	(2)	(763)	628	1,825	1,068
Prior	7,371	-	(1,559)	625	711	5,726
Total Prior	60,202	(46)	(7,801)	4,675	26,963	30,159
Total	<u>\$ 1,693,859</u>	<u>\$ 43,424</u>	<u>\$ (11,938)</u>	<u>\$ 5,239</u>	<u>\$ 1,586,189</u>	<u>\$ 57,547</u>

RECONCILIATION TO REVENUE

Cash Collections by County Treasurer Above	\$ 1,586,189
Accrual of Receivables	
June 30, 2020	(4,338)
June 30, 2021	3,667
Change in deferred revenue from prior year (See page 6)	(1,984)
Payments in Lieu of Taxes	<u>5,762</u>
Total Revenue	<u>\$ 1,589,296</u>

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

OTHER INFORMATION

(Individual Fund and Other Financial Schedules)

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**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2021**

<u>WATER OPERATING FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Water sales - retail	\$ 948,000	\$ 948,000	\$ 1,004,893	\$ 56,893
Water sales - SUB	671,970	671,970	718,977	47,007
Interest income - water	2,400	2,400	2,382	(18)
Reimbursed labor	6,120	6,120	8,333	2,213
Account processing fees	-	-	3,642	3,642
Late Fees	-	-	3,610	3,610
Service connection charges	390	390	15,710	15,320
Contract Service - Hydrant Maintenance	4,600	4,600	4,668	68
Contract Service - Marcola	36,000	36,000	40,234	4,234
Contract Service - EWEB Meter Installations	-	-	-	-
Contract Service - ShangriLa	12,000	12,000	6,127	(5,873)
Contract Service - Deerhorn	12,000	12,000	29,113	17,113
Misc income	11,810	11,810	59,852	48,042
	<u>1,705,290</u>	<u>1,705,290</u>	<u>1,897,541</u>	<u>192,251</u>
EXPENDITURES:				
Personal services:				
Staff wages	641,172	641,172	551,645	89,527
Extra value bonus	-	-	19,633	(19,633)
Part time and emergency pay	-	-	18,135	(18,135)
Vacation pay expense	-	-	6,674	(6,674)
Sick pay expense	-	-	39,129	(39,129)
Social security and medicare expense	58,329	58,329	46,877	11,452
Workers comp expense	-	-	4,766	(4,766)
Employee insurance expense	152,917	152,917	140,775	12,142
Retirement 457b expense	-	-	148,470	(148,470)
PERS expense	154,570	154,570	11,562	143,008
Personnel Contingency	-	-	10,079	(10,079)
	<u>1,006,988</u>	<u>1,006,988</u>	<u>997,745</u>	<u>9,243</u>
Materials and services				
Purification expense	60,000	60,000	57,980	2,020
Purification exp-source	-	-	3,825	(3,825)
Telephone telemetry	242,000	242,000	26,365	215,635
Pump power	-	-	219,558	(219,558)
Maintenance vehicles	-	-	34,641	(34,641)
Maintenance - District facilities	-	-	89,845	(89,845)
Customer billing	24,600	24,600	16,748	7,852
Interest expense	-	-	46,511	(46,511)
General office	37,500	37,500	25,268	12,232
Special district	6,000	6,000	-	6,000
Bad debt exp	-	-	567	(567)
Budget & election exp	-	-	590	(590)
Dues, school and convention exp	16,500	16,500	10,024	6,476
Street light exp	7,500	7,500	6,074	1,426
Maintenance - Land and Buildings	70,000	70,000	-	70,000
Other expense	2,800	2,800	3,437	(637)
	<u>466,900</u>	<u>466,900</u>	<u>541,433</u>	<u>(74,533)</u>
Contractual services:				

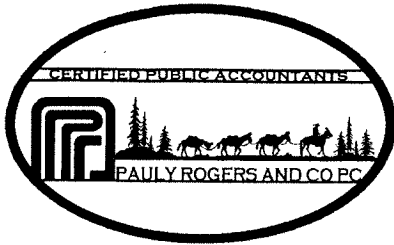
**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2021**

<u>WATER OPERATING FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
Insurance expense	38,000	38,000	37,695	305
Engineering studies	12,000	12,000	11,227	773
Financial advisor	-	-	-	-
Legal expense	10,000	10,000	2,058	7,942
Audit expense	24,000	24,000	10,750	13,250
Database Software	33,300	33,300	-	33,300
Total contractual services	117,300	117,300	61,730	55,570
Debt Service	148,216	148,216	101,706	46,510
Total Debt Service	148,216	148,216	101,706	(46,510)
Capital outlay	382,570	382,570	145,047	237,523
Total capital outlay	382,570	382,570	145,047	237,523
Contingency	38,026	38,026	-	38,026
Total expenditures	2,160,000	2,160,000	1,847,661	265,829
Other Financing Sources (Uses):				
Transfers In	248,216	248,216	223,203	(25,013)
Transfers Out	(85,000)	(85,000)	(85,000)	-
Total Other Financing Sources (Uses)	163,216	163,216	138,203	(25,013)
Net Change in Fund Balance	(291,494)	(291,494)	188,083	433,067
Beginning Fund Balance	291,494	291,494	361,284	69,790
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 549,367</u>	<u>\$ 549,367</u>

**RAINBOW WATER DISTRICT
LANE COUNTY, OREGON**

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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December 10, 2021

Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of Rainbow Water District as of and for the year ended June 30, 2021, and have issued our report thereon dated December 10, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

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

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

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

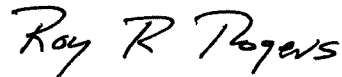
In connection with our testing nothing came to our attention that caused us to believe Rainbow Water District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative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

1. Expenditures were within authorized appropriates except as noted on page 11.

OAR 162-10-0230 Internal Control

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

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



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