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SEAL ROCK WATER DISTRICT
Board of Commissioners
Regular Board Meeting
Thursday, December 9, 2021 @ 2:00 p.m.
Public Meeting by Zoom Video Conference

SRWD will hold this meeting through Zoom video conferencing. Due to limited capacity for in person meetings the public is invited to attend this meeting electronically. Please E-mail tkarsen@srwd.org to receive the meeting login information. SRWD encourages the public to submit written comments on items included in the agenda by email to tkarsen@srwd.org by 10:00 a.m. on the day of the meeting to be included as public testimony. Comments received will be shared with the SRWD Board of Commissioners and included in the permanent record.

- **Call Regular Meeting to Order:**

- **Announcements/Visitor Public Comments:**

Public comment period provides the public with an opportunity to address the Commissioners regarding items on the agenda. Please limit comments to (3) minutes.

- **Consent Calendar:**

Managers' reports included under consent calendar are an executive summary provided to Commissioners as an update of system conditions, projects, and programs. Management welcomes your feedback and request for more detailed information regarding any item before or during the meeting:

- Invoice List November 2021 to December 2021
- Board Meeting Minutes November 15, 2021
- Financial Report / Approve Invoices November 2021 to December 2021
- Business Oregon Disbursement Request No. 38 December 2021
- USDA PMR Phase IV No. 18 December 2021
- Contractor's Pay Request No. 18 December 2021
- General Manager's Monthly Report November 2021 to December 2021

- **Discussion and Information Items:**

- Consider Primary Source Water Project Update
Presented by: Adam Denlinger, General Manager
Jeff Hollen, SRWD General Counsel
- Consider Citizen Member Model Ship Donation
Presented by: Rob Mills, SRWD Board President

- **Decision Items:**

- Consider a motion to approve the June 30, 2021 SRWD Financial Audit Report
- Management Representation Letter
Presented by: Joy King, Office Manager
- Consider General Manager Annual Performance Evaluation
Presented by: Rob Mills, SRWD Board President

- **Reports, Comments and Correspondence:**

- District office will be closed December 24th in Honor of the Christmas Holiday
- District office will be closed December 31st in Honor of the New Years Holiday
- Installment Water General Obligation Bond, Phase 4 Closing Documents

- **Executive Session: according to ORS 192.660(2), Concerning:**

The SRWD Board will meet in Executive Session, pursuant to ORS 192.660(2)(h); To consult with legal counsel concerning the legal rights and duties of a public body with regards to current litigation or litigation likely to be filed. Representatives of the news media and designated staff shall be allowed to attend the executive session. All other members of the audience are asked to leave the room. Representatives of the news media are specifically directed not to report on any of the deliberations. No final decisions shall be made in Executive Session.

- **Adjournment: Next Meeting: January 13, 2022 @ 4:00 p.m.** Regular Board Meeting or establish date.

THIS AGENDA MAY BE AMENDED UNTIL 3:00 PM THE DAY BEFORE THE MEETING

SPECIAL ACCOMMODATIONS WILL BE PROVIDED WITH 48 HOUR NOTICE. CALL 541-563-3529.
IF HEARING IMPAIRED, PLEASE CALL TTY#1-800-735-1232
This Institution is an Equal Opportunity Employer and Service Provider

ORIGINAL

Report Criteria:

- Detail report.
- Invoices with totals above \$0 included.
- Paid and unpaid invoices included.

Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount
01-5064				
GLEN MORRIS	145	Stipend	12/09/2021	50.00
KAREN OTTA	81	Stipend	12/09/2021	50.00
PAUL HIGHFILL	8	Stipend	12/09/2021	50.00
ROB MILLS	144	Stipend	12/09/2021	50.00
SAUNDRA MIES-GRANTHAM	144	Stipend	12/09/2021	50.00
Total 01-5064:				<u>250.00</u>
Grand Totals:				<u><u>250.00</u></u>

Dated: DEC-6-2021

General Manager: A. Nantz

Dated: _____

Treasurer: _____

Report Criteria:

Detail report.
Invoices with totals above \$0 included.
Paid and unpaid invoices included.

ORIGINAL

Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount
01-1310				
R & G EXCAVATING	111821	Refund Overpaid Hydrant Meter Account	11/16/2021	56.45
Total 01-1310:				56.45
01-2530				
GSI WATER SOLUTIONS INC.	00500.012-4	MCWCC Year 1 Professional Services 10/01-10/31/2021	11/11/2021	1,531.25
Total 01-2530:				1,531.25
01-5271				
CHARTER COMMUNICATIONS	007859711192	Internet (Office)	11/19/2021	124.98
Total 01-5271:				124.98
01-5272				
AT&T MOBILITY	11232021	Wireless	11/15/2021	256.80
Total 01-5272:				256.80
01-5290				
NEWPORT NEWS-TIMES	110921	Yearly Subscription Renewal Expires 4/18/2022	11/09/2021	99.00
NEWPORT NEWS-TIMES	110921	Discount	11/09/2021	30.00-
Total 01-5290:				69.00
01-5291				
US POSTAL SERVICE - WALDP	112221	Bulk Mailing	11/22/2021	869.86
Total 01-5291:				869.86
01-5600				
FASTENAL COMPANY	ORNEW14672	5' hwood handle prdwppd hndl	11/05/2021	8.33
FASTENAL COMPANY	ORNEW14672	16" orange street broom	11/05/2021	18.08
Total 01-5600:				26.41
01-5610				
CENTRAL LINCOLN P.U.D.	111921	Utility Services	11/19/2021	2,292.50
Total 01-5610:				2,292.50
01-5630				
USA BLUE BOOK	780949	dr300 chlorine clorometer	11/03/2021	494.00
USA BLUE BOOK	780949	zenner fhz25 fire hydrant meter	11/03/2021	853.95
USA BLUE BOOK	780949	dpd 4 total chlorine reagent for 10ml	11/03/2021	231.97
Total 01-5630:				1,579.92
01-5633				
AGGREGATE RESOURCE CRU	30056	1"-0	11/15/2021	97.05

v. [Signature]

Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount
Total 01-5633:				97.05
01-5634 ANALYTICAL LABORATORY GR	143060	Coliform, Presence/Absence by SM 9223 B-18 (ALG) 11/3/21	11/05/2021	274.00
Total 01-5634:				274.00
01-5680 CITY OF TOLEDO	113021	Treated Water	11/30/2021	40,394.84
Total 01-5680:				40,394.84
Grand Totals:				47,573.06

Dated: Dec-6-2021

General Manager: A. Wink

Dated: _____

Treasurer: _____

Report Criteria:
Detail report.
Invoices with totals above \$0 included.
Paid and unpaid invoices included.

SEAL ROCK WATER DISTRICT
MINUTES OF THE
Regular Board Meeting
by Zoom Conference Call and In Person
November 15, 2021

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Introduction to Remote Meeting:

Denlinger, General Manager, explained that this board meeting is being conducted remotely and in person. Due to limited capacity for in person meetings, the public is invited to attend this meeting electronically. He further explained that the Board President will call each name to confirm those who are present by zoom conference. After each person hears their name, they need to reply. For each decision item in the agenda that needs to be approved, after discussion and deliberation, the Board President will call each name of the commissioner for their vote. After the commissioners hear their name, he or she will give the vote to the affirmative by saying YES or negative by saying NO.

Call Regular Meeting to Order:

President Rob Mills called the regular board meeting to order at 3:32 p.m., Monday, November 15, 2021.

Present:

President Rob Mills confirmed that all commissioners present can hear each other by doing a roll call. Present by Zoom Conference Call were Commissioner Karen Otta, Treasurer; Commissioner Saundra Mies-Grantham, Secretary; Commissioner Glen Morris, member; and Attorney Jeff Hollen, Legal Counsel. Present in person in the Board room were President Rob Mills, Board President; Commissioner Paul Highfill, member; Staff: Adam Denlinger, General Manager; Joy King, Office Manager.

Excused Absences: none

Announcements/Public Comments:

President Rob Mills asked if there are any announcements. Commissioner Karen Otta announced that she is still in New Zealand and will attend the December meeting via Zoom; Commissioner Saundra Mies-Grantham will not be able to attend the December meeting; Commissioner Paul Highfill had no announcement. Adam Denlinger announced he made an offer of the Lead Water Treatment Operator Position to Larry Estes who has a level 3 license. He will start on December 6, 2021. The employee appreciation luncheon will be on December 9 at 12:00 p.m. followed by the regular board meeting at 2:00 p.m. Joy King had no announcement. President Rob Mills had no announcement.

Public Comments: None

Consent Calendar:

Items on the consent calendar are Oct./Nov. 2021 Invoices List; Oct. 9, 2021, Regular Board Meeting Minutes; Oct./Nov. 2021 Financial Report/Invoices List for approval; Business Oregon IFA Disbursement Request No. 37; USDA Phase IV PMR No. 17; Contractor's Pay Request No. 17; and General Manager's Monthly Report. President Rob Mills asked if each commissioner has reviewed the items on the consent calendar. Commissioner Karen Otta answered YES; Commissioner Saundra Mies-Grantham answered YES; Commissioner Paul Highfill answered YES; Commissioner Glen Morris answered YES and President Rob Mills answered YES. Commissioner Karen Otta motioned to approve the consent calendar. Commissioner Glen Morris seconded the motion. President Rob Mills asked the commissioners for their votes. Commissioner Karen Otta voted YES; Commissioner Paul Highfill voted YES; Commissioner Saundra Mies-Grantham voted YES; Commissioner Glen Morris voted YES; and President Rob Mills voted YES. Motion passed with 5 YES votes. Commissioner Karen Otta requested an electronic copy of the GM Annual Evaluation Form.

Discussion and Information Items:

Source Water Project Update:

The roof, wall, windows, and door for the Water Treatment Plant have been completely installed. The electrical racks are all installed. The 123rd PRV and Pump Station have been completed and tested for functionality. The control panel for the 98th PRV has been installed and waiting for DSL connection. The membrane needs to be installed. The GM would like to be present with the new WTP Operator when Westech starts the installation of the membrane. It is part of the Westech contract to train the District staff on how to install, prepare and clean the membrane. Some of the technical components of the WTP have been delayed for 2 to 3 months. According to the engineer the start up date will be in January or February. Atty. Jeff Hollen reported to the Board that there is an arbitrator who is familiar with EJCDC contract. The hourly rate is \$550 an hour. The GM, Adam Denlinger was already given authority by the Board to handle choosing an arbitrator. There is a note on the pay app notifying the contractor that the District is deferring withholding liquidated damages to a future date.

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Decision Items:

USDA-RD Bond Closing Resolution:

The interim loan of \$6,549,000 had been spent and the District is working with USDA and Bond Counsel to close the loan. When the District was approved for loan and grant the interest rate was 2.75%. The interest rate if the loan with USDA is closed on the 4th quarter is 1.75%. The savings with the lower interest rate is about \$1M for the life of the loan. Commissioner Glen Morris motioned to approve Resolution No. 1121-01, a resolution providing for the issuance and sale of the Seal Rock Water District, Oregon installment water general obligation bond, phase 4, in the principal sum of not to exceed \$6,549,000 to the United States of America, for the purpose of providing a portion of the costs of improvements to the District's water system; providing for the form and terms of said bond and authorizing the payment of same.

Reports, Comments, and Correspondence:

GM Performance Evaluation:

President Rob Mills asked for the completed GM Performance Evaluations from the Board to be given to him before December 9. He would like to consolidate the results into one form to be distributed to each Board member on December 9.

Employee Appreciation Luncheon:

The employee appreciation luncheon is on December 9 at 12:00 p.m. followed by the Board meeting at 2:00 p.m. The luncheon will be catered by the Sidedoor Café.

GM Time Off:

The GM will take time off beginning November 12 until the end of the month.

Office Closures:

The office will be closed on November 25 & 26 in observance of the Thanksgiving Day holiday.

Adjournment: Commissioner Karen Otta motioned to adjourn the meeting and was seconded by commissioner Paul Highfill. President Rob Mills adjourned the meeting at 5:09 p.m.

Next Board Meeting: December 9, 2021, at 2:00 p.m. Regular Board Meeting. Employee Appreciation Luncheon at 12:00 p.m.

Approved by Board President

Date:

SRWD Monthly Financial Report

Monthly Statistics		Comments				
Total customers	2646	Includes new connects Less Abandoned / Forfeited meter plus 3 SRWD meters (shop X 2 & office) plus 1 Hydrant meter				
New connections	2					
Reinstalls	0					
Abandonments/Forfeitures/Meter Removed	0					
Financial Report		Checking/MM	LGIP/PFMA	Fund Balances	Comments	
General	\$495,885.22	\$17,506.72	\$513,391.94			
Bond	\$705,540.77	\$0.00	\$705,540.77			
Capital Projects	\$293,537.78	\$68,410.49	\$361,948.27		\$7,421,586 Interim Loan Proceeds	
Revenue Bond	\$2,719.87	\$438.52	\$3,158.39			
Rural Development Reserve	\$0.00	\$78,459.31	\$78,459.31			
Dist. Office/Shop Reserve	\$3,614.36	\$135,451.12	\$139,065.48			
Depreciation/SLARA Reserve		\$296,192.10	\$296,192.10			
SDC (formerly SIP)	\$0.00	\$624,492.78	\$624,492.78		\$1,172,034.00 SDC collections thru 11/30/2021	
Water Source Improvement Rsrv	\$0.00	\$546,069.98	\$546,069.98			
TOTALS	\$1,501,298.00	\$1,767,021.02	\$3,268,319.02			
General Fund Review		Current	FYTD	Budgeted Amount	Comments	
Revenue	\$270,366.79	1,139,820.17	\$2,746,800.00			
Expenses	\$142,878.10	985,911.01	\$2,746,800.00		Contingency \$100,000; Transfers \$173,550; Total expenses budgeted \$1,930,630	
Net Gain or (Loss) from Operations	\$127,488.69	\$153,909.16				
Water Sales Revenue Comparison		Month	FYTD	Comments		
Water Sales Current Year	\$168,881	\$977,340	Leak Adjustments & Billings Adjustments (YTD = July - June)			
Actual+In Lieu of Water Sales Less H2O CR	\$173,881	\$1,002,340	Less Billing Adj YTD \$0.00; Leak Adj/Write off YTD -\$0.33			
Water Sales Prior Year	\$141,097	\$836,701	TOTAL YTD ADJUSTMENTS -\$0.33			
Actual+In Lieu of Water Sales Less H2O CR	\$146,097	\$861,303				
Over or (Under)	\$27,784.53	\$140,639.00				
Gallage Comparison		Current	Prior Year	Cost Comparison	Current	Prior Year
Gallons Purchased	7,003,000	7,420,000	Toledo Charges	\$40,394.84	\$36,279.16	
Gallons Sold (includes accountable loss & intertie)	6,713,377	7,203,321	SRWD Sales	\$168,881.06	\$141,096.53	
Variance %	4.14%	2.92%	Ratio: Sales/Cost	4.18	3.89	
City of Newport Intertie Usage	999					
Gallons from Toledo Master Meter	7,794,000	10/11-11/10	Toledo Master Meter Readings read by SRWD field crew			
Total Gallons Accounted	6,810,203		From flushing, leaks, CL2 Analyzer, & fire hydrant use & R&G			
Total Gallons Unaccounted	984,796					
Water Loss Percentage	12.63%					
Approval To Pay Bills		Payroll 11/5/2021 \$22,376.97		Payroll 11/19/2021 \$21,979.92		
Month of:	November	(after meeting)	December			
	GF A/P	\$48,123.08	GF A/P	\$27,520.65	up to 12/6/2021	
	CPF A/P	\$0.00	CPF A/P	\$0.00		
	Bond / Rev Bond Fund	\$0.00	Bond / Rev Bond Fund	\$0.00		
	Depreciation/SLARA	\$0.00	Depreciation/SLARA	\$0.00		
	Water Rights Assistance	\$0.00	Water Rights Assistance	\$0.00		
	MP - Phase 4 (IFA)	\$0.00	MP - Phase 4 (IFA)	\$0.00		
	MP- Phase 4(USDA)	\$0.00	MP- Phase 4 (USDA)	\$365,143.73		
	MCWPP	\$0.00	MCWPP	\$50,463.75		
	MCWCC	\$0.00	MCWCC	\$0.00		
Monthly Accrual Statistics		Beg. Balance	Accrued	Used/Paid	Balance	
	10/31/2021				11/30/2021	
Office Overtime Hours (2-01)	0.00	0.00	0.00	0.00	0.00	
Field Overtime Hours (2-02)	0.00	4.75	4.75	0.00	0.00	
PTO (3-01)	2966.02	115.72	133.00	2948.74		
Comp Time (9-01 / 9-02)	100.62	14.25	16.25	98.62		



Recipient:	Seal Rock Water District
Project Name:	Water Intake, Treatment and Transmission
Funding Programs:	Safe Drinking Water Revolving Loan Fund
Project Number:	S18011
Request Number:	37
Final Draw?	<input type="radio"/> Yes <input checked="" type="radio"/> No

Reporting Period: Oct 1 to Oct 31, 2021

Activity	OBDD Funds (Enter Whole Dollars Only)		Other / Matching Funds (Enter Whole Dollars Only)		All Funds	
	(A)	(B)	(C)	(D)	(E) = (B-C-D)	(F) = (A+B-E)
Construction	1,951,000	1,951,000	1,951,000	8,702,971	6,445,777	365,144
Labor Standards	15,000	15,000	11,250			11,250
Pre-award: Consultant, Legal	95,014	95,014	95,014			95,014
Project Management	15,000	15,000				15,000
Land, Easements, ROW			477,910	477,910		477,910
Geotech Eval/Environmental	26,675	26,675	36,348	36,348		63,023
Permitting and Regulatory Fees	36,938	36,938	217,781	217,781		217,781
Consultant/Legal/Admin			158,943	130,277		28,666
Interim Loan/Refinancing			1,570,914	1,378,592		192,322
Engineering-Construction Mgmt			1,101,000	960,342		140,658
Tree Clearing			13,785	13,785		13,785
Contingency			306,755			306,755
Const. - Electrical, Testing, PRV			255,527	255,527		255,527
Construction-Membrane			858,685	678,948		179,737
Total	\$3,481,000	\$3,353,198	\$127,802	\$13,700,619	\$10,595,267	\$365,144
				\$2,740,188		\$14,313,629

Certification: We certify that the data are correct and that the amount requested is not in excess of current needs.

For OBDD Use Only: I have reviewed this request and approve payment to the above mentioned recipient in the amount(s) listed below.

Authorized Signature & Title	General Manager	Date	12/10/2021
Authorized Signature & Title	Office Manager	Date	12/10/2021
Project Contact for Payment Notification	Joy S King	Phone Number	541-563-3599
E-Mail Address	jking@srwd.org / info@srwd.org		

c:\ns\office\excel\guide21					OR Instruction 1780 Modified OR Guide 21			
PROJECT MONITORING REPORT		1. Type of Request		2. Report No.		updated 5-11-2020		
		Final <input type="checkbox"/> Partial <input checked="" type="checkbox"/>		18				
3. REPORT PERIOD		4. BORROWER INFORMATION						
Ending 11/30/2021		Name: Seal Rock Water District						
		Address: 1037 NW Grebe Street, Seal Rock, OR 97376						
BUDGET ITEMS		STATUS OF BUDGET						
(All entries under Column "b" must be justified with an attachment) (All entries under column "e" must be documented with an attached invoice)		(a) Budgeted Amounts (from LOC)	(b) Budget Change	(c) Revised Budget	(d) Previous Total	(e) This Period	(f) TOTAL (d)+(e)	(g) Remaining Balance (c)-(f)
a. Engineering- Design		\$947,000	\$91,000.00	\$1,038,000.00	\$1,038,000.00		\$ 1,038,000.00	\$ -
b. Engineering- Membrane Pre-purchase		\$35,000	\$2,990.00	\$37,990.00	\$37,990.00		\$ 37,990.00	\$ -
c. Engineering- Bid Services		\$45,000	\$0.00	\$45,000.00	\$44,997.00		\$ 44,997.00	\$ 3.00
d. Engineering-Basic Engineering		\$380,000	\$27,799.86	\$407,799.86	\$407,799.86		\$ 407,799.86	\$ -
e. Engineering-Project Inspection		\$0	\$403,200.00	\$403,200.00	\$352,390.21		\$ 352,390.21	\$ 50,809.79
f. Engineering-Start Up		\$20,000	\$10,000.00	\$30,000.00	\$0.00		\$ -	\$ 30,000.00
g. Engineering- Software Development		\$0	\$215,000.00	\$215,000.00	\$155,153.40		\$ 155,153.40	\$ 59,846.60
h. Legal Services/Land Purch. (easements)		\$400,000	\$77,205.02	\$477,205.02	\$477,205.02		\$ 477,205.02	\$ -
i. Geotechnical Site Investigation		\$51,000	\$0.00	\$51,000.00	\$50,977.00		\$ 50,977.00	\$ 23.00
j. Surveying		\$26,000	\$3,962.00	\$29,962.00	\$29,962.00		\$ 29,962.00	\$ -
k. Permitting		\$170,000	\$48,486.00	\$218,486.00	\$218,486.00		\$ 218,486.00	\$ -
l. Archeological		\$40,000	\$0.00	\$40,000.00	\$12,046.00		\$ 12,046.00	\$ 27,954.00
m. Bond counsel Services		\$80,000	-\$32,500.00	\$47,500.00	\$42,500.00		\$ 42,500.00	\$ 5,000.00
n. Interim Interest & Expense		\$360,000	\$0.00	\$360,000.00	\$168,678.46		\$ 168,678.46	\$ 191,321.54
o. Consultant/Admin/Legal-phase 4		\$12,000	\$45,815.25	\$57,815.25	\$57,815.25		\$ 57,815.25	\$ -
p. Line of Credit Refinance (COT expenses)		\$1,616,500	-\$429,500.00	\$1,187,000.00	\$1,187,000.00		\$ 1,187,000.00	\$ -
q. Line of Credit Refinance- Interest		\$0	\$23,914.00	\$23,914.00	\$22,914.00		\$ 22,914.00	\$ 1,000.00
r. Contingency		\$1,306,000	-\$1,032,879.24	\$273,120.76	\$0.00		\$ -	\$ 273,120.76
s. Additional IFA Services		\$0	\$368,558.00	\$368,558.00	\$337,522.72		\$ 337,522.72	\$ 31,035.28
t. Tree Clearing		\$0	\$13,785.00	\$13,785.00	\$13,785.00		\$ 13,785.00	\$ -
u. Tank Removal		\$0	\$18,752.00	\$18,752.00	\$18,752.00		\$ 18,752.00	\$ -
v. Construction Costs:			\$0.00	\$0.00	\$0.00		\$ -	\$ -
1. Contractor R&G		\$8,966,000	\$1,714,682.61	\$10,680,682.61	\$8,297,398.89	\$ 365,143.73	\$ 8,662,542.62	\$ 2,018,139.99
2. Westech- Membrane Purchase		\$922,000	-\$23,315.00	\$898,685.00	\$718,948.00		\$ 718,948.00	\$ 179,737.00
3. Other-Electrical at Intake/WTP		\$0	\$202,421.50	\$202,421.50	\$202,421.50		\$ 202,421.50	\$ -
4. Other-Compaction Test		\$0	\$50,532.00	\$50,532.00	\$50,532.00		\$ 50,532.00	\$ -
5. Other-98th St. PRV Calibration		\$0	\$5,210.00	\$5,210.00	\$5,210.00		\$ 5,210.00	\$ -
k. TOTAL PROJECT COST		\$15,376,500	\$1,805,119.00	\$ 17,181,619.00	\$13,948,484.31	\$ 365,143.73	\$ 14,313,628.04	\$ 2,867,990.96
l. Funding Allocation								
1) Business Oregon Loan/Grant		\$3,481,000	\$0	\$3,481,000.00	\$3,353,197.72	\$ -	\$ 3,353,197.72	\$ 127,802.28
2) USDA Rev Bond Loan		\$2,547,000	\$0	\$2,547,000.00	\$2,547,000.00		\$ 2,547,000.00	\$ -
3) USDA GO Bond Loan		\$6,549,000	\$0	\$6,549,000.00	\$6,549,000.00		\$ 6,549,000.00	\$ -
4) USDA Grant		\$2,799,500	\$0	\$2,799,500.00	\$1,194,167.59	\$ 365,143.73	\$ 1,559,311.32	\$ 1,240,188.68
5) USDA Sub Grant		\$0	\$1,500,000	\$1,500,000.00	\$0.00		\$ -	\$ 1,500,000.00
6) Applicant Contribution		\$0	\$302,000	\$302,000.00	\$302,000.00		\$ 302,000.00	\$ -
7) Interest			\$3,119.00	\$3,119.00	\$3,119.00		\$ 3,119.00	\$ -
m. TOTAL PROJECT FUNDING		\$15,376,500	\$1,805,119.00	\$17,181,619.00	\$13,948,484.31	\$ 365,143.73	\$ 14,313,628.04	\$ 2,867,990.96
n. Percentage of Completion					81%	2%	83%	17%
5. CERTIFICATION								
<i>I certify that to the best of my knowledge and belief costs or disbursements shown are in accordance with the terms of the project and that an inspection has been performed and all work is in accordance with the terms of the construction contract.</i>								
BORROWER		Signature of Authorized Certifying Official				Date Submitted:		
		Adan Denlinger, General Manager				11/16/2021		
						Telephone: (541) 563-3529		
6. RURAL DEVELOPMENT ACCEPTANCE								
<i>This form and attachments have been reviewed and are accepted by Rural Utilities Service unless otherwise noted. This review and acceptance by RUS does not attest to the correctness of the amounts, the quantities shown, or that the work has been performed under the terms of the agreements or contracts.</i>								
RURAL UTILITIES SERVICE		Signature of Authorized Certifying Official				Date Submitted:		
		Jay DeLapp, Area Loan Specialist						
						Telephone: (541) 801-2676		
NOTES:								



Contractor's Application for Payment No. 18

Application Period: 10/26/21 to 11/25/21		Application Date: 12/2/2021	
To (Owner): Seal Rock Water District	From (Contractor): R&G Excavating, Inc.	Via (Engineer): Jacobs Engineering Group	
Project: Phase IV Beaver Creek Water Supply Seal Rock, Oregon	Contract: Phase IV Beaver Creek Water Supply		
Owner's Contract No.: D3362301	Contractor's Project No.: 2003	Engineer's Project No.: D3362301	

**Application For Payment
Change Order Summary**

Approved Change Orders		
Number	Additions	Deductions
1	\$0.00	\$0.00
2	\$3,372.86	\$0.00
3	\$0.00	\$60,524.00
4	\$9,199.49	\$0.00
5	\$0.00	\$6,849.36
6	\$0.00	\$4,972.47
7	-	-
8	\$23,744.84	\$0.00
9	\$26,711.25	\$0.00
TOTALS	\$63,028.44	\$72,345.83
NET CHANGE BY CHANGE ORDERS	-\$9,317.39	

1. ORIGINAL CONTRACT PRICE.....	\$	\$10,690,000.00
2. Net change by Change Orders.....	\$	-\$9,317.39
3. Current Contract Price (Line 1 ± 2).....	\$	\$10,680,682.61
4. TOTAL COMPLETED AND STORED TO DATE (Column F total on Progress Estimates).....	\$	\$9,118,466.81
5. RETAINAGE:		
a. 5% X \$ 8,600,706.64 Work Completed.....	\$	\$430,035.33
b. 5% X \$ 517,760.17 Stored Material.....	\$	\$25,888.01
c. Total Retainage (Line 5.a + Line 5.b).....	\$	\$455,923.34
6. AMOUNT ELIGIBLE TO DATE (Line 4 - Line 5.c).....	\$	\$8,662,543.47
7. LESS PREVIOUS PAYMENTS (Line 6 from prior Application).....	\$	\$8,297,399.74
8. AMOUNT DUE THIS APPLICATION.....	\$	\$365,143.73
9. BALANCE TO FINISH, PLUS RETAINAGE (Column G total on Progress Estimates + Line 5.c above).....	\$	\$2,018,139.14

Contractor's Certification

The undersigned Contractor certifies, to the best of its knowledge, the following:

(1) All previous progress payments received from Owner on account of Work done under the Contract have been applied on account to discharge Contractor's legitimate obligations incurred in connection with the Work covered by prior Applications for Payment;

(2) Title to all Work, materials and equipment incorporated in said Work, or otherwise listed in or covered by this Application for Payment, will pass to Owner at time of payment free and clear of all Liens, security interests, and encumbrances (except such as are covered by a bond acceptable to Owner indemnifying Owner against any such Liens, security interest, or encumbrances); and

(3) All the Work covered by this Application for Payment is in accordance with the Contract Documents and is not defective.

Contractor Signature

By: Glinda Ireland
Operations Manager *[Signature]* Date: 12/3/2021

Payment of: \$ 365,143.73
(Line 8 or other - attach explanation of the other amount)

is recommended by: Jennifer Koch 12/2/2021
Jennifer Koch, Project Engineer, Jacobs (Date)

Payment of: \$ 365,143.73
(Line 8 or other - attach explanation of the other amount)

is approved by: Adam Denlinger
Adam Denlinger, General Manager, Seal Rock Water District (Date)

is approved by: Holly Halligan or Jay DeLapp
Holly Halligan or Jay DeLapp, Loans Specialist, USDA-RD (Date)

NOTE: District continues to reserve its right to defer withholding Liquidated Damages to a future date. This pay application contains 90-days beyond substantial completion as of August 27, 2021. Authorizing the district to deduct \$3400.00 per/day for a total overall amount reflected in this pay/app of \$306,000.00

Line No.	DESCRIPTION A	ORIGINAL ESTIMATE B	PREVIOUS WORK COMPLETED C		THIS MONTH WORK COMPLETED D							TOTAL VALUE REMAINING G (B-F)	PAYMENT/RETAINAGE			
			Previous %	Previous Value	% This Month	This Month Value	This Month's Materials Added	Previous Stored Materials	Installed Materials	Balance of Materials Stored	Total %		Total Value	Retainage This Month	Payment This Month	Total Retainage
046	Finish Grading	\$ 20,000.00	40.0%	\$ 8,000.00	0.0%	\$ -	\$ -	\$ -	\$ -	40.0%	\$ 8,000.00	\$ 12,000.00	\$ -	\$ -	\$ 400.00	
047	East Retaining Wall	\$ 4,750.00	100.0%	\$ 4,750.00						100.0%	\$ 4,750.00	\$ -	\$ -	\$ 237.50		
048	West Retaining Wall	\$ 14,870.00	100.0%	\$ 14,870.00						100.0%	\$ 14,870.00	\$ -	\$ -	\$ 743.50		
049	Site Piping	\$ 88,747.00	100.0%	\$ 88,747.00						100.0%	\$ 88,747.00	\$ -	\$ -	\$ 4,437.35		
050	Site Piping Installed	\$ 111,152.00	100.0%	\$ 111,152.00						100.0%	\$ 111,152.00	\$ -	\$ -	\$ 5,557.60		
051	Pipe & Fittings Installed	\$ 33,492.00	100.0%	\$ 33,492.00						100.0%	\$ 33,492.00	\$ -	\$ -	\$ 1,674.60		
052*	Site Concrete	\$ 18,535.00	0.0%	\$ -	30.0%	\$ 5,560.50	\$ -	\$ -	\$ -	30.0%	\$ 5,560.50	\$ 12,974.50	\$ 278.03	\$ 5,282.48	\$ 278.03	
053	Fencing	\$ 82,000.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ 82,000.00	\$ -	\$ -	\$ -	
054	Bollards	\$ 3,000.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ 3,000.00	\$ -	\$ -	\$ -	
055	Automated Entry Gate	\$ 19,500.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ 19,500.00	\$ -	\$ -	\$ -	
056	Membrane Site Electrical	\$ 25,466.00	65.0%	\$ 16,553.00	10.0%	\$ 2,547.00	\$ -	\$ -	\$ -	0.0%	\$ -	\$ 3,000.00	\$ -	\$ -	\$ -	
057	Overall Site (Underground fiber) Electric	\$ 165,114.00	89.2%	\$ 147,346.80	10.0%	\$ 16,512.00	\$ -	\$ -	\$ -	75.0%	\$ 19,100.00	\$ 6,366.00	\$ 127.35	\$ 2,419.65	\$ 955.00	
058	FRP Brine Tank	\$ 65,000.00	0.0%	\$ -	0.0%	\$ -	\$ 65,000.00	\$ -	\$ -	99.2%	\$ 163,858.80	\$ 1,255.20	\$ 825.60	\$ 15,686.40	\$ 8,192.94	
059	FRP Brine Tank Install	\$ 5,000.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ 65,000.00	0.0%	\$ 65,000.00	\$ -	\$ 3,250.00	\$ 61,750.00	\$ 3,250.00	
Membrane Building																
060	Excavation	\$ 15,000.00	100.0%	\$ 15,000.00						100.0%	\$ 15,000.00	\$ -	\$ -	\$ -	\$ 750.00	
061	Pipe Encasement	\$ 8,000.00	100.0%	\$ 8,000.00						100.0%	\$ 8,000.00	\$ -	\$ -	\$ -	\$ 400.00	
062	Concrete Work	\$ 103,140.00	100.0%	\$ 103,140.00						100.0%	\$ 103,140.00	\$ -	\$ -	\$ -	\$ 5,157.00	
063	Waterproof Below Grade Walls	\$ 5,000.00	100.0%	\$ 5,000.00						100.0%	\$ 5,000.00	\$ -	\$ -	\$ -	\$ 250.00	
064	Rebar	\$ 50,098.00	100.0%	\$ 50,098.00						100.0%	\$ 50,098.00	\$ -	\$ -	\$ -	\$ 2,504.90	
065	Rebar Install	\$ 19,200.00	100.0%	\$ 19,200.00						100.0%	\$ 19,200.00	\$ -	\$ -	\$ -	\$ 960.00	
066	Grating	\$ 7,164.00	100.0%	\$ 7,164.00						100.0%	\$ 7,164.00	\$ -	\$ -	\$ -	\$ 358.20	
067	Masonry	\$ 206,749.51	100.0%	\$ 206,749.51						100.0%	\$ 206,749.51	\$ -	\$ -	\$ -	\$ 10,337.48	
068	Structural Metal Material & Fab	\$ 90,000.00	100.0%	\$ 90,000.00						100.0%	\$ 90,000.00	\$ -	\$ -	\$ -	\$ 4,500.00	
069	Structural Metals Installed	\$ 47,500.00	100.0%	\$ 47,500.00						100.0%	\$ 47,500.00	\$ -	\$ -	\$ -	\$ 2,375.00	
070	Metal Decking Material & Fab	\$ 20,500.00	100.0%	\$ 20,500.00						100.0%	\$ 20,500.00	\$ -	\$ -	\$ -	\$ 1,025.00	
071	Metal Decking Installed	\$ 17,000.00	100.0%	\$ 17,000.00						100.0%	\$ 17,000.00	\$ -	\$ -	\$ -	\$ 850.00	
072	EPDM Roofing & Walkway Pads	\$ 42,650.00	100.0%	\$ 42,650.00						100.0%	\$ 42,650.00	\$ -	\$ -	\$ -	\$ 2,132.50	
073	Insulation	\$ 20,000.00	100.0%	\$ 20,000.00						100.0%	\$ 20,000.00	\$ -	\$ -	\$ -	\$ 1,000.00	
074	Gutters & Downspouts	\$ 8,000.00	100.0%	\$ 8,000.00						100.0%	\$ 8,000.00	\$ -	\$ -	\$ -	\$ 400.00	
075	Flashings & Trim	\$ 30,145.00	100.0%	\$ 30,145.00						100.0%	\$ 30,145.00	\$ -	\$ -	\$ -	\$ 1,507.25	
076	Metal Roofing Materials	\$ 38,757.00	100.0%	\$ 38,757.00						100.0%	\$ 38,757.00	\$ -	\$ -	\$ -	\$ 1,937.85	
077	Metal Roofing Installation	\$ 60,288.00	100.0%	\$ 60,288.00						100.0%	\$ 60,288.00	\$ -	\$ -	\$ -	\$ 3,034.40	
078	Roof Hatches	\$ 6,000.00	100.0%	\$ 6,000.00						100.0%	\$ 6,000.00	\$ -	\$ -	\$ -	\$ 300.00	
079	Access Ladders	\$ 4,500.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ 3,448.50	0.0%	\$ 3,448.50	\$ 1,051.50	\$ 172.43	\$ 3,276.08	\$ 172.43	
080	Doors	\$ 20,993.00	100.0%	\$ 20,993.00						100.0%	\$ 20,993.00	\$ -	\$ -	\$ -	\$ 1,049.85	
081	Windows	\$ 8,000.00	0.0%	\$ -	100.0%	\$ 8,000.00	\$ -	\$ -	\$ -	100.0%	\$ 8,000.00	\$ -	\$ 400.00	\$ 7,600.00	\$ 400.00	
082	Overhead Door - Storage Room	\$ 12,056.00	100.0%	\$ 12,056.00						100.0%	\$ 12,056.00	\$ -	\$ -	\$ -	\$ 602.80	
083	Overhead Door - Membrane Room	\$ 11,570.00	100.0%	\$ 11,570.00						100.0%	\$ 11,570.00	\$ -	\$ -	\$ -	\$ 578.50	
084	Spray Foam Insulation	\$ 10,000.00	100.0%	\$ 10,000.00						100.0%	\$ 10,000.00	\$ -	\$ -	\$ -	\$ 500.00	
085	Sheet Rock	\$ 28,480.00	61.0%	\$ 17,375.00	39.0%	\$ 11,105.00	\$ -	\$ -	\$ -	100.0%	\$ 28,480.00	\$ -	\$ 555.25	\$ 10,549.75	\$ 1,424.00	
086	Suspended Gypsum Board Ceiling	\$ 10,000.00	92.5%	\$ 9,250.00	7.5%	\$ 750.00	\$ -	\$ -	\$ -	100.0%	\$ 10,000.00	\$ -	\$ 37.50	\$ 712.50	\$ 500.00	
087	Painting	\$ 20,000.00	95.0%	\$ 19,000.00	0.0%	\$ -	\$ -	\$ -	\$ -	95.0%	\$ 19,000.00	\$ 1,000.00	\$ -	\$ -	\$ 950.00	
088	Flooring	\$ 10,000.00	100.0%	\$ 10,000.00						100.0%	\$ 10,000.00	\$ -	\$ -	\$ -	\$ 500.00	
089	Tile Work	\$ 8,000.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ 8,000.00	\$ -	\$ -	\$ -	
090	Insulated Metal Panels	\$ 20,000.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ 20,000.00	\$ -	\$ -	\$ -	
091	Translucent Panels	\$ 66,352.00	0.0%	\$ -	90.0%	\$ 59,716.80	\$ -	\$ -	\$ -	90.0%	\$ 59,716.80	\$ 6,635.20	\$ 2,985.84	\$ 56,730.96	\$ 2,985.84	
092	Casework	\$ 23,764.00	4.2%	\$ 1,000.00	0.0%	\$ -	\$ -	\$ 10,000.00	\$ -	4.2%	\$ 11,000.00	\$ 12,764.00	\$ -	\$ -	\$ 550.00	
093	Lockers	\$ 1,265.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ 1,265.00	\$ -	0.0%	\$ 1,265.00	\$ -	\$ -	\$ -	\$ 63.25	
094	Locker Installation	\$ 500.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ 500.00	\$ -	\$ -	\$ -	
095	Miscellaneous Office Furniture	\$ 1,741.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ 1,544.31	0.0%	\$ 1,544.31	\$ 196.69	\$ 77.22	\$ 1,467.09	\$ 77.22	
096	Miscellaneous Bath Fixtures	\$ 1,500.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ 1,500.00	\$ -	\$ -	\$ -	
097	Safety Equipment	\$ 1,800.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ 1,800.00	\$ -	\$ -	\$ -	
098	Finish Carpentry Materials	\$ 15,000.00	66.7%	\$ 10,000.00	33.3%	\$ 5,000.00	\$ -	\$ -	\$ -	100.0%	\$ 15,000.00	\$ -	\$ 250.00	\$ 4,750.00	\$ 750.00	
099	Electrical & Controls	\$ 604,223.00	45.0%	\$ 271,899.29	2.5%	\$ 15,000.00	\$ -	\$ 164,081.81	\$ -	47.5%	\$ 450,981.10	\$ 153,241.90	\$ 750.00	\$ 14,250.00	\$ 22,549.06	

Line Item No.	DESCRIPTION A	ORIGINAL ESTIMATE B	PREVIOUS WORK COMPLETED C		THIS MONTH WORK COMPLETED							TOTAL VALUE REMAINING G (B-F)	PAYMENT/RETAINAGE				
			Previous %	Previous Value	D		E			F			Retainage This Month	Payment This Month	Total Retainage		
					% This Month	This Month Value	This Month's Materials Added	Previous Stored Materials	Installed Materials	Balance of Materials Stored	Total %					Total Value	
100	Plumbing	\$ 174,700.00	24.4%	\$ 42,600.00	0.0%	\$ -	\$ -	\$ 95,043.70	\$ -	\$ -	\$ 95,043.70	24.4%	\$ 137,643.70	\$ 37,056.30	\$ -	\$ -	\$ 6,882.19
101	HVAC	\$ 93,785.00	75.6%	\$ 70,925.00	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	75.6%	\$ 70,925.00	\$ 22,860.00	\$ -	\$ -	\$ 3,546.25
102	Piping	\$ 384,847.00	91.8%	\$ 353,226.94	2.6%	\$ 10,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	94.4%	\$ 363,226.94	\$ 21,620.06	\$ 500.00	\$ 9,500.00	\$ 18,161.35
103	Piping Installed	\$ 200,000.00	7.7%	\$ 15,314.93	20.0%	\$ 40,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	27.7%	\$ 55,314.93	\$ 144,685.07	\$ 2,000.00	\$ 38,000.00	\$ 2,765.75
104	Pipe Supports	\$ 81,512.00	100.0%	\$ 81,512.00													
105	Pipe Supports Install	\$ 30,000.00	83.3%	\$ 25,000.00	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 81,512.00	\$ -	\$ -	\$ -	\$ 4,075.60
106	Mechanical Piping & Valves Installed	\$ 150,000.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	83.3%	\$ 25,000.00	\$ 5,000.00	\$ -	\$ -	\$ 1,250.00
107	Finished Water Pumps	\$ 36,900.00	95.0%	\$ 35,055.00	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ 150,000.00	\$ -	\$ -	\$ -
108	Finished Water Pumps Install	\$ 10,000.00	100.0%	\$ 10,000.00	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	95.0%	\$ 35,055.00	\$ 1,845.00	\$ -	\$ -	\$ -
109	Inline Static Mixer	\$ 19,573.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 10,000.00	\$ -	\$ -	\$ -	\$ 1,752.75
110*	Inline Static Mixer Install	\$ 10,000.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ 18,594.35	\$ -	\$ -	\$ 18,594.35	0.0%	\$ 18,594.35	\$ 978.65	\$ -	\$ -	\$ 500.00
111	FRP Sodium Hypochlorite Tank	\$ 65,000.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ 526.00	\$ -	\$ -	\$ 526.00	0.0%	\$ 526.00	\$ 9,474.00	\$ -	\$ -	\$ 929.72
112	FRP Sodium Hypo Tank Install	\$ 5,000.00	0.0%	\$ -	0.0%	\$ -	\$ 65,000.00	\$ -	\$ -	\$ -	\$ 65,000.00	0.0%	\$ 65,000.00	\$ -	\$ 3,250.00	\$ 61,750.00	\$ 3,250.00
113	On-Site Chlorine Generation System	\$ 100,000.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ 5,000.00	\$ -	\$ -	\$ -
114*	On-Site Chlorine Gen System Install	\$ 15,000.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ 100,000.00	\$ -	\$ -	\$ -
115	Aluminum Chlor-Hydrate System	\$ 43,541.25	92.7%	\$ 40,347.00	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ 15,000.00	\$ -	\$ -	\$ -
116*	Aluminum Chlor-Hydrate System Install	\$ 5,000.00	100.0%	\$ 5,000.00	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	92.7%	\$ 40,347.00	\$ 3,194.25	\$ -	\$ -	\$ -
117	Sodium Hypochlorite System	\$ 43,541.25	92.7%	\$ 40,347.00	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 5,000.00	\$ -	\$ -	\$ -	\$ 2,017.35
118*	Sodium Hypochlorite System Install	\$ 8,000.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	92.7%	\$ 40,347.00	\$ 3,194.25	\$ -	\$ -	\$ 250.00
119	Sodium Hydroxide (Finished)	\$ 29,027.50	92.7%	\$ 26,898.00	3.4%	\$ 1,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ 8,000.00	\$ -	\$ -	\$ -
120*	Sodium Hydroxide (Finished) Install	\$ 5,000.00	100.0%	\$ 5,000.00	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	96.1%	\$ 27,898.00	\$ 1,129.50	\$ 50.00	\$ 950.00	\$ 1,394.90
121	Phosphoric Acid System	\$ 14,513.75	92.6%	\$ 13,445.00	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 5,000.00	\$ -	\$ -	\$ -	\$ 250.00
122*	Phosphoric Acid System Install	\$ 6,000.00	100.0%	\$ 6,000.00	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	92.6%	\$ 13,445.00	\$ 1,068.75	\$ -	\$ -	\$ 672.25
123	Chemical Feed Start-up & Training	\$ 6,000.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 6,000.00	\$ -	\$ -	\$ -	\$ 300.00
124	Seismic Controller	\$ 72,965.00	100.0%	\$ 72,965.00	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ 6,000.00	\$ -	\$ -	\$ -
125*	Seismic Controller Install	\$ 10,000.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 72,965.00	\$ -	\$ -	\$ -	\$ -
126*	Backwash Supply Pumps Install	\$ 10,000.00	100.0%	\$ 10,000.00	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ 10,000.00	\$ -	\$ -	\$ -
127*	UF/CIP Skid Installation	\$ 10,000.00	100.0%	\$ 10,000.00	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 10,000.00	\$ -	\$ -	\$ -	\$ 500.00
Clearwell Site																	
128	Site Work/Excavation	\$ 25,000.00	100.0%	\$ 25,000.00								100.0%	\$ 25,000.00	\$ -	\$ -	\$ -	\$ 1,250.00
129	Backfill	\$ 15,000.00	100.0%	\$ 15,000.00								100.0%	\$ 15,000.00	\$ -	\$ -	\$ -	\$ 750.00
130	Finish Grading	\$ 5,000.00	100.0%	\$ 5,000.00								100.0%	\$ 5,000.00	\$ -	\$ -	\$ -	\$ 250.00
131	Concrete	\$ 10,000.00	100.0%	\$ 10,000.00								100.0%	\$ 10,000.00	\$ -	\$ -	\$ -	\$ 500.00
132	Rebar	\$ 1,702.00	100.0%	\$ 1,702.00								100.0%	\$ 1,702.00	\$ -	\$ -	\$ -	\$ 85.10
133	Rebar Install	\$ 5,000.00	100.0%	\$ 5,000.00								100.0%	\$ 5,000.00	\$ -	\$ -	\$ -	\$ 250.00
134	Install Pipe Encasements	\$ 1,200.00	100.0%	\$ 1,200.00								100.0%	\$ 1,200.00	\$ -	\$ -	\$ -	\$ 60.00
135	Clearwell 1 Pipe	\$ 29,398.00	100.0%	\$ 29,398.00								100.0%	\$ 29,398.00	\$ -	\$ -	\$ -	\$ 1,469.90
136	Clearwell 1 Pipe Installed	\$ 30,000.00	100.0%	\$ 30,000.00								100.0%	\$ 30,000.00	\$ -	\$ -	\$ -	\$ 1,500.00
137	Clearwell 2 Pipe											0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
138	Clearwell 2 Pipe Installed											0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
139	Clearwell Tank	\$ 431,700.00	100.0%	\$ 431,700.00								0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
140	Clearwell Tank Coatings	\$ 180,000.00	99.4%	\$ 179,000.00	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 431,700.00	\$ -	\$ -	\$ -	\$ 21,585.00
141	Cathodic Protection	\$ 6,000.00	100.0%	\$ 6,000.00								99.4%	\$ 179,000.00	\$ 1,000.00	\$ -	\$ -	\$ 8,950.00
142	Tank Chlorinating	\$ 5,000.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 6,000.00	\$ -	\$ -	\$ -	\$ 300.00
Backwash Basin																	
143	Excavation	\$ 20,000.00	100.0%	\$ 20,000.00								100.0%	\$ 20,000.00	\$ -	\$ -	\$ -	\$ 1,000.00
144	Backfill	\$ 20,000.00	100.0%	\$ 20,000.00								100.0%	\$ 20,000.00	\$ -	\$ -	\$ -	\$ 1,000.00
145	Concrete	\$ 170,000.00	100.0%	\$ 170,000.00								100.0%	\$ 170,000.00	\$ -	\$ -	\$ -	\$ 8,500.00
146	Rebar	\$ 90,182.00	100.0%	\$ 90,182.00								100.0%	\$ 90,182.00	\$ -	\$ -	\$ -	\$ 4,509.10
147	Rebar Install	\$ 34,440.00	100.0%	\$ 34,440.00								100.0%	\$ 34,440.00	\$ -	\$ -	\$ -	\$ 1,722.00
148	Pipe	\$ 22,264.00	100.0%	\$ 22,264.00								100.0%	\$ 22,264.00	\$ -	\$ -	\$ -	\$ 1,113.20
149	Pipe Installed	\$ 2,000.00	100.0%	\$ 2,000.00								100.0%	\$ 2,000.00	\$ -	\$ -	\$ -	\$ 600.00
150	Cathodic Protection	\$ 5,000.00	100.0%	\$ 5,000.00								100.0%	\$ 5,000.00	\$ -	\$ -	\$ -	\$ 250.00
151	Sidewalk Door	\$ 5,000.00	100.0%	\$ 5,000.00								100.0%	\$ 5,000.00	\$ -	\$ -	\$ -	\$ 250.00

Line Item	DESCRIPTION A	ORIGINAL ESTIMATE B	PREVIOUS WORK COMPLETED C		THIS MONTH WORK COMPLETED D E F							TOTAL VALUE REMAINING G (B-F)	PAYMENT/RETAINAGE				
			Previous %	Previous Value	% This Month	This Month Value	This Month's Materials Added	Previous Stored Materials	Installed Materials	Balance of Materials Stored	Total %		Total Value	Retainage This Month	Payment This Month	Total Retainage	
No.		LUMP SUM PRICES															
152	Fencing	\$ 7,500.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ 7,500.00	\$ -	\$ -	\$ -	\$ -	\$ -
153	Handrail	\$ 6,469.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
154	Paint	\$ 5,000.00	0.0%	\$ -	0.0%	\$ -	\$ 6,469.00	\$ -	\$ 6,469.00	0.0%	\$ 6,469.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 323.45
<i>Intake Site</i>																	
155	Excavation	\$ 49,878.00	100.0%	\$ 49,878.00								\$ 5,000.00	\$ -	\$ -	\$ -	\$ -	\$ -
156	Finish Grading	\$ 20,000.00	80.0%	\$ 16,000.00	0.0%	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 49,878.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,493.90
157	Tree Removal	\$ 6,500.00	100.0%	\$ 6,500.00						80.0%	\$ 16,000.00	\$ 4,000.00	\$ -	\$ -	\$ -	\$ -	\$ 800.00
158	Pre-Load	\$ 48,000.00	100.0%	\$ 48,000.00						100.0%	\$ 6,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 325.00
159	Settlement Monitoring	\$ 5,000.00	100.0%	\$ 5,000.00						100.0%	\$ 48,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,400.00
160	Wick Drains	\$ 64,000.00	100.0%	\$ 64,000.00						100.0%	\$ 5,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250.00
161	Erosion Control	\$ 30,000.00	100.0%	\$ 30,000.00						100.0%	\$ 64,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,200.00
162	RSS Fill	\$ 18,000.00	100.0%	\$ 18,000.00						100.0%	\$ 30,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500.00
163	FESL Placement	\$ 25,000.00	100.0%	\$ 25,000.00						100.0%	\$ 18,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 900.00
164	Geogrid	\$ 39,690.00	100.0%	\$ 39,690.00						100.0%	\$ 25,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,250.00
165	Stilling Well Manholes	\$ 3,074.00	100.0%	\$ 3,074.00						100.0%	\$ 39,690.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,984.50
166	Vaults	\$ 16,951.00	100.0%	\$ 16,951.00						100.0%	\$ 3,074.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 153.70
167	Landscaping	\$ 25,000.00	40.0%	\$ 10,000.00	0.0%	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 16,951.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 847.55
168	Helical Piles	\$ 60,000.00	100.0%	\$ 60,000.00						40.0%	\$ 10,000.00	\$ 15,000.00	\$ -	\$ -	\$ -	\$ -	\$ 500.00
169	Miscellaneous Concrete	\$ 13,000.00	84.6%	\$ 11,000.00	0.0%	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 60,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000.00
170	Site Piping	\$ 16,779.00	100.0%	\$ 16,779.00						84.6%	\$ 11,000.00	\$ 2,000.00	\$ -	\$ -	\$ -	\$ -	\$ 550.00
171	Site Piping Install	\$ 20,299.00	100.0%	\$ 20,299.00						100.0%	\$ 16,779.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 838.95
172	Fencing	\$ 7,500.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 20,299.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,014.95
173	Electrical	\$ 8,582.00	100.0%	\$ 8,582.00						0.0%	\$ -	\$ 7,500.00	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Intake Building</i>																	
174	Concrete	\$ 12,000.00	100.0%	\$ 12,000.00						100.0%	\$ 12,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600.00
175	Rebar	\$ 4,002.00	100.0%	\$ 4,002.00						100.0%	\$ 4,002.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200.10
176	Rebar Install	\$ 1,520.00	100.0%	\$ 1,520.00						100.0%	\$ 1,520.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76.00
177	Equipment Pads	\$ 800.00	100.0%	\$ 800.00						100.0%	\$ 800.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40.00
178	Intake Building Electrical	\$ 380,134.00	7.7%	\$ 29,273.73	56.0%	\$ 212,785.27	\$ -	\$ 160,793.27	\$ (160,793.27)	63.7%	\$ 242,059.00	\$ 138,075.00	\$ 2,599.60	\$ 49,392.40	\$ 12,102.95	\$ -	\$ 407.30
179	Instrumentation & Controls	\$ 162,915.00	5.0%	\$ 8,146.00	0.0%	\$ -	\$ -	\$ -	\$ -	5.0%	\$ 8,146.00	\$ 154,769.00	\$ -	\$ -	\$ -	\$ -	\$ 470.30
180	Masonry	\$ 38,745.49	100.0%	\$ 38,745.49						100.0%	\$ 38,745.49	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,937.27
181	Metal Canopy	\$ 7,900.00	100.0%	\$ 7,900.00						100.0%	\$ 7,900.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 395.00
182	Metal Canopy Installation	\$ 5,500.00	100.0%	\$ 5,500.00						100.0%	\$ 5,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 275.00
183	Structural Metal Material & Fab	\$ 10,000.00	100.0%	\$ 10,000.00						100.0%	\$ 10,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500.00
184	Structural Metals Installed	\$ 9,500.00	100.0%	\$ 9,500.00						100.0%	\$ 9,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 475.00
185	Metal Decking Material & Fab	\$ 5,000.00	100.0%	\$ 5,000.00						100.0%	\$ 5,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250.00
186	Metal Decking Installed	\$ 3,500.00	100.0%	\$ 3,500.00						100.0%	\$ 3,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175.00
187*	Sheet Metal Flashing & Trim	\$ 3,000.00	100.0%	\$ 3,000.00						100.0%	\$ 3,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150.00
188	EPDM Roofing & Walkway Pads	\$ 15,000.00	100.0%	\$ 15,000.00						100.0%	\$ 15,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750.00
189	Roof Hatches	\$ 6,000.00	100.0%	\$ 6,000.00						100.0%	\$ 6,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300.00
190	Roof Access Ladder	\$ 4,500.00	0.0%	\$ -	0.0%	\$ -	\$ 3,012.50	\$ -	\$ -	0.0%	\$ 3,012.50	\$ 1,487.50	\$ 150.63	\$ 2,861.88	\$ 150.63	\$ -	\$ 75.00
191	Gutters & Downspouts	\$ 3,000.00	50.0%	\$ 1,500.00	0.0%	\$ -	\$ -	\$ -	\$ -	50.0%	\$ 1,500.00	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -
192	Building Plaque	\$ 3,000.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ 3,000.00	\$ -	\$ -	\$ -	\$ -	\$ -
193	Doors	\$ 4,586.00	100.0%	\$ 4,586.00						100.0%	\$ 4,586.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 229.30
194	Insulation	\$ 4,000.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ 4,000.00	\$ -	\$ -	\$ -	\$ -	\$ -
195	Sound Absorbing Panels	\$ 5,000.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ 4,000.00	\$ -	\$ -	\$ -	\$ -	\$ -
196	Painting Interior	\$ 8,000.00	100.0%	\$ 8,000.00						0.0%	\$ 2,112.00	\$ 2,888.00	\$ 105.60	\$ 2,006.40	\$ 105.60	\$ -	\$ 400.00
197	Plumbing	\$ 15,000.00	0.0%	\$ -	0.0%	\$ -	\$ 5,000.00	\$ -	\$ 5,000.00	0.0%	\$ 5,000.00	\$ 10,000.00	\$ -	\$ -	\$ -	\$ -	\$ 250.00
198	Piping Supply	\$ 6,000.00	0.0%	\$ -	41.7%	\$ 2,500.00	\$ 2,710.47	\$ (1,160.22)	\$ 1,550.25	41.7%	\$ 4,050.25	\$ 1,949.75	\$ 66.99	\$ 1,272.79	\$ 202.51	\$ -	\$ 50.00
199	Piping Installed	\$ 2,500.00	0.0%	\$ -	40.0%	\$ 1,000.00	\$ -	\$ -	\$ -	40.0%	\$ 1,000.00	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ 50.00
200	HVAC	\$ 27,215.00	91.0%	\$ 24,762.43	0.0%	\$ -	\$ -	\$ -	\$ -	91.0%	\$ 24,762.43	\$ 2,452.57	\$ -	\$ -	\$ -	\$ -	\$ 1,258.12
201	Cathodic Protection	\$ 3,000.00	100.0%	\$ 3,000.00						100.0%	\$ 3,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150.00
202	Sodium Permanganate	\$ 29,027.50	0.0%	\$ -	0.0%	\$ -	\$ 26,898.00	\$ -	\$ 26,898.00	0.0%	\$ 26,898.00	\$ 2,129.50	\$ -	\$ -	\$ -	\$ -	\$ 1,344.90
203*	Sodium Permanganate Install	\$ 6,435.00	0.0%	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ 6,435.00	\$ -	\$ -	\$ -	\$ -	\$ -
204	Sodium Hydroxide System (Intake)	\$ 14,513.75	0.0%	\$ -	0.0%	\$ -	\$ 13,445.00	\$ -	\$ 13,445.00	0.0%	\$ 13,445.00	\$ 1,068.75	\$ -	\$ -	\$ -	\$ -	\$ 672.25

Application for Payment

TO (OWNER):
R&G EXCAVATING
39300 MONTGOMERY DRIVE
SCIO, OR 97374

PROJECT:
SWRD PHASE IV BEAVER CREEK WATER SUPPLY
J20015
SEAL ROCK, OR

APPLICATION NO.: 10
PERIOD TO: 4/30/2021

FROM:
G.B. REESE ELECTRIC, IN.C
1750 SHERMAN AVENUE
P.O. BOX 1068
NORTH BEND, OR 97459

PROJECT NO.:
D3362301

CONTRACT DATE: 3/31/2020

Line No.	DESCRIPTION A	ORIGINAL ESTIMATE B		PREVIOUS WORK COMPLETED		THIS MONTH WORK COMPLETED						TOTAL VALUE REMAINING G (B-F)	PAYMENT/RETAINAGE					
		LUMP SUM PRICES		Previous %	Previous Value	% This Month	This Month Value	This Month's Materials Added	Previous Stored Materials	Installed Materials	Balance of Materials Stored		Total %	Total Value	Retainage This Month	Payment This Month	Total Retainage	
Electrical																		
056	Membrane Site Electrical	\$	25,466.00	65.0%	\$ 16,553.00	10.0%	\$ 2,547.00											
057	Overal Site (Underground fiber) Electr	\$	165,114.00	85.0%	\$ 140,346.80	5.0%	\$ 8,256.00											
099	Membrane Electrical & Controls	\$	604,223.00	45.0%	\$ 271,899.29	2.5%	\$ 15,000.00			\$ 164,081.91								
173	Intake Site Electrical	\$	8,582.00	100.0%	\$ 8,582.00	0.0%	\$ -					\$ 164,081.91						
178	Intake Building Electrical	\$	380,134.00	6.3%	\$ 24,035.00	56.0%	\$ 212,785.27	\$ -	\$ 160,793.27	\$ (160,793.27)								
179	Membrane Building I&C	\$	162,915.00	5.0%	\$ 8,146.00	15.0%	\$ 24,437.00											
225	123rd PS Electrical and Controls	\$	8,936.00	30.0%	\$ 2,682.00	65.0%	\$ 5,807.00											
229	98th PRV Electrical and Controls	\$	8,630.00	70.0%	\$ 6,041.00	45.0%	\$ 3,884.00											
014	Electrical Mob	\$	75,000.00	100.0%	\$ 75,000.00	0.0%	\$ -											
015	Electrical Submittals	\$	37,500.00	76.0%	\$ 28,500.00	0.0%	\$ -											
016	Electrical O&Ms & Closeout	\$	37,500.00	0.0%	\$ -	0.0%	\$ -											
Original Contract Subtotal		\$	1,514,000.00		\$ 581,785.09		\$ 272,716.27		\$ 324,875.18	\$ (160,793.27)		\$ 164,081.91		\$ 1,018,583.27	\$ 495,416.73	\$ 13,635.81	\$ 259,080.46	\$ 50,929.16
Change Orders																		
001	Removal of Conduit	\$	(7,300.00)	100.0%	\$ (7,300.00)	0.0%	\$ -											
002	Backwash Modifications	\$	3,007.00	0.0%	\$ -	50.0%	\$ 1,504.00											
003	Additional Conduits	\$	19,510.00	50.0%	\$ 9,755.00	0.0%	\$ -											
004	Delete MB and Disconnect	\$	(4,502.00)	0.0%	\$ -	100.0%	\$ (4,502.00)											
		\$		#DIV/0!	\$ -	#DIV/0!	\$ -											
		\$		#DIV/0!	\$ -	#DIV/0!	\$ -											
ADJUSTED CONTRACT TOTALS		\$	1,524,715.00		\$ 584,240.09		\$ 269,718.27		\$ 324,875.18	\$ (160,793.27)		\$ 164,081.91		\$ 1,018,040.27	\$ 506,674.73	\$ 13,485.91	\$ 256,232.36	\$ 50,902.01

MONTHLY INVOICE SUMMARY

TOTAL WORK COMPLETED TO DATE, Line 5a	\$	853,958.36
Materials On Hand	\$	324,875.18
Installed Materials	\$	(160,793.27)
Materials - Installed = Line 5b	\$	164,081.91
SUB TOTAL, Line 4	\$	1,018,040.27
Retainage 5%, Line 5c	\$	50,902.01
SUB TOTAL LESS RETAINAGE, Line 6	\$	967,138.26
LESS: PREVIOUS PAYMENTS, Line 7	\$	914,353.92
TOTAL PAYMENT DUE, Line 8	\$	52,784.34



1037 NW Grebe Street
 Seal Rock, Oregon 97376
 Phone: 541.563.3529 - Fax: 541.563.4246
www.srwd.org



Seal Rock Water District

General Manager's Report:

Board Meeting December 9, 2021

This report is an executive summary provided with this Board agenda to Commissioners with recommended actions if any. Detailed information, staff reports, and supporting materials are provided within the full agenda packet.

PHASE-IV BEAVER CREEK SOURCE WATER PROJECT:

District staff and engineer along with funding partners from USDA-RD meet bi-weekly with R&G Excavating to discuss project activities, schedule, and status. Construction at the WTP site includes continued work to complete grading around the backwash basins and membrane building. Contractor has mobilized membrane treatment equipment in the building and is beginning to place equipment in various areas for operation. Roofing construction of the membrane building has been completed and the contractor is framing windows of the operation and control room. Electricians and plumbers are also on site installing electrical wiring and piping for the WTP. Major construction activities include:

Membrane Building:

- o Pipe support installation
- o Anchorage of UF, CIP, and Neutralization tanks
- o Soffit and flashing installation, sheet metal closures, cap sheet metal flashing
- o Conduit, panel, and wiring for facility lighting, outlets, and switches
- o WesTech panel installation - Chemical feed panel installation
- o Plumbing installation of interior PVC pipes for CIP and chemical pipes
- o HVAC installation in the electrical room - Drywall and insulation of interior rooms
- o Electrical work pulling in wire from generator and transformer area
- o Door installation - Gutters and Downspouts - FW Pumps, piping installed in trench



WTP Filtration Skids:



WTP Piping:

Seal Rock Water District is an Equal Opportunity Service Provider and Employer.

Adam Denlinger, General Manager

adenlinger@srwd.org

www.srwd.org

• **RW Intake Building:**

- o Overflow, roof drain, and eyewash station
- o Hydrostatic testing of 2" FW
- o Door installation



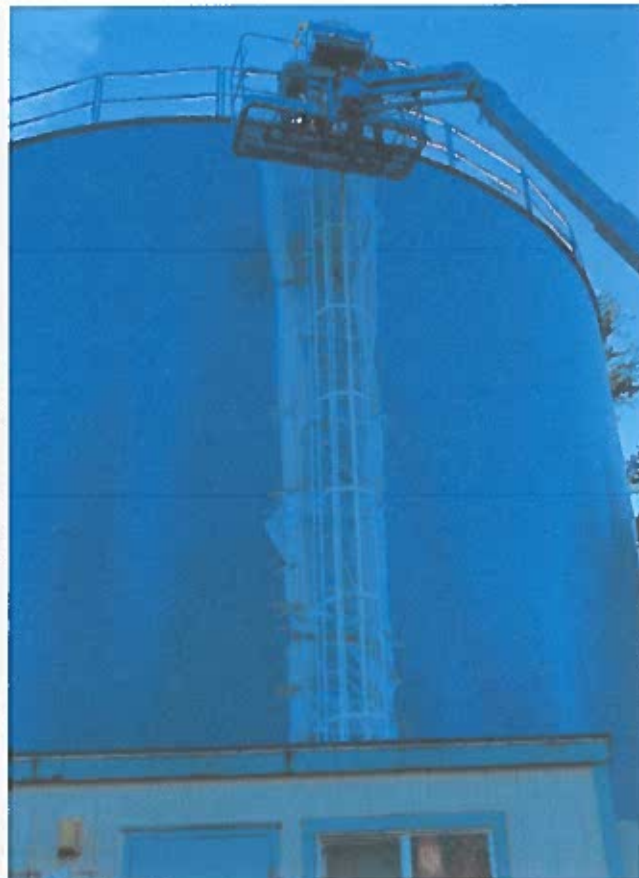
View of intake from South Beaver Creek Bridge:



View of the mechanical room of the RW Intake Building:

• **Clearwell Tank:**

- o Acid wash of galvanized tank ladder and safety cage
- o Painting of the ladder and safety cage



Seal Rock Water District is an Equal Opportunity Service Provider and Employer.

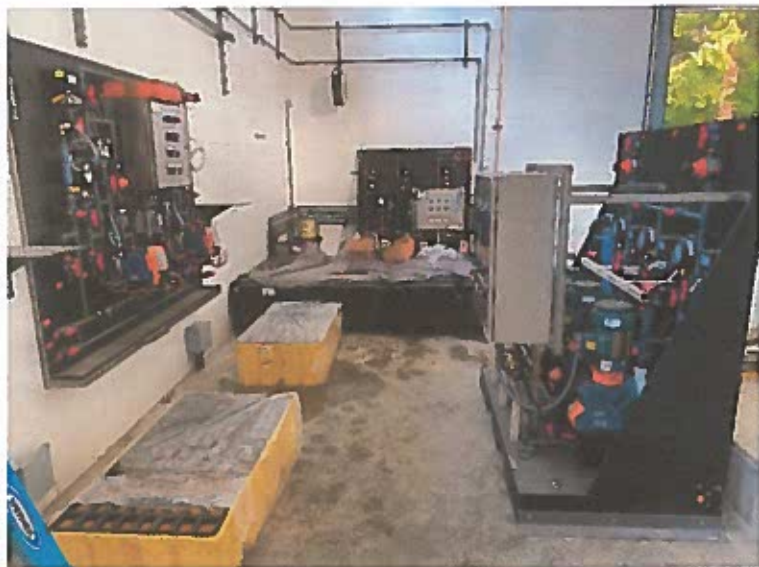
Adam Denlinger, General Manager

adenlinger@srwd.org

www.srwd.org

• **General Site Activities:**

- o CLPUD pulled power conductors up to the site
- o Installation of precast sanitary holding tank
- o Completion of yard piping utilities between Membrane Building and Backwash Basin
- o Duct bank installation to transformer at WTP site and installation of meter cabinet
- o NW retaining wall was rebuilt
- o Finish grading at southeast corner of the site
- o Regrading of roadway between Backwash Basin and Membrane Building



Finished water feed panels:



View of the precast sanitary holding tank installation north of the Backwash Basin:

The Contractor continues to make steady progress in construction. Per recent design progress schedule, which does not meet contract dates, the approximate slippage that the Contractor is showing is an additional 86 days. These dates can only be approved via change order. Jacob's software integration team continues to coordinate with the contractor's subcontractor and WesTech to complete software development. Software integration between WesTech and the balance of the plant continues with programming and testing in progress.

OTHER NOTABLE ACTIVITIES FOR THE MONTH INCLUDE:

- o Attended on-site Beaver Creek water quality and flow monitoring field data collection.
- o Reviewed Engineers Requests for Information (RFI's) for the Beaver Creek Project.
- o Attended OWRD Place Based Planning Evaluation of the Mid-Coast Water Planning Partnership.
- o Attended the Mid-Coast Water Conservation Consortium Meeting.
- o Attended video conferences with engineers, contractors, and USDA to discuss submittals and schedule for work on the Beaver Creek Source water project.

PO Box 190 · 1037 NW Grebe Street · Seal Rock, Oregon 97376
 Phone: 541.563.3529 · FAX 541.563.4246 · Email: info@srwd.org



Seal Rock Water District

DATE ACTION REQUESTED: December 09, 2021						
Ordinance	Resolution	Motion	X	Information		
Date Prepared: November 30, 2021			Dept.: Administration			
SUBJECT: June 30, 2021 Audit Report			Contact Person for this Item: Adam Denlinger, General Manager adenlinger@srwd.org. 541-563-4447			

RECOMMENDED BOARD ACTION:

Consider a motion to approve the SRWD June 30, 2021, annual audit report as prepared by Grimstad & Associates.

FINANCIAL IMPACTS:

State of Oregon Municipal Auditing Practices requires the District to complete an annual audit under the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules.

DISTRICT GOAL:

Identify and prioritize challenges that must be overcome to ensure successful District operations dependent upon effective financial planning for the annual operation of the District.

BACKGROUND:

District and staff have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In the opinion of the auditor, the financial statements referred to in the June 30, 2021 Audit Report present fairly, in all material respects, the respective financial position of the business-type activities of Seal Rock Water District as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year that ended in accordance with accounting principles generally accepted in the United States of America.

Joy King

Submitted By: _____

Joy King, Office Manager

**SEAL ROCK WATER DISTRICT
OREGON**

AUDIT REPORT

JUNE 30, 2021

DRAFT

Prepared By
SIGNE GRIMSTAD
Certified Public Accountant
530 NW 3rd, Suite E
PO Box 1930
Newport, Oregon 97365

SEAL ROCK WATER DISTRICT, OREGON

COMMISSIONERS

President	Robert Mills	765 NW Terrace St. Seal Rock, OR 97376
Secretary	Sandra Mies-Grantham	7227 SW Abalone St. South Beach, OR 97366
Treasurer	Deanna Gravelle	PO Box 203 Newport, OR 97365
Commissioner	Karen Otta	9080 S. Coast Hwy. South Beach, OR 97366
Commissioner	Glen Morris	PO Box 283 Newport, OR 97365

ADMINISTRATION

District General Manager	Adam Denlinger
---------------------------------	-----------------------

REGISTERED AGENT

**Joy King
1037 NW Grebe Street
Seal Rock, OR 97376**

SEAL ROCK WATER DISTRICT, OREGON

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- List of Commissioners
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SEAL ROCK WATER DISTRICT, OREGON

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Seal Rock Water District
Seal Rock, Oregon

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of Seal Rock Water District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Seal Rock Water District as of June 30, 2021, and the respective changes in financial position and 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 defined employee pension plan (PERS) schedules and notes, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Seal Rock Water District's basic financial statements. The introductory section, accompanying supplemental information, budget and actual and reconciliation of budget basis to net position, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The budget and actual, budget reconciliation, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, budget and actual, reconciliation of budget basis to net position, and schedule of expenditures of federal awards, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated December 3, 2021, on my consideration of Seal Rock Water District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Seal Rock Water District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Seal Rock Water District's internal control over financial reporting and compliance.

Other Reporting Required by Oregon State Regulations

In accordance with the Minimum Standards Audit of Oregon Municipal Corporations, I have issued my report dated December 3, 2021 on my consideration of Seal Rock Water District's compliance with certain 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 my testing of compliance and the results of that testing and not to provide an opinion on compliance.

SIGNE GRIMSTAD
Certified Public Accountant
Newport, Oregon
December 3, 2021

SEAL ROCK WATER DISTRICT
Seal Rock, Oregon

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
as of June 30, 2021

ASSETS

Current assets

Cash and cash equivalents	\$ 3,849,287
Accounts receivable	141,628
Property taxes receivable	45,911
Receivable grants/loans	8,685
Prepaid expenses	37,874
Inventory	178,392
Note receivable	34,835

Total current assets	4,296,612
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Noncurrent assets

Prepaid bond insurance	17,522
Note receivable, long-term	580,417

Total noncurrent assets	597,939
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Capital assets

Land	400,729
Construction in progress	11,480,253
Plant and equipment (net of depreciation)	17,594,756
Total capital assets	29,475,738

Total assets	34,370,289
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Deferred outflows of resources - pension contributions	359,182
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Total assets and deferred outflows of resources	34,729,471
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LIABILITIES

Current liabilities

Accounts payable	842,241
Compensated absences	21,106
Unearned revenue	51,181
Forgivable loan (refundable advance)	887,807
Accrued interest, \$79,806 payable from restricted	145,173
Current portion of long-term debt, \$530,054 payable from restricted	7,204,610

Total current liabilities	9,152,118
---------------------------	-----------

Long-term liabilities

Net pension liability	1,100,010
Compensated absences, net	84,422
Notes payable, net	2,487,805
Revenue bond, net	3,613,366
General obligation bonds, net	8,184,749

Total long-term liabilities	15,470,352
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Total liabilities	24,622,470
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Deferred inflows of resources - pension	55,723
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Total liabilities and deferred inflows of resources	24,678,193
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NET POSITION

Net invested in capital assets	7,097,401
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Restricted

Debt service	447,226
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Construction	1,471,939
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Unrestricted	1,034,712
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Total net position	\$ 10,051,278
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The notes to the financial statements are an integral part of this statement.

SEAL ROCK WATER DISTRICT
Seal Rock, Oregon

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
for the Year Ended June 30, 2021

OPERATING REVENUE	
Water service pledged as security for revenue bonds	\$ 1,853,652
Service connections	57,792
Other operating revenue	<u>22,714</u>
Total operating revenue	<u>1,934,158</u>
OPERATING EXPENSES	
Payroll and benefits	1,071,362
Water purchase	621,478
Maintenance and repairs	285,923
General and administrative	125,869
Professional services	75,891
Depreciation	<u>736,715</u>
Total capital assets	<u>2,917,238</u>
OPERATING INCOME (LOSS)	<u>(983,080)</u>
NONOPERATING REVENUE (EXPENSES)	
Interest income	41,042
Property taxes	820,654
Grants	(2,529)
Loss on disposal of capital assets	59,390
Interest expense	<u>(308,282)</u>
Total nonoperating revenue (expenses)	<u>610,275</u>
Income (loss) before contributions	(372,805)
CAPITAL CONTRIBUTIONS	<u>113,785</u>
Change in net position	(259,020)
NET POSITION - Beginning of year	<u>10,310,298</u>
NET POSITION - End of year	<u><u>\$ 10,051,278</u></u>

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

SEAL ROCK WATER DISTRICT
Seal Rock, Oregon
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
for the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 1,916,173
Cash payments for goods and services	(580,355)
Cash payments for employees and benefits	(903,199)
Net cash provided (used) by operating activities	<u>432,619</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	831,034
Grants	53,799
Note receivable receipts	33,300
Net cash provided (used) by noncapital financing activities	<u>918,133</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(8,974,260)
Loan proceeds	4,469,110
Principal paid on debt	(3,117,329)
Interest paid on debt	(297,919)
Capital contribution by customers	113,785
Net cash provided (used) by capital and related financing activities	<u>(7,806,613)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>41,042</u>
Net increase (decrease) in cash and cash equivalents	(6,414,819)
Cash and cash equivalents - Beginning of year (restricted \$8,843,867)	<u>10,264,106</u>
Cash and cash equivalents - End of year (restricted \$2,484,419)	<u>\$ 3,849,287</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (983,080)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	736,715
(Increase) decrease in operating assets	
Accounts receivable	(11,281)
Inventory	29,984
Prepaid expenses	22,607
Increase (decrease) in operating liabilities	
Accounts payable	476,215
Accrued compensated absences	17,497
Net pension liability	150,666
Unearned revenue	(6,704)
Net cash provided (used) by operating activities	<u>\$ 432,619</u>

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

SEAL ROCK WATER DISTRICT
Seal Rock, Oregon
STATEMENTS OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
as of June 30, 2021

	<u>MCWCC</u>	<u>MCWPP</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1	\$ 12,175	\$ 12,176
LIABILITIES			
Accounts payable	-	-	-
NET ASSETS			
Held by fiduciary	<u>\$ 1</u>	<u>\$ 12,175</u>	<u>\$ 12,176</u>

STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
for the Year Ended June 30, 2021

	<u>MCWCC</u>	<u>MCWPP</u>	<u>Total</u>
ADDITIONS			
Water Districts contributions	\$ 14,000	\$ -	\$ 14,000
Government grants	-	173,104	173,104
Foundation grants	-	20,000	20,000
Total additions	<u>14,000</u>	<u>193,104</u>	<u>207,104</u>
DEDUCTIONS			
Consultant services	<u>13,999</u>	<u>180,929</u>	<u>194,928</u>
Changes in fiduciary net assets	1	12,175	12,176
Net assets, beginning of year	-	-	-
Net assets, end of year	<u>\$ 1</u>	<u>\$ 12,175</u>	<u>\$ 12,176</u>

Mid-Coast Water Conservation Consortium (MCWCC) was established by 4 Lincoln County municipalities and 1 water district to develop a framework for a mid-coast water conservation consortium.

Mid-Coast Water Planning Partnership (MCWPP) was established to study the availability of water for current and future use on the central Oregon coast under the direction of Oregon Water Resources Department (ORWD).

SEAL ROCK WATER DISTRICT, OREGON

NOTES TO FINANCIAL STATEMENTS as of June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Seal Rock Water District (District) prepares its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

The more significant of the District's accounting policies are described below.

Reporting Entity

The District is a municipal corporation and is exempt from federal income taxes. The District operates under the laws of the State of Oregon for the purpose of providing water service to customers within the boundaries of the District. There are five commissioners elected for terms of four years. The elections are held on odd numbered years with terms expiring on a staggered basis.

There are various other governmental agencies and special service districts which provide services within the District's boundaries. However, the District is not financially accountable for any of these entities and accordingly, their financial information is not included in these financial statements.

Basis of Accounting and Presentation

The District is considered to be a single enterprise similar to a commercial entity for financial reporting purposes. Accordingly, these financial statements are maintained on the flow of economic resources measurement focus using the accrual basis of accounting utilizing accounting principles applicable to commercial enterprises. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when liabilities are incurred.

Deposits and Investments

The District's 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. For purposes of the statement of cash flows, the proprietary funds considered all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

The District's investment policies are governed by Oregon statutes. The statutes authorize the District to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, high-grade commercial paper and the State Treasurer's Local Government Investment Pool (LGIP). See Note 3.

Inventory

Inventories are valued at cost, which approximates net realizable value, using the first-in/first-out (FIFO) method. The cost of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Restricted Assets

Cash and receivables held in the Debt Service, RD Requirement Reserve, and Revenue Bond are classified as restricted assets on the Statement of Net Position as their use is limited to servicing debt and construction.

SEAL ROCK WATER DISTRICT, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Restricted Assets

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (e.g. streets, roads, sidewalks and similar public domain items) are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined in the District's capitalization policy as having a historic cost or fair value in excess of \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are valued at their estimated fair value at the date of the donation.

Additions, improvements and other capital outlays that significantly improve the useful life or increase the capacity of an asset are capitalized. Other costs incurred for maintenance and repairs are expensed. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings and structures	50 years
Equipment	5 - 25 years
Vehicles	5 years
Infrastructure	50 years

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused personal time off (PTO). All PTO pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirement.

Pensions

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27*, the District's net pension (asset)/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the OPERS and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

SEAL ROCK WATER DISTRICT, OREGON

NOTES TO FINANCIAL STATEMENTS as of June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The District has one item that qualifies for reporting in this category, it's deferred amounts relating to pensions. This amount is deferred and recognized as an outflow of resources in the period when the District recognizes pension expense. Deferred outflows are included in the proprietary funds Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, it's deferred amounts relating to pensions. This amount is deferred and recognized as an inflow of resources in the period when the District's recognizes pension income. Deferred inflows are included in the proprietary funds Statement of Net Position.

Net Position

Net Position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District's financial statements.

Net position is divided into three components:

Net investment in capital assets - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position - consists of assets that are restricted by the District's creditors, by enabling legislation, by grantors, and other contributors.

Unrestricted - all other net position is reported in this category.

Operating Revenues, Non-Operating Revenues and Operating Expenses

The District has defined operating revenues to include all service charges and other applicable charges for services directly attributable to providing water. Operating expenses are defined as those expenses directly related to providing the services reflected within operating revenues including depreciation and amortization. Non-operating revenues are revenues not directly attributable to the services provided. This includes investment interest, capital contributions, and gain (loss) on sale of capital assets.

SEAL ROCK WATER DISTRICT, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Law and Practice

Pursuant to Oregon Local Budget Law, Oregon Revised Statutes Chapter 294.305 through 294.770, the District manages its operations through fund accounting. An operating budget is adopted prior to each fiscal year for all funds. The budget is adopted on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual (measurable and available to finance expenditures of the current period). Expenses are generally recognized when the related liability has been incurred. The exception is interest on general long-term debt, which is recognized when due.

Major functional categories identify the legal level of budgetary control above which expenditures are not authorized. The major functional categories are personnel services, materials and services, capital outlay, debt service, interfund transfers, and operating contingency. The Board of Commissioners may select a lower level of appropriations than the budget committee in which case the legal level of appropriation is stated in the appropriation resolution. The expenditure budget for the year is adopted through the appropriation resolution and only the Board may adjust appropriations. Appropriations lapse at the end of the fiscal year, June 30.

NOTE 3 - DEPOSITS AND INVESTMENTS

Cash, cash equivalents and investments as of June 30 are classified in the accompanying Statement of Net Position as follows:

	<u>Balance</u>
Cash and cash equivalents	\$ 1,364,868
Cash and cash equivalents - restricted	<u>2,484,419</u>
Total cash, cash equivalents and investments	<u>\$ 3,849,287</u>

Cash, cash equivalents and investments as of June 30 consist of the following:

	<u>Balance</u>
Petty cash	\$ 800
Deposits with financial institutions	3,118,854
Investments - external investment pool	<u>729,633</u>
Total	<u>\$ 3,849,287</u>

Restricted cash represents funds for debt retirement of \$433,521 and construction of \$2,050,898.

SEAL ROCK WATER DISTRICT, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Deposits

At the end of the fiscal year, the District's total deposits with financial institutions have a bank value of \$3,868,912.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. For deposits in excess of federal depository insurance, the Oregon Legislature Assembly passed House Bill 2901 effective July 1, 2008 eliminates the requirement of certificates of participation and created a shared liability structure of qualified depositories. At year end, \$250,000 of the District's deposits were insured by the FDIC and the remaining balance was in a qualified depository bank, Umpqua Bank.

Investments

At year end, the District has total funds of \$729,633 (fair value) in the Local Government Investment Pool.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Oregon State Treasurer maintains the Oregon Short Term Fund (OSTF), of which the Local Government Investment Pool (LGIP) is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. LGIP was created to offer a short-term investment alternative to Oregon local governments and it is not registered with the U.S. Securities and Exchange Commission. The investments are regulated by the OSTF and approved by the Oregon Investment Council. At the end of the fiscal year, the fair value of the District's deposits with the LGIP approximately equals the value of the pool shares. The OSTF financial statements are available at <http://ost.state.or.us>.

Investments in the LGIP are available upon demand (one day).

Credit risk

Oregon Statutes limit investments to general obligations of U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, high-grade commercial paper and the State Treasurer's Local Government Investment Pool. The District has no investment policy that would further limit its investment choices. The LGIP is not subject to credit rating.

Concentration of credit risk

The District places no limit on the amount the District may invest in any one issuer.

SEAL ROCK WATER DISTRICT, OREGON

**NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021**

NOTE 4 - RECEIVABLES

Receivables at June 30, consist of the following:

	<u>Balance</u>	<u>Unrestricted</u>	<u>Restricted</u>
Property taxes	\$ 45,911	\$ 5,131	\$ 40,780
Accounts receivable	141,628	141,628	0
Grants/loan receivable	<u>8,685</u>	<u>0</u>	<u>8,865</u>
Total receivables	<u>\$ 196,224</u>	<u>\$ 146,759</u>	<u>\$ 49,465</u>

Accounts Receivable

Uncollected accounts receivable are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible accounts has been established.

Property Taxes

Property taxes are levied and become a lien on all taxable property as of July 1. Taxes are levied on November 15 with collection dates: November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Uncollected property taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

NOTE 5 - NOTE RECEIVABLE

In November 2001, the District entered into an Intergovernmental Urban Service Agreement (IGA) with the City of Newport transferring part of the District's service area in South Beach to City of Newport for \$1,800,000 including interest at 6.5% for lost revenue, payable over 30 years with annual payments of principal plus interest totaling \$60,000. The properties in the South Beach service area continue to pay property taxes to the District for the outstanding bonded indebtedness.

In May 2014, Amendment No. 1 to the IGA clarified the boundaries of the service area and that the properties located in the service area are subject to taxes for bonded indebtedness.

In March 2015, Amendment No. 2 to the IGA specified that the City of Newport's debt to the District for lost revenue plus the portion of the bonded indebtedness, excluding the 2013 refunding general obligation bond (originally the 2007 general obligation bond) for the withdrawn properties is \$1,800,000. The City of Newport's share of the 2013 refunding general obligation bond was calculated as \$55,322, which was paid in full on July 1, 2015. The remaining term for the bonds is twenty years.

	<u>Balance</u>	<u>Unrestricted</u>	<u>Restricted</u>
Note receivable, City of Newport	<u>\$ 615,252</u>	<u>\$ 533,654</u>	<u>\$ 81,598</u>

SEAL ROCK WATER DISTRICT, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 5 - NOTE RECEIVABLE - Continued

The note receivable maturity schedule is as follows:

Year Ending June 30	Balance	Unrestricted	Restricted
2022	\$ 34,835	\$ 28,160	\$ 6,675
2023	36,536	29,527	7,009
2024	38,304	30,961	7,343
2025	39,942	32,464	7,478
2026	40,448	34,040	6,408
2027-2032	223,712	196,922	26,790
2033-2037	191,789	181,580	10,209
2038-2042	7,923	0	7,923
2043	1,763	0	1,763
Totals	\$ 615,252	\$ 533,654	\$ 81,598

NOTE 6 - CAPITAL ASSETS

Below is the major classes of capital assets:

	7/1 Balance	Increases	Decreases	6/30 Balance
Non-depreciable				
Land	\$ 400,729	\$ 0	\$ 0	\$ 400,729
Construction in progress	2,712,239	8,803,332	(35,318)	11,480,253
Total non-depreciable	3,112,968	8,803,332	(35,318)	11,880,982
Depreciable				
Building	1,982,896	0	0	1,992,896
Furn./equip./vehicles	935,330	131,069	(44,717)	1,021,682
Water system	22,531,293	75,177	0	22,606,470
Total depreciable	25,459,519	206,247	(44,417)	25,621,048
Accumulated depreciation				
Building	359,437	43,660	0	403,097
Equipment	661,305	84,965	(42,188)	704,082
Water system	6,311,023	608,090	0	6,919,113
Total accum. depreciation	7,331,765	736,715	(42,188)	8,026,292
Total, net of depreciation	18,127,754	(530,468)	(2,529)	17,594,756
Capital assets, net	\$ 21,240,722	\$ 8,272,864	\$ (37,847)	\$ 29,475,738

Depreciation expense for the year was \$736,715.

SEAL ROCK WATER DISTRICT, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 7 - LONG-TERM DEBT

Revenue Bonds

A revenue bond in the amount of \$1,505,000, payable from water system net operating revenue, was issued June 1, 2012. The bond is payable in annual installments of \$74,332 with interest at 2.75%, maturity 2042. Current balance is \$1,173,703.

A revenue bond in the amount of 2,547,000, payable from water system net operating revenue, was issued November 18, 2020, is payable in annual installments of \$109,853 including interest at 1.75%, matures November 18, 2050, and requires reserve accumulating monthly receipts of \$915 to total one annual loan payment in 10 years. Current balance is \$2,547,000.

The annual requirements to amortize the revenue bonds are as follows:

Year Ending June 30,	Principal	Interest	Total Future Requirements
2022	\$ 107,337	\$ 76,849	\$ 184,186
2023	109,635	74,550	184,185
2024	111,986	72,200	184,186
2025	114,277	69,909	184,186
2026	116,846	67,339	184,185
2027-2031	622,988	297,939	920,927
2032-2036	693,363	227,564	920,927
2037-2041	772,082	148,847	920,929
2042-2046	550,105	73,088	623,193
2047-2051	522,084	27,771	549,855
Totals	<u>\$ 3,720,703</u>	<u>\$ 1,136,056</u>	<u>\$ 4,856,759</u>

Notes Payable

On April 10, 2020, Truist Bank provided interim financing for the Beaver Creek Water Source Project Phase IV construction totaling \$9,096,000. The interim loan matures on March 15, 2022 with interest only payments each September 1 and March 1 at 1.81%. Loan principal plus accrued interest is due at loan maturity. The interim loan was reduced to \$6,549,000 with proceeds from the 2020 revenue bonds discussed above totaling \$2,547,000 in November 2020. The remaining balance of the loan is scheduled to be paid in full from the proceeds of general obligation bonds of \$6,549,000 to be issued after completion of project construction currently scheduled for April 2022.

On August 13, 2015, the Oregon Infrastructure Financing Authority approved a forgivable loan of \$20,000 and a long-term note with proceeds not to exceed \$130,000, at a rate of 1%, on a cost-reimbursement basis for Project S16002. The project was completed in December 2016 and funds received on January 26, 2017 totaled \$146,285. Requirements for the forgivable loan were met and \$20,000 was recorded as a grant in 2017. The loan portion totaled \$126,285 and is payable in annual payments of principal and interest beginning December 31, 2017 through 2023. The outstanding balance was \$55,024 at June 30, 2021.

On December 19, 2017 the Oregon Business Development Department (OBDD) awarded a forgivable loan of \$1,030,000 and a long-term loan with proceeds not to exceed \$2,451,000 on a cost-reimbursement basis for Project S18011. OBDD funds disbursed to the District totaled \$2,451,000 on the long-term loan and \$887,807 for the forgivable loan at June 30, 2021. Repayment of the loan begins on December 1, 2021, with annual payments of \$60,118 including principal and interest at 1%, maturing on December 1, 2051. The forgivable portion of the loan does not require repayment if the District completes the Project on time and at Project completion date, has average monthly residential water rates for the water supplied by the new water system which are at or above the affordability rate of \$50.21 per 7,500 gallons.

SEAL ROCK WATER DISTRICT, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 7 - LONG-TERM DEBT - Continued

Notes Payable

The annual requirements to amortize the notes payable, excluding the forgivable loan, are as follows:

Year Ending June 30,	Principal	Interest	Total Future Requirements
2022	\$ 6,567,219	\$ 550	\$ 6,567,769
2023	88,864	24,878	113,742
2024	89,569	23,989	113,558
2025	71,878	23,094	94,972
2026	72,596	22,375	94,971
2027-2031	374,019	100,839	474,858
2032-2036	393,098	81,761	474,859
2037-2041	413,150	61,709	474,859
2042-2046	434,225	40,633	474,858
2047-2051	456,375	18,483	474,858
2052	94,031	544	94,575
Totals	<u>\$ 9,055,024</u>	<u>\$ 398,855</u>	<u>\$ 9,453,880</u>

General Obligation Bonds

General Obligation Bonds are direct obligations and pledge the full faith and credit of the government.

On October 27, 2011 the District issued a GO Bond for \$1,626,000 with a rate of 3.75%, maturing 2042. The current balance is \$1,309,524.

On June 13, 2012 the District issued a GO Bond for \$5,000,000 with a rate of 2 - 4%, maturing 2032. The current balance is \$2,750,000.

On February 13, 2015 the District issued a GO Refunding Bond for \$2,075,000 with a rate of 2-4%, maturing 2036. The current balance is \$1,525,000.

On December 1, 2016 the District issued a GO Bond for \$3,451,000 with a rate of 1.875%, maturing on December 1, 2041. Annual payments of principal plus interest total \$174,207, with a final payment of \$170,118. The current balance is \$3,000,523.

The annual requirements to amortize the general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Total Future Requirements
2022	\$ 530,054	\$ 244,301	\$ 774,355
2023	553,845	255,710	779,555
2024	572,736	209,269	782,005
2025	586,731	193,124	779,855
2026	535,832	176,573	712,405
2027-2031	2,509,653	655,733	3,165,386
2032-2036	1,835,178	331,218	2,166,396
2037-2041	1,203,208	123,897	1,327,105
2042	257,811	6,476	264,287
Totals	<u>\$ 8,585,048</u>	<u>\$2,166,301</u>	<u>\$ 10,751,349</u>

SEAL ROCK WATER DISTRICT, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 7 - LONG-TERM DEBT - Continued

During the current year, the following changes occurred in long term debt:

	7/1			6/30	Due in	Interest
	<u>Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u>	<u>One Year</u>	<u>Paid</u>
Revenue Bond	\$ 1,214,633	\$2,547,000	\$ 40,930	\$ 3,720,703	\$ 107,337	\$ 33,402
Notes payable	10,585,760	1,034,303	2,565,039	9,055,024	6,567,219	166,439
Forgivable loan	0	887,807	0	887,807	0	0
GO Bonds	<u>9,096,409</u>	<u>0</u>	<u>511,361</u>	<u>8,585,048</u>	<u>530,054</u>	<u>262,193</u>
Total	<u>\$20,896,802</u>	<u>\$ 4,469,110</u>	<u>\$3,117,330</u>	22,248,582	<u>\$ 7,204,610</u>	<u>\$ 462,034</u>
				Bond premium	<u>129,755</u>	
				Total	<u>\$22,378,337</u>	

NOTE 8 - COMPENSATED ABSENCES

Compensated absences are liquidated by the General Fund. Changes in compensated absences are as follows:

	7/01			6/30	Due in
	<u>Balance</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u>	<u>One Year</u>
Compensated absences	<u>\$ 88,031</u>	<u>\$ 64,592</u>	<u>\$ 47,095</u>	<u>\$ 105,528</u>	<u>\$ 21,106</u>

NOTE 9 - RETIREMENT BENEFITS

A. PENSION PLAN - Defined Benefit

Oregon Public Employees Retirement System (PERS)

Plan Description

Employees of the District are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report (CAFR) and Actuarial Valuation that can be obtained by writing to: Oregon PERS, PO Box 23700, Tigard OR 97281-3700 or at: <http://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx> .

1. PERS Tier One/Tier Two Pension (Chapter 238)

Pension Benefits - The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options including survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 and 1.67 percent for police/fire members and general service members respectively) 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 making contribution before August 21, 1981), or a money match computation if a greater benefit results.

SEAL ROCK WATER DISTRICT, OREGON

NOTES TO FINANCIAL STATEMENTS

as of June 30, 2021

NOTE 9 - RETIREMENT BENEFITS

A. PENSION PLAN - Defined Benefit

Oregon Public Employees Retirement System (PERS)

Plan Description

1. PERS Tier One/Tier Two Pension (Chapter 238)

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 had reached at least 50 years of age before ceasing employment with a participating employer (ages 45 and 55 for police/fire members and general service members respectively). Participants are eligible for retirement after reaching ages 50 and 55 for police/fire members and general service members respectively. Tier One general service member benefits are reduced if retirement occurs prior to age 58 with fewer than 25 years of service, Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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

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

Disability Benefits - A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job related 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-related disability, service time is computed to ages 55 and 58 for fire members and general service members respectively when determining the monthly benefit.

Benefit Changes After Retirement - Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living adjustments (COLA). The COLA is capped at 2.0 percent.

SEAL ROCK WATER DISTRICT, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 9 - RETIREMENT BENEFITS - Continued

A. PENSION PLAN - Defined Benefit

Oregon Public Employees Retirement System (OPERS)

2. OPSRP Defined Benefit Pension Program (238A)

Pension Benefits - The ORS 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003. 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. To be classified as a fire member the individual must be continuously employed as a 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 at least 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

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

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

Benefit Changes After Retirement - Under ORS 238A.210, monthly benefits are adjusted annually through cost-of-living adjustments (COLAs). The COLA is capped at 2.0 percent.

3. OPSRP Individual Account Program (238A)

Pension Benefits - An OPSRP Individual Account Program (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 amounts in his or her employee, rollover, and vested employer accounts as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20- year period or an anticipated lifespan option. Each distribution option has a \$200 minimum distribution limit.

SEAL ROCK WATER DISTRICT, OREGON
Seal Rock, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 9 - RETIREMENT BENEFITS - Continued

A. PENSION PLAN - DEFINED BENEFIT

Oregon Public Employees Retirement System (OPERS)

3. OPSRP Individual Account Program (238A)

Death Benefits - Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account, rollover account, and vested employer optional contribution account balances. 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.

Recordkeeping - PERS contracts with Voya Financial to maintain IAP participant records.

Contributions:

The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the OPERS defined benefit plan and the other Post-Employment Benefit Plans. In some circumstances, payments are made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements. This was not the case for the District for the year ending June 30, 2021 or for any other periods reflected in these Financial Statements, the Notes to the Financial Statements, or the Supplementary Information section. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The rates, expressed as a percentage of payroll, first became effective July 1, 2017.

The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments and their rates have been reduced. District contributions for the year ending June 30, 2021 were \$97,838, excluding amounts to fund employer specific liabilities. The rates in effect for the year ended June 30, 2021 were 32.10 percent for Tier One/Tier Two General Service, 18.18 percent of OPSRP General Service Members, 22.81 percent for OPSRP Police and Fire Members, and 6 percent for OPSRP Individual Account Members.

The employees contribute 6% of their salary to their retirement and the employer contributes the required employer's contribution.

SEAL ROCK WATER DISTRICT, OREGON
Seal Rock, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 9 - RETIREMENT BENEFITS - Continued

A. PENSION PLAN - DEFINED BENEFIT

Oregon Public Employees Retirement System (OPERS)

Net Pension Liability

At June 30, 2021, the District reported a net pension liability of \$1,100,010 for its proportionate share of the system-wide pension liability. The net pension liability was measured as of June 30, 2019, and the system-wide pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2020. The District's proportionate share of the system-wide 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 long-term contributions of all participating employers, actuarially determined. These proportion percentages for the District were 0.005040500 and 0.00520851 for the years ended June 30, 2021 and 2020 respectively. For the year ended June 30, 2021, the District recognized pension expense (income) of \$150,666. At June 30, 2021, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 48,414	\$ 0
Changes of assumptions	59,034	2,068
Net difference between projected and actual earnings on investments	129,347	0
Changes in proportionate share	24,549	19,748
Contributions made subsequent to measurement date	97,838	0
Differences between employer contributions and employer's proportionate share of system contributions	<u>0</u>	<u>33,907</u>
Total	<u>\$ 359,182</u>	<u>\$ 55,723</u>

Deferred outflows of resources of \$97,838 relates to pensions resulting from District contributions subsequent to the measurement date to be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other pension amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expenses as follows:

SEAL ROCK WATER DISTRICT, OREGON
Seal Rock, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 9 - RETIREMENT BENEFITS - Continued

A. PENSION PLAN - DEFINED BENEFIT

Oregon Public Employees Retirement System (OPERS)

Year Ended June 30	Deferred Outflow/(Inflow) of resources (prior to post- measurement date contributions)
2022	\$ 48,829
2023	63,664
2024	57,428
2025	37,232
2026	(1,533)
Total	\$ 205,620

Actuarial Valuations

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal cost method. For the Tier One/Tier Two component of the PERS defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by employees during the current service year) and (2), an amount for the amortization of unfunded accrued actuarial liabilities, which are being amortized over a fixed period with new unfunded accrued actuarial liabilities being amortized over 20 years. For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by employees during the current service year) and (b) an amount for the amortization of unfunded accrued actuarial liabilities, which are being amortized over a fixed period with new unfunded accrued actuarial liabilities being amortized over 16 years.

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

SEAL ROCK WATER DISTRICT, OREGON
Seal Rock, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 9 - RETIREMENT BENEFITS - Continued

A. PENSION PLAN - DEFINED BENEFIT

Oregon Public Employees Retirement System (OPERS)

Actuarial Valuations

Valuation Date	December 31, 2018, rolled forward to June 30, 2020
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry age normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Fair value of assets
Actuarial Assumptions	
Inflation rate	2.50%
Long-term expected rate of return	7.20%
Discount rate	7.20%
Projected salary increases	3.50% overall payroll growth
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><i>Healthy retirees and beneficiaries:</i> RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs, as described in the valuation.</p> <p><i>Disabled retirees:</i> RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

SEAL ROCK WATER DISTRICT, OREGON
Seal Rock, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 9 - RETIREMENT BENEFITS - Continued

A. PENSION PLAN - DEFINED BENEFIT

Oregon Public Employees Retirement System (OPERS)

Actuarial Valuations

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probabilities 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 future results. Experience studies were performed as of December 31 on even numbered years. The methods and assumptions shown above are based on the 2016 experience study, which reviewed experience for the four-year period ending December 31, 2016.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015, revised as of June 7, 2017, 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.

Assumed Asset Allocation

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	0.0%	3.0%	0.0%
Debt securities	15.0	25.0	20.0
Public equity	32.5	42.5	37.5
Private equity	13.5	21.5	17.5
Real estate	9.5	15.5	12.5
Alternative equity	0	12.5	12.5
Opportunity portfolio	0	3.0	0
Total		<u>100.0%</u>	

SEAL ROCK WATER DISTRICT, OREGON
Seal Rock, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 9 - RETIREMENT BENEFITS - Continued

A. PENSION PLAN - DEFINED BENEFIT

Oregon Public Employees Retirement System (OPERS)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.30%	6.69%
Micro Cap US Equities	1.30%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	<u>1.88%</u>	3.84%
Total	<u><u>100.00%</u></u>	
Assumed Inflation - Mean		2.50%

SEAL ROCK WATER DISTRICT, OREGON
Seal Rock, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 9 - RETIREMENT BENEFITS - Continued

A. PENSION PLAN - DEFINED BENEFIT

Oregon Public Employees Retirement System (OPERS)

Discount Rate

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

Sensitivity to Discount Rate

The following presents the District's net pension liability calculated using the discount rate of 7.20 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20 percent) and one percentage point higher (8.20 percent) than the current rate:

	<u>1% Decrease (6.20)%</u>	<u>Current Disc. Rate (7.20)%</u>	<u>1% Increase (8.20)%</u>
Net Pension Liability (Asset)	<u>\$ 1,633,425</u>	<u>\$ 1,100,010</u>	<u>\$ 652,718</u>

Changes in Plan Provisions Subsequent to Measurement Date

Subsequent to the June 30, 2018 measurement date, the Oregon legislature enacted Senate Bill 1049. Elements of the bill include a variety of policy and program changes. The most significant component of the bill is a one-time re-amortization of Tier 1 and Tier 2 unfunded actuarial liability from 20 to 22 years. Amortization reverts back to 20 years on January 2, 2020. A lawsuit was filed challenging Senate Bill 1049 but the Oregon Supreme Court upheld the Senate Bill stating its provisions were constitutional.

B. RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)

Plan Description

As a member of 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 post-employment benefit plan (OPEB) 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. OPERS issues a publicly available financial report that may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700.

SEAL ROCK WATER DISTRICT, OREGON
Seal Rock, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 9 - RETIREMENT BENEFITS - Continued

B. RETIREMENT HEALTH INSURANCE ACCOUNT (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 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 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 a 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 municipal corporations are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.50 and 0.43 percent of annual covered payroll for OPERS members and OPSRP respectively. The OPERS Board sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2021, 2020, and 2019 were paid and equaled the required contributions for each year.

NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* provides guidance for accounting for liabilities/(assets) related to retiree healthcare and other non-pension postemployment benefits (OPEB). The other postemployment benefits for the District combines two separate plans. The District provides an implicit rate subsidy for retiree health insurance premiums administered by the Special District Association of Oregon (SDAO), and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan. The total OPEB liability is based on a valuation provided by an independent actuarial firm based on assumptions including inflation rate, projected salary increases, discount rate, medical, dental and vision increases, and mortality rates and other inputs. The total OPEB liability was estimated at June 30, 2021 by Milliman Actuarial Services for both plans. At June 30, 2021, the District's net OPEB liability/(asset) and deferred inflows and outflows were determined by Management not to be material to the financial statements taken as a whole.

SEAL ROCK WATER DISTRICT, OREGON

NOTES TO FINANCIAL STATEMENTS as of June 30, 2021

NOTE 11 - OTHER INFORMATION

Tax Abatement

GASB Statement No. 77, *Tax Abatement Disclosures*, requires governments that enter into tax abatement agreements to disclose information about those agreements. The District has not entered into any tax abatement agreements as of the end of the fiscal year; therefore, there are no amounts to disclose.

Commitments

Project Phase IV

Beaver Creek Water Source Project Phase IV was designed and engineered by CH2M HILL Engineers, Inc. (aka Jacobs Engineering Group). CH2M HILL will continue to act as the District's representative, assume all duties and responsibilities, and have the rights and authority assigned to Engineer in the contract documents in connection with the completion of Phase IV.

In December 2019, the District engaged R&G Excavating, Inc. as the contractor for the Beaver Creek Water Source Project Phase IV construction of facilities including river intake, raw water pumping station, all piping, 4,000 square foot water treatment plant, membrane filtration equipment installation, as well as other water treatment components, two welded steel tanks (250,000 and 500,000 gallons), one portable and one installed backup generators, and related facilities. This contract has an effective date of April 30, 2020 in the amount of \$10,690,000. Construction is to be substantially completed within 448 days from the effective date (July 22, 2021), with final payment due within 480 days (August 24, 2021).

In October 2016, SDAO Advisory Services, LLC was engaged as a municipal advisor on an on-going basis regarding the issuance of municipal securities, financial products, direct bank loans, conduit borrowings or other financing alternatives and related matters. Specifically, SDAO will advise on the issuance of bonds (debt securities) for the Project Phase IV. Revenue bonds were issued in November 2020. General obligations bonds are expected to be issued upon project completion.

In July 2019, Hawkins, Delafield & Wood, LLP were engaged as bond counsel for revenue bonds with USDA (United States Department of Agriculture). Revenue bonds totaling \$2,547,000 were issued in November 2020.

Economic Dependency

Seal Rock Water District purchases 100% of its water from the City of Toledo.

Risk Management

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

SEAL ROCK WATER DISTRICT, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 11 - OTHER INFORMATION - Continued

Evaluation of Subsequent Events

Bonds

In August 2020, the District began work on closing the revenue bond portion of the interim loan of \$2,547,000 to reduce the interest rate from 2.75% to 1.75%. The revenue bond closed in November 2020 with proceeds paid to Truist Bank reducing the \$9,096,000 loan by that amount. The line of credit with Cashmere Valley Bank was also refinanced at this time for a lower interest rate.

Pandemic

In the beginning of March 2020, the COVID-19 virus was declared a global pandemic and later in the same month the Oregon governor issued Executive Order No. 20-12 which directed Oregonians to "Stay Home, Save Lives". The District anticipates an increase in expenses and is monitoring possible impact on revenue sources. In June 2021, the Governor lifted most COVID-19 restrictions and reopened the state for business activities. However, effective August 27, 2021, a new statewide outdoor mask requirement was required to help stop the spread of the highly contagious Delta variant.

Management has evaluated subsequent events through November 15, 2021, the date on which the financial statements were available to be issued.

The District has evaluated subsequent events through December 3, 2021, the date which the financial statements were available to be issued.

**SEAL ROCK WATER DISTRICT
OREGON**

SUPPLEMENTAL SECTION

DRAFT

SEAL ROCK WATER DISTRICT
Seal Rock, Oregon

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET LIABILITY (ASSET)
as of June 30, 2021

OREGON PUBLIC EMPLOYEE RETIREMENT SYSTEM
Last Eight Fiscal Years

Fiscal Year Ended	District's Proportion of the Net Pension (Asset)/Liability	District's Proportionate Share of the Net Pension (Asset) Liability	District's Covered Employee Payroll	District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability
2014	0.00393	\$ 200,660	\$ 413,981	48.47%	92.0%
2015	0.00393	(89,129)	425,633	-20.94%	103.6%
2016	0.00454	260,819	423,759	61.55%	91.9%
2017	0.00465	698,307	441,799	158.06%	80.5%
2018	0.00492	663,408	464,754	142.74%	83.1%
2019	0.00499	756,962	483,584	156.53%	82.07%
2020	0.00521	900,947	521,465	172.77%	80.2%
2021	0.00504	1,100,010	548,922	200.39%	75.8%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date for each year presented.

This schedule is 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.

SEAL ROCK WATER DISTRICT, OREGON
Seal Rock, Oregon

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
as of June 30, 2021

OREGON PUBLIC EMPLOYEE RETIREMENT SYSTEM
Last Eight Fiscal Years

Fiscal Year Ended	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency /(Excess)	District's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2014	\$ 21,527	\$ 21,654	\$ (127)	\$ 425,633	5.09%
2015	22,008	22,392	(384)	423,759	5.28%
2016	40,348	40,897	(549)	441,799	9.26%
2017	42,432	42,432	-	464,754	9.13%
2018	64,846	64,846	-	483,584	13.41%
2019	67,315	67,315	-	521,465	12.91%
2020	97,690	97,690	-	548,922	17.80%
2021	97,838	97,838	-	554,257	17.65%

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

This schedule is 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.

SEAL ROCK WATER DISTRICT, OREGON
Seal Rock, Oregon

**NOTES TO THE SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET) AND SCHEDULE OF
CONTRIBUTIONS for the Year Ended June 30, 2021**

Changes in Plan Provisions

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:
<https://www.oregon.gov/pers/EMP/Documents/GASB/2019/2018-GASB68.pdf>.

Changes in Assumptions

A summary of key changes implemented since the December 31, 2016 valuation are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:
<https://www.oregon.gov/pers/EMP/Documents/GASB/2019/2018-GASB68.pdf>.

Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2016 Experience Study for the System, which was published on July 26, 2017 and can be found at:
<https://www.oregon.gov/PERS/Documents/2016-Exp-Study.pdf>.

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.

Subsequent to the June 30, 2018 measurement date, the Oregon legislature enacted Senate Bill 1049. Elements of the bill include a variety of policy and program changes. The most significant component of the bill is a one-time re-amortization of Tier 1 and Tier 2 unfunded actuarial liability from 20 to 22 years. Amortization reverts back to 20 years on January 2, 2020. A lawsuit was filed challenging Senate Bill 1049 but the Oregon Supreme Court upheld the Senate Bill stating its provisions were constitutional.

**SEAL ROCK WATER DISTRICT
OREGON**

SUPPLEMENTAL SECTION

DRAFT

**SEAL ROCK WATER DISTRICT
OREGON**

REQUIRED SUPPLEMENTAL SECTION

DRAFT

SEAL ROCK WATER DISTRICT, OREGON

DESCRIPTION OF BUDGETARY FUNDS

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances requires budget and actual be displayed for each fund where legally adopted budgets are required.

Budgetary comparison schedules include the following funds:

General Fund

The fund is used to account for the financial resources of the District that are not accounted for in any other fund. Principal sources of revenue are water sales, service fees and property taxes. Primary expenditures are for system maintenance and general administration.

Capital Projects Fund

The fund is used to account for expenditures for major construction and improvement. Principal sources of revenue are grants, loans and bond proceeds.

Debt Service Fund

The fund is used to account for the accumulation of resources for, and the payment of debt principal and interest for general obligation bond. The principal sources of revenue are from property taxes.

Rural Development Requirement Reserve Fund

The fund is used to account for the accumulation of resources reserved for the payment of debt principal as required by the USDA Rural Development. The primary sources of revenue are investment interest and transfers from other funds.

Revenue Bond Fund

The fund is used to account for the accumulation of resources for, and the payment of debt principal and interest for revenue bonds. The principal source of revenue is transfers from the General Fund.

System Development Charges Fund

The fund is used to account for financial resources to be used for major system improvement. The primary revenue source is system development charges and investment income.

Water Source Improvement Reserve Fund

The fund is used to account for financial resources to be used for a portion of major capital repair, improvement expenditures incurred by the City of Toledo, and to develop another source of water. The primary revenue sources are transfers from the General Fund.

SLARRA/Depreciation Reserve Fund (Short-Lived Asset Replacement Reserve Account)

The fund is used to account for financial resources for the replacement of vehicles and equipment. The primary source of revenues are transfers from the General Fund.

SRWD Land & Building Reserve Fund

The fund is used to account for financial resources to be used for the maintenance of the administrative office and shop. The primary revenue source is investment income.

SEAL ROCK WATER DISTRICT
Seal Rock, Oregon

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2021

GENERAL FUND

	Original and Final Budget	Actual	Variance
REVENUE			
Water sales	\$ 1,729,000	\$ 1,853,652	\$ 124,652
Service connections	30,000	57,792	27,792
Miscellaneous	37,800	15,937	(21,863)
Grants	203,000	20,221	(182,779)
Fiduciary funds grants	270,000	-	(270,000)
Interest	33,600	33,297	(303)
Subdivision assessments	1,000	-	(1,000)
Note receivable receipts	-	26,856	26,856
Property taxes	78,000	88,463	10,463
Total revenue	<u>2,382,400</u>	<u>2,096,218</u>	<u>(286,182)</u>
EXPENDITURES			
Personnel services	1,040,700	920,696	120,004
Materials and services	1,221,400	1,108,962	112,438
Capital outlay	204,000	60,564	143,436
Fiduciary funds expenses	280,700	-	280,700
Contingency	100,000	-	100,000
Total expenditures	<u>2,846,800</u>	<u>2,090,222</u>	<u>756,578</u>
Excess (deficiency) of revenue over expenditures	(464,400)	5,996	470,396
OTHER FINANCING SOURCES (USES)			
Transfers in (out), net	174,400	174,400	-
Excess (deficiency) of revenue over expen- ditures and other financing sources (uses)	(290,000)	180,396	470,396
FUND BALANCE - Beginning of year	<u>290,000</u>	<u>333,176</u>	<u>43,176</u>
FUND BALANCE - End of year	<u>\$ -</u>	<u>513,572</u>	<u>\$ 513,572</u>
GAAP ADJUSTMENTS - Reconciled to June 2020		17,152,200	
Note receivable receipts		(26,856)	
Inventory transfer		4,077	
Capital assets activity			
Additions		60,564	
Asset transfers		145,682	
Asset disposals		(2,529)	
Depreciation		(736,715)	
Long-term debt activity			
Revenue bond 2020 transfer		(2,547,000)	
Principal payments		58,969	
Interest accrued		(27,287)	
Pension activity, net		<u>(150,666)</u>	
FUND BALANCE - End of Year (GAAP basis)		<u>\$ 14,444,011</u>	

SEAL ROCK WATER DISTRICT
Seal Rock, Oregon

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2021

CAPITAL PROJECTS FUND

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Loan proceeds	\$ 10,497,600	\$ 4,469,110	\$ (6,028,490)
Grants	5,429,500	39,169	(5,390,331)
Miscellaneous	-	4,190	4,190
Interest	5,000	2,356	(2,644)
	<u>15,932,100</u>	<u>4,514,825</u>	<u>(11,417,275)</u>
EXPENDITURES			
Capital outlay	14,776,100	8,803,332	5,972,768
Debt service	9,456,000	2,547,000	6,909,000
	<u>24,232,100</u>	<u>11,350,333</u>	<u>12,881,768</u>
Excess (deficiency) of revenue over expenditures	(8,300,000)	(6,835,508)	1,464,492
FUND BALANCE - Beginning of year	8,300,000	7,622,439	(677,561)
FUND BALANCE - End of year	<u>\$ -</u>	<u>786,931</u>	<u>\$ 786,931</u>
GAAP ADJUSTMENTS - Reconciled to June 2020		(17,141,535)	
Inventory transfer		(4,077)	
Capital assets activity			
Additions		8,803,332	
Asset transfers		(35,318)	
Long-term debt activity			
Loan proceeds		(4,469,110)	
Revenue bond 2020 transfer		2,547,000	
Prepaid bond costs		(1,593)	
Principal payments		3,058,361	
Bond premium amortization		11,286	
Interest accrued		5,638	
FUND BALANCE - End of Year (GAAP basis)		<u>\$ (6,439,085)</u>	

SEAL ROCK WATER DISTRICT
Seal Rock, Oregon

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2021

DEBT SERVICE FUND - GENERAL OBLIGATION BONDS

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Interest	\$ 1,000	\$ (771)	\$ (1,771)
Property taxes	714,037	732,191	18,154
Note receivable receipts	7,500	6,444	(1,056)
Miscellaneous	4,000	-	(4,000)
	<hr/>	<hr/>	<hr/>
Total revenue	726,537	737,864	11,327
EXPENDITURES			
Debt service	781,537	773,554	7,983
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenue over expenditures	(55,000)	(35,690)	19,310
Unappropriated ending fund balance	(365,000)	-	365,000
FUND BALANCE			
Beginning of year (Budget basis)	420,000	417,971	(2,029)
	<hr/>	<hr/>	<hr/>
End of year (Budget basis)	\$ -	382,281	\$ 382,281
	<hr/>	<hr/>	<hr/>
GAAP ADJUSTMENTS - Reconciled to June 2020		46,028	
Note receivable receipts		(6,444)	
2013 RGOB Advance		2,587	
		<hr/>	
FUND BALANCE - End of Year (GAAP basis)		\$ 424,452	
		<hr/>	

SEAL ROCK WATER DISTRICT
Seal Rock, Oregon

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2021

RURAL DEVELOPMENT REQUIREMENT RESERVE FUND

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Interest	\$ 80	\$ 32	\$ (48)
EXPENDITURES			
Capital outlay	<u>69,210</u>	<u>-</u>	<u>69,210</u>
Excess (deficiency) of revenue over expenditures	(69,130)	32	69,162
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>7,430</u>	<u>7,430</u>	<u>-</u>
Excess (deficiency) of revenue over expen- ditures and other financing sources (uses)	(61,700)	7,462	69,162
FUND BALANCE			
Beginning of year (Budget basis)	<u>61,700</u>	<u>61,784</u>	<u>84</u>
End of year (Budget basis)	<u>\$ -</u>	<u>\$ 69,246</u>	<u>\$ 69,246</u>

SEAL ROCK WATER DISTRICT
Seal Rock, Oregon

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2021

REVENUE BOND RESERVE FUND

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Interest	\$ 20	\$ 29	\$ 9
EXPENDITURES			
Debt service	<u>93,140</u>	<u>93,102</u>	<u>38</u>
Excess (deficiency) of revenue over expenditures	(93,120)	(93,073)	47
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>82,120</u>	<u>82,120</u>	<u>-</u>
Excess (deficiency) of revenue over expen- ditures and other financing sources (uses)	(11,000)	(10,953)	47
FUND BALANCE			
Beginning of year (Budget basis)	<u>11,000</u>	<u>33,727</u>	<u>22,727</u>
End of year (Budget basis)	<u><u>\$ -</u></u>	<u><u>\$ 22,774</u></u>	<u><u>\$ 22,774</u></u>

SEAL ROCK WATER DISTRICT
Seal Rock, Oregon

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2021

SYSTEM DEVELOPMENT CHARGES FUND

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
System development charges (SDC)	\$ 73,410	\$ 113,785	\$ 40,375
Interest	1,800	673	(1,127)
	<u>75,210</u>	<u>114,458</u>	<u>39,248</u>
EXPENDITURES			
SDC improvements	<u>525,210</u>	<u>-</u>	<u>525,210</u>
Excess (deficiency) of revenue over expenditures	(450,000)	114,458	564,458
FUND BALANCE			
Beginning of year (Budget basis)	<u>450,000</u>	<u>475,615</u>	<u>25,615</u>
End of year (Budget basis)	<u>\$ -</u>	<u>\$ 590,073</u>	<u>\$ 590,073</u>

SEAL ROCK WATER DISTRICT
Seal Rock, Oregon

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2021

WATER SOURCE IMPROVEMENT RESERVE FUND

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Interest	\$ 12,000	\$ 4,029	\$ (7,971)
EXPENDITURES			
Capital outlay	<u>552,050</u>	<u>-</u>	<u>552,050</u>
Excess (deficiency) of revenue over expenditures	(540,050)	4,029	544,079
OTHER FINANCING SOURCES (USES)			
Transfers	<u>(347,950)</u>	<u>(347,950)</u>	<u>-</u>
Excess (deficiency) of revenue over expen- ditures and other financing sources (uses)	(888,000)	(343,921)	544,079
FUND BALANCE			
Beginning of year (Budget basis)	<u>888,000</u>	<u>888,902</u>	<u>902</u>
End of year (Budget basis)	<u>\$ -</u>	<u>\$ 544,981</u>	<u>\$ 544,981</u>

SEAL ROCK WATER DISTRICT
Seal Rock, Oregon

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2021

SLARRA/DEPRECIATION RESERVE FUND

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Interest	\$ 1,500	\$ 515	\$ (985)
EXPENDITURES			
Capital outlay	<u>355,500</u>	<u>110,364</u>	<u>245,136</u>
Excess (deficiency) of revenue over expenditures	(354,000)	(109,849)	244,151
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>84,000</u>	<u>84,000</u>	<u>-</u>
Excess (deficiency) of revenue over expen- ditures and other financing sources (uses)	(270,000)	(25,849)	244,151
FUND BALANCE			
Beginning of year (Budget basis)	<u>270,000</u>	<u>281,786</u>	<u>11,786</u>
End of year (Budget basis)	<u>\$ -</u>	<u>\$ 255,937</u>	<u>\$ 255,937</u>

SEAL ROCK WATER DISTRICT
Seal Rock, Oregon

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
for the Year Ended June 30, 2021

SRWD LAND AND BUILDINGS RESERVE FUND

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Interest	\$ 2,000	\$ 883	\$ (1,117)
EXPENDITURES			
Capital outlay	<u>137,000</u>	<u>199</u>	<u>136,801</u>
Excess (deficiency) of revenue over expenditures	(135,000)	684	135,684
FUND BALANCE			
Beginning of year (Budget basis)	<u>135,000</u>	<u>138,205</u>	<u>3,205</u>
End of year (Budget basis)	<u>\$ -</u>	<u>\$ 138,889</u>	<u>\$ 138,889</u>

SEAL ROCK WATER DISTRICT
Seal Rock, Oregon

RECONCILIATION OF REVENUE AND EXPENDITURES (BUDGETARY BASIS)
TO THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
for the Year Ended June 30, 2021

	Total Revenue	Total Expenses	Net
Budgetary Basis			
General Fund	\$ 2,096,218	\$ 2,090,222	\$ 5,996
Capital Projects Fund	4,514,825	11,350,333	(6,835,508)
Debt Service Fund - GOBs	737,864	773,554	(35,690)
RD Requirement Reserve Fund	32	-	32
Revenue Bond Reserve Fund	29	93,102	(93,073)
System Development Charges Fund	114,458	-	114,458
Water Source Improvement Reserve Fund	4,029	-	4,029
SLARRA/Depreciation Reserve Fund	515	110,364	(109,849)
Land and Buildings Reserve Fund	883	199	684
	\$ 7,468,853	\$ 14,417,774	(6,948,921)
Add (deduct) items to reconcile to net income on a financial reporting basis			
GAAP ADJUSTMENTS - Reconciled to June 2020			56,693
Note receivable activity			
City of Newport taxes			(33,300)
2013 RGOB advance			2,587
Capital asset activity			
Additions			8,974,260
Disposals			(2,529)
Depreciation			(736,715)
Long-term debt activity			
Loan proceeds			(4,469,110)
Prepaid bond costs			(1,593)
Principal payments			3,117,330
Bond premium amortization			11,286
Interest accrued			(21,649)
Pension activity, net			(150,666)
Change in net position			(202,327)
NET POSITION - Beginning of year			10,253,605
NET POSITION - End of year			\$ 10,051,278

**SEAL ROCK WATER DISTRICT
OREGON**

SINGLE AUDIT SECTION

DRAFT

SEAL ROCK WATER DISTRICT
Seal Rock, Oregon
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the Year Ended June 30, 2021

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
Department of Agriculture			
<i>Program:</i>			
Water and Waste Disposal Systems for Rural Communities (loan funds) Phase 4	10.760		\$ 6,816,850
Water and Waste Disposal Systems for Rural Communities (grant funds) Phase 3	10.760		<u>39,169</u>
<i>Subtotal CFDA 10.760</i>			<u>6,856,019</u>
Department of the Treasury			
<i>Passed through:</i>			
State of Oregon, Department of Administrative Services			
<i>Program:</i>			
Coronavirus Relief Fund	21.019		<u>20,221</u>
<i>Total Environmental Protection Agency</i>			<u>20,221</u>
Environmental Protection Agency			
<i>Passed through:</i>			
Oregon Business Development Department			
<i>Program:</i>			
Capitalization Grants for Drinking Water State Revolving Funds (loan funds)	66.468	S18011	1,034,303
Capitalization Grants for Drinking Water State Revolving Funds (forgivable loan funds)	66.468	S18011	<u>887,805</u>
<i>Subtotal CFDA 66.468</i>			<u>1,922,108</u>
<i>Total Environmental Protection Agency</i>			<u>1,922,108</u>
<i>Total Federal Expenditures</i>			<u><u>\$ 8,798,348</u></u>

SEAL ROCK WATER DISTRICT
Seal Rock, Oregon

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of Seal Rock Water District (the District) under programs of the federal government for the year ended June 30, 2021. The information in the SEFA is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance where in certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Federal Loans

The U.S. Department of Agriculture (USDA), Rural Development, Rural Utilities Service (RUS) provided a loan of \$3,451,000 to assist in funding the water system improvement project. The entire amount of the loan was received on October 27, 2015, and was fully spent in 2016 and 2017. The loan is due in 25 years, and requires annual payments of \$174,207.

Oregon Business Development Department (OBDD) awarded a forgivable loan of \$1,030,000 and a long-term loan with proceeds not to exceed \$2,451,000 on a cost-reimbursement basis for Project S18011. OBDD funds disbursed to the District totaled \$3,338,807 at June 30, 2021. Repayment of the loan begins on December 1, 2021, with annual payments of \$60,118 including principal and interest at 1%, maturing on December 1, 2051. The forgivable portion of the loan does not require repayment if the District at project completion date, has average monthly residential water rates for the water supplied by the new water system which are at or above the affordability rate of \$50.21 per 7,500 gallons.

The principal balance of the loans for the last five years is as follows:

<u>Grantor/Program</u>	<u>CFDA</u>	<u>Dated</u>	<u>Matures</u>	<u>Year Ended June 30,</u>	<u>Loan Balance</u>
Department of Agriculture					
Water and Waste Disposal Systems					
for Rural Communities					
	10.760	10/27/2015	10/27/2045	2021	\$ 3,000,523
				2020	\$ 3,116,300
				2019	\$ 3,229,945
				2018	\$ 3,341,499
				2017, 2016	\$ 3,451,000
Oregon Business Development Department					
Capitalization Grants for Drinking Water					
State Revolving Funds (loan funds)					
	66.468	12/19/2017	12/1/2051	2021	\$ 2,451,000
				2020	\$ 1,416,697
				2019	\$ 1,319,378
				2018	\$ 232,122
Oregon Business Development Department					
Capitalization Grants for Drinking Water					
State Revolving Funds (forgivable loan)					
	66.468	12/19/2017	forgivable	2021	\$ 887,807

**Independent Auditor's Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

Board of Commissioners
Seal Rock Water District
Seal Rock, Oregon 97376

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Seal Rock Water District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Seal Rock Water District's basic financial statements, and have issued my report thereon dated December 3, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Seal Rock Water District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Seal Rock Water District's internal control. Accordingly, I do not express an opinion on the effectiveness of Seal Rock Water District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Seal Rock Water District's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNE GRIMSTAD
Certified Public Accountant
Newport, Oregon
December 3, 2021

**Independent Auditor's Report on Compliance for Each
Major Program and on Internal Control Over Compliance
Required by The Uniform Guidance**

Board of Commissioners
Seal Rock Water District
Seal Rock, Oregon 97376

Report on Compliance for Each Major Federal Program

I have audited Seal Rock Water District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Seal Rock Water District's major federal programs for the year ended June 30, 2021. Seal Rock Water District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for Seal Rock Water District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Seal Rock Water District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Seal Rock Water District's compliance.

Opinion on Each Major Federal Program

In my opinion, Seal Rock Water District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Seal Rock Water District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Seal Rock Water District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Seal Rock Water District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

SIGNE GRIMSTAD
Certified Public Accountant
Newport, Oregon
December 3, 2021

FINDINGS AND RECOMMENDATIONS

DRAFT

SEAL ROCK WATER DISTRICT
Seal Rock, Oregon
Schedule of Findings and Questioned Costs
for the Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? yes no

Identification of major federal programs:

CFDA Number(s)	10.760 66.468	Name of Federal Program or Cluster:	Water and Waste Disposal Systems for Rural Communities AND Capitalization Grants for Drinking Water State Revolving Funds
----------------	---------------	-------------------------------------	---

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low risk auditee under 2 CFR Section 200.520? yes no

SEAL ROCK WATER DISTRICT
Seal Rock, Oregon
Schedule of Prior Year Findings and Questioned Costs
for the Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?

yes no

Identification of major federal programs:

CFDA Number(s)	10.760 66.468	Name of Federal Program or Cluster:	Water and Waste Disposal Systems for Rural Communities AND Capitalization Grants for Drinking Water State Revolving Funds
----------------	---------------	-------------------------------------	---

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low risk auditee under 2 CFR Section 200.520?

yes no

SEAL ROCK WATER DISTRICT
Seal Rock, Oregon
Schedule of Findings and Questioned Costs
for the Year Ended June 30, 2021

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

DRAFT

**SEAL ROCK WATER DISTRICT
OREGON**

COMPLIANCE SECTION

DRAFT

**Independent Auditor's Report
Required by Oregon State Regulations**

Board of Commissioners
Seal Rock Water District
Seal Rock, Oregon

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Seal Rock Water District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Seal Rock Water District's basic financial statements, and have issued my report thereon dated December 3, 2021.

Compliance

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

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

- Accounting records and related internal control structure.
- 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).
- Programs funded from outside sources.

In connection with my testing nothing came to my attention that caused me to believe the Seal Rock 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.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Seal Rock Water District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Seal Rock Water District's internal control. Accordingly, I do not express an opinion on the effectiveness of Seal Rock Water District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report

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

SIGNE GRIMSTAD
Certified Public Accountant
Newport, Oregon
December 3, 2021

MEMORANDUM OF CLOSING AND DOCUMENTS

\$6,549,000

**Seal Rock Water District
Lincoln County, Oregon
Installment Water General Obligation Bond, Phase 4
Dated December 17, 2021**

Closing will be held through the offices of Hawkins Delafield & Wood LLP, 200 S.W. Market Street, Suite 350, Portland, Oregon, via email on December 17, 2021. There will be no Pre-closing.

The documents for this issue are listed below. Designations of the party or parties responsible for drafting, executing and/or providing the document to Bond Counsel on or prior to closing precede each document. All documents presented to Bond Counsel should be originals or certified true copies of originals.

Party initials or other designations are as follows:

District: Seal Rock Water District (Issuer)
HDW: Hawkins Delafield & Wood LLP (Bond Counsel)
USDA: United States of America, acting through the United States Department of Agriculture, Rural Utilities Service

Doc. # Party Document Name

HDW 1. Transcript Certification.

Preliminary Phase

HDW 2. Minutes of August 11, 2011 Board meeting at which Resolution No. 1108-1 was adopted, calling an election to submit general obligation bond measure to voters.

HDW 3. Resolution No. 1108-1.

HDW 4. Affidavit of Publication, Notice of Bond Election, *The News Times*.

HDW 5. Affidavit of Publication, Notice of Receipt of Ballot Title, *The News Times*.

HDW 6. Notice of Bond Election indicating date received by Lincoln County Clerk.

HDW 7. Sample ballot for Lincoln County including Measure 21-140.

HDW 8. Affidavit of mailing of ballots from Lincoln County Clerk.

HDW 9. Official Abstract of Votes for Lincoln County Measure 21-140.

HDW 10. District letter to Lincoln County Clerk accepting election results.

HDW 11. Minutes of August 25, 2011 Board meeting at which Resolution No. 1108-2 was adopted, authorizing reimbursement of expenditures from proceeds.

<u>Doc. #</u>	<u>Party</u>	<u>Document Name</u>
HDW	12.	Resolution No. 1108-2.
HDW	13.	Bond Counsel's preliminary opinion of proceedings authorizing sale of bonds to USDA.
HDW	14.	USDA Letter of Conditions dated July 2, 2019; Amendment No. 1 dated May 11, 2020; Amendment No. 2 dated November 9, 2020; and Amendment No. 3 dated November 4, 2021.
HDW	15.	Commitment letter with attached Form 1940-1 Request for Obligation of Funds and Certification Approval dated July 5, 2019.

Bond Sale Phase

HDW	16.	Minutes of November 15, 2021 Board meeting at which Resolution No. 1121-01 was adopted, authorizing sale of bond to USDA.
HDW	17.	Resolution No. 1121-01.
HDW	18.	Certificate of Authorized District Representative.
HDW	19.	Certificate of Incumbency of Members of Board.
HDW	20.	Certificate Regarding Meetings of Board in Accordance with ORS 192.630 and 192.640.
HDW	21.	Signature, Non-litigation, and General Certificate.
HDW	22.	Certification of Debt Limit and GO Bond Authority.
HDW	23.	No Change in Financial Condition Certification.
HDW	24.	Tax Certificate.
HDW	25.	Internal Revenue Service Form 8038-G, with evidence of filing.
HDW	26.	Certificate of Bond Delivery and Receipt for Bond Proceeds.
HDW	27.	RUS Bulletin 1780-27 Loan Resolution adopted October 22, 2020, with attached Certification to be Executed at Loan Closing.
HDW	28.	Specimen Bond.
HDW	29.	Purchaser's Certificate Regarding Issue Price.
HDW	30.	Purchaser's Receipt for Bond.

Opinions and Miscellaneous

HDW	31.	Interim financing payoff statement.
HDW	32.	Confirmation of payoff of interim financing.
HDW	33.	Amortization schedule from USDA.
HDW	34.	Arbitrage yield analysis.
HDW	35.	Opinion of Bond Counsel.
HDW	36.	Reliance opinion of Bond Counsel addressed to Purchaser.

TRANSCRIPT CERTIFICATION

\$6,549,000

Seal Rock Water District

Lincoln County, Oregon

Installment Water General Obligation Bond, Phase 4

It is hereby certified by the Board President of the Seal Rock Water District, Oregon (the "District") that the attached documents and certificates are original documents and certificates or true copies of the original documents and certificates assembled at the closing of the District's Installment Water General Obligation Bond, Phase 4, dated December 17, 2021 (the "Bond"). Closing was held through the offices of Hawkins Delafield & Wood LLP, Bond Counsel, in Portland, Oregon.

Dated as of the 17th day of December, 2021.

Seal Rock Water District, Oregon

By _____
Robert Mills, Board President

CERTIFICATE OF INCUMBENCY OF MEMBERS OF BOARD

\$6,549,000

Seal Rock Water District

Lincoln County, Oregon

Installment Water General Obligation Bond, Phase 4

I, Robert Mills, Board President of the Seal Rock Water District, Oregon (the "District"), certify as follows:

The names of the members of the Board of Commissioners, their respective positions, and the dates of expiration of their respective terms of office are as follows:

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Robert Mills	President	June 30, 2023
Saundra Mies-Grantham	Secretary	June 30, 2025
Karen Otta	Treasurer	June 30, 2025
Glen Morris	Member	June 30, 2023
Paul Highfill	Member	June 30, 2025

Dated as of the 17th day of December, 2021.

Seal Rock Water District, Oregon

By _____
Robert Mills, Board President

**CERTIFICATE REGARDING MEETINGS OF BOARD
IN ACCORDANCE WITH ORS 192.630 AND 192.640**

\$6,549,000

Seal Rock Water District

Lincoln County, Oregon

Installment Water General Obligation Bond, Phase 4

On behalf of the Seal Rock Water District, Oregon, I hereby certify that all meetings of the District relating to the authorization, issuance, sale and delivery of the District's Installment Water General Obligation Bond, Phase 4 have been:

1. held within the geographic boundaries over which the District has jurisdiction, or at the administrative headquarters of the District or at the other nearest practical location;
2. open to the public, allowing all people to attend;
3. held at places that do not practice discrimination on the basis of race, creed, color, sex, age, national origin or disability;
4. announced by public notice reasonably calculated to give actual notice to interested persons, including the news media which have requested notice, such notice has included the time and place of the meeting and the principal subjects anticipated to be considered at such meeting;
5. in the case of special meetings, announced with at least 24 hours' notice to the members of the Board of Commissioners of the District, the news media which have requested notice and to the general public; and
6. conducted in accordance with internal procedures of the District with a quorum of the Board of Commissioners of the District in attendance;

all in accordance with ORS 192.630 and ORS 192.640.

Dated as of the 17th day of December, 2021.

Seal Rock Water District, Oregon

By _____
Robert Mills, Board President

SIGNATURE, NON-LITIGATION, AND GENERAL CERTIFICATE

\$6,549,000

Seal Rock Water District

Lincoln County, Oregon

Installment Water General Obligation Bond, Phase 4

I, Robert Mills, as Board President of the Seal Rock Water District, Oregon (the "District"), certify on behalf of the District, that:

1. Pursuant to the authority of the District's Resolution No. 1121-01 adopted by the Board of Commissioners of the District on November 15, 2021 (the "Resolution") authorizing the District's \$6,549,000 Installment Water General Obligation Bond, Phase 4 (the "Bond") and related matters, I have caused the Bond to be executed by my signature and attested to by signature of the Board Treasurer and delivered the Bond to the United States of America, acting by and through the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"). We were, on the date of signing the Bond, and are on this date, the duly chosen, elected, qualified and acting officers indicated thereon and authorized to execute the Bond.

2. To my knowledge, no litigation of any nature is now pending or threatened affecting the validity of the Bond or restricting, or enjoining the issuance and delivery thereof to the purchaser, or restricting or enjoining the payment of principal and interest thereon, nor in any way questioning the proceedings and the authority of the District to issue and pay the Bond in accordance with its tenure and terms; that neither the corporate existence nor the titles of the present officers to their respective offices are being contested and no change has occurred in the organization of the Seal Rock Water District, Oregon since the date of the certification thereof affecting the issuance of the Bond, or the pledge of security therefor, and that no authority or proceedings for the issuance of the Bond has been repealed, revoked, rescinded, or enjoined.

3. The adoption of the Resolution and preparation, execution and delivery of the Bond and compliance by the District with the provisions thereof, under the circumstances contemplated thereby, do not and will not conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument to which the District is a party or by which it is bound or any court order or consent decree to which the District is subject.

4. The District has complied with and shall adhere to the applicable provisions of Oregon Budget Law with respect to the issuance and payment of the Bond.

5. The District covenants that the net proceeds of the Bond shall be used to retire interim financing.

6. The projects financed with Bond proceeds are water projects described in the District's ballot title for Measure No. 21-140 that appeared on the November 8, 2011 ballot. The projects financed with the Bond proceeds are also capital costs as defined in Article XI, Section 11L of the Oregon Constitution. The weighted average life of the Bond does not exceed the weighted average life of the projects financed with the Bond.

7. The District's federal employer identification number is 93-0504185.

Dated as of the 17th day of December, 2021.

Seal Rock Water District, Oregon

By _____
Robert Mills, Board President

[Signature, Non-litigation, and General Certificate]

NO CHANGE IN FINANCIAL CONDITION CERTIFICATE

\$6,549,000

Seal Rock Water District

Lincoln County, Oregon

Installment Water General Obligation Bond, Phase 4

It is hereby certified by the Board President of the Seal Rock Water District, Oregon (the "District") that no adverse change has occurred in the financial condition of the District since the approval of the loan by the United States of America, acting through the United States Department of Agriculture, Rural Utilities Service, for the purchase of the \$6,549,000 Seal Rock Water District, Oregon Installment Water General Obligation Bond, Phase 4, dated December 17, 2021.

Dated as of the 17th day of December, 2021.

Seal Rock Water District, Oregon

By _____
Robert Mills, Board President

CERTIFICATE OF BOND DELIVERY AND RECEIPT FOR BOND PROCEEDS

\$6,549,000

Seal Rock Water District

Lincoln County, Oregon

Installment Water General Obligation Bond, Phase 4

I, Robert Mills, Board President of the Seal Rock Water District, Oregon (the "District"), have delivered the District's \$6,549,000 Installment Water General Obligation Bond, Phase 4 (the "Bond") to the United States of America, acting through the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"). I hereby acknowledge receipt from the Purchaser of the proceeds of the Bond on this date.

Dated as of the 17th day of December, 2021.

Seal Rock Water District, Oregon

By _____
Robert Mills, Board President

CERTIFICATE OF AUTHORIZED DISTRICT REPRESENTATIVES

\$6,549,000

Seal Rock Water District

Lincoln County, Oregon

Installment Water General Obligation Bond, Phase 4

I, Robert Mills, Board President for the Seal Rock Water District, Oregon (the "District"), certify in connection with the District's Installment Water General Obligation Bond, Phase 4, as follows:

1. Karen Otta as Board Treasurer, Adam Denlinger as General Manager, Jocelyn S. King as Finance Manager, and I are among those authorized and directed to take all action and execute all documents pursuant to the provisions of Resolution No. 1121-01 adopted by the District on November 15, 2021, for and on behalf of the District.

2. The genuine manual or facsimile signatures of such persons are as follows:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Robert Mills	Board President	_____
Karen Otta	Board Treasurer	_____
Adam Denlinger	General Manager	_____
Jocelyn S. King-Cortez	Finance Manager	_____

3. The Bond is executed with my signature as Board President and attested to by the signature of Karen Otta as Board Treasurer for the District.

Dated as of the 17th day of December, 2021.

Seal Rock Water District, Oregon

By _____
Robert Mills, Board President

SIGNATURE GUARANTEE

I hereby certify that I am the Board Secretary for the Seal Rock Water District, Oregon and that I am personally acquainted with the officers whose signatures appear above, also that I know that officers are now, and were at the time of signing the same, the duly qualified and acting officials of the District as indicated by those officers' signature titles and I hereby identify the signatures together with the signatures on the above-described bond as being in all respects true and genuine.

Dated as of the 17th day of December, 2021.

By _____
~~Sandra Mies-Grantham, Board Secretary~~

CERTIFICATION OF DEBT LIMIT AND GO BOND AUTHORITY

\$6,549,000
Seal Rock Water District
Lincoln County, Oregon
Installment Water General Obligation Bond, Phase 4

1. ORS 264.250(3) limits the amount of general obligation bond indebtedness which an Oregon water district may have outstanding at any time to an amount, in the aggregate, not to exceed ten percent (10.00%) of the Real Market Value (RMV) of the water district. According to the Lincoln County Department of Assessment and Taxation, the District has \$856,241,708 of RMV as of Fiscal Year 2021-2022. Ten percent of this amount is \$85,624,171. The District has within its boundaries a population of over 300. [District please provide the RMV for FY2021-2022 and the outstanding balances for each of the GO bonds below.]

I, Robert Mills, Board President of the Seal Rock Water District, Oregon (the "District"), certify as follows regarding the District's outstanding general obligation bonds after issuance of the above-captioned bond:

<u>Outstanding GO Indebtedness</u>	<u>Date of Issue</u>	<u>As of</u> <u>2/17/2021</u> <u>Amount Outstanding</u>
Installment Water GO Bond, Phase 2	10/27/11	\$ 1,267,417.44 ✓
GO Bonds, Series 2012	06/13/12	3,300,000.00 X 2750,000
GO Refunding Bonds, Series 2013	02/27/13	1,675,000.00 1525,000
Installment Water GO Bond, Phase 3	12/01/16	3,000,523.46 2882,576.31
Installment Water GO Bond, Phase 4	12/17/21	6,549,000.00 ✓
Total GO Bonds		\$16,143,222

2. The Bond is issued under the \$15,000,000 of authority obtained under Measure No. 21-140 that appeared on the November 8, 2011 ballot. The District also issued its \$5,000,000 General Obligation Bonds, Series 2012 dated 06/13/12 (the "2012 Bonds") and \$3,451,000 Installment Water General Obligation Bond, Phase 3 dated 12/01/16 (the "2016 Bond") under that authority. The District is issuing Installment Water GO Bond, Phase 4 (this issuance) in the principal amount of \$6,549,000, leaving \$0 remaining authority under Measure No. 21-140. Other than the Bond, the 2012 Bonds and the 2016 Bond, no other borrowings were issued under the authority of Measure 21-140.

Dated as of the 17th day of December, 2021.

Seal Rock Water District, Oregon

By _____
 Robert Mills, Board President

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as _____ of the Seal Rock Water District
hereby certify that the Board of Commissioners of such Association is composed of
5 members, of whom 3 constituting a quorum, were present at a meeting thereof duly called and
held on the 22nd day of October, 2020 ; and that the foregoing resolution was adopted at such meeting
by the vote shown above, I further certify that as of December 17, 2021,
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been
rescinded or amended in any way.

Dated, this 17th day of December, 2021.

By: _____

Title: _____

PURCHASER'S CERTIFICATE REGARDING ISSUE PRICE

\$6,549,000

**Seal Rock Water District
Lincoln County, Oregon**

Installment Water General Obligation Bond, Phase 4

This Certificate is furnished by the United States of America, acting through the United States Department of Agriculture, Rural Utilities Service, as the purchaser (the "Purchaser") of the Seal Rock Water District, Oregon (the "District") Installment Water General Obligation Bond, Phase 4, dated December 17, 2021, in the principal amount of \$6,549,000 (the "Bond"), issued pursuant to Resolution No. 1121-01 adopted by the District Board on November 15, 2021 (the "Bond Resolution") calling for the issuance and sale of the Bond, to establish the "issue price" of the Bond within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code").

The Purchaser hereby certifies as follows:

1. The Purchaser represents that it is purchasing the Bond on the date hereof for its own account and not with the intent to resell or distribute the Bond; however, the Purchaser notes that it is not restricted from selling the Bond in the future should its intentions change.
2. The purchase price paid by the Purchaser for the Bond is \$6,549,000, which is equal to the par amount of the Bond.
3. We understand that bond counsel may rely upon this certificate in, among other things, providing an opinion with respect to the exclusion from gross income of interest on the Bond pursuant to Section 103 of the Code.

Dated as of the 17th day of December, 2021.

**UNITED STATES OF AMERICA, acting through the
UNITED STATES DEPARTMENT OF
AGRICULTURE, RURAL UTILITIES SERVICE**

By: _____
Authorized Officer

Name Holly Halligan

Title Community Programs Specialist

PURCHASER'S RECEIPT FOR BOND

\$6,549,000

**Seal Rock Water District
Lincoln County, Oregon**

Installment Water General Obligation Bond, Phase 4

For and on behalf of the United States of America, acting through the United States Department of Agriculture, Rural Utilities Service, receipt is hereby acknowledged of the delivery to it of the Seal Rock Water District, Oregon Installment Water General Obligation Bond, Phase 4 in the amount of \$6,549,000 and dated December 17, 2021.

This bond is manually executed by the Board President and Board Treasurer of the Seal Rock Water District, Oregon.

Dated as of the 17th day of December, 2021.

**UNITED STATES OF AMERICA, acting through the
UNITED STATES DEPARTMENT OF
AGRICULTURE, RURAL UTILITIES SERVICE**

By _____
Authorized Officer

Name Holly Halligan

Title Community Programs Specialist

**UNITED STATES OF AMERICA
STATE OF OREGON**

SEAL ROCK WATER DISTRICT

INSTALLMENT WATER GENERAL OBLIGATION BOND, PHASE 4

KNOW ALL MEN BY THESE PRESENTS: The Seal Rock Water District, Oregon, hereinafter called the "Borrower", hereby acknowledges itself indebted and for value received promises to pay to the order of the United States of America, acting through the United States Department of Agriculture, Rural Utilities Service hereinafter called the "Government", the principal sum of Six Million Five Hundred Forty-Nine Thousand Dollars (\$6,549,000) plus interest on the unpaid principal balance at the rate of 1.75% per annum. The said principal and interest shall be payable in the following installments on or before the following dates:

The sum of \$325,682 on the 17th day of December, 2022, and the sum of \$325,682 annually thereafter on the 17th day of December, until the principal and said interest are fully paid, except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable twenty-five (25) years from the date of this bond.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower without premium. Refunds, extra payments and loan proceeds obtained from outside sources for the purpose of paying down the Borrower debt, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled in the security instruments.

This bond shall be registered as to principal and interest in the name of the United States of America, United States Department of Agriculture Rural Development, National Financial and Accounting Operations Center, 4300 Goodfellow Blvd., FC-1411, Building 104-2 Post J48, Saint Louis, MO 63120, in an appropriate book in the Office of the Borrower, each registration to be noted on the Bond Registration Certificate attached hereto by the Board President or another board member of the Borrower and no transfer hereof shall be valid unless made on said book and similarly noted on the Bond Registration Certificate.

Both the principal and interest shall be paid to the United States of America (as such registered holder) by pre-authorized debit to the United States Department of Agriculture, Rural Utilities Service.

Default hereunder shall constitute default under any other instrument evidencing a debt of Borrower owing to or insured by the Government or securing or otherwise relating to such a debt, and default under any other such instrument shall constitute default hereunder. Upon default the Government, at its option, may declare all or any part of the indebtedness immediately due and payable.

This bond is given as evidence of a loan to Borrower made by the Government pursuant to the Rural Development Act of 1972, as amended, and shall be subject to the present

regulations of the Government or its successor agency not inconsistent with the express provisions hereof.

This bond is authorized by virtue of a majority vote of the legal voters of the District voting at an election on November 8, 2011 and by Resolution No. 1121-01 adopted by the Board on November 15, 2021 (the "Resolution"), and pursuant to the Constitution and Laws of the State of Oregon, and laws amendatory thereof and supplemental thereto.

This bond is a general obligation of the District. Pursuant to ORS 287A.315, the full faith and credit of the District are pledged to the owner of the bond for the punctual payment of such obligation, when due. The District covenants to levy annually a direct ad valorem tax upon all of the taxable property within the District in an amount without limitation as to rate or amount, and outside of the limitations of sections 11 and 11b, Article XI of the Oregon Constitution, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes, to pay interest accruing and the principal maturing on the bond promptly when and as it becomes due.

This bond is exchangeable at the sole expense of the Borrower at any time, upon ninety (90) days written notice, at the request of the registered owner hereof, and upon surrender of this bond to the Borrower at the Office of the Borrower for registered bonds of the denomination of \$5,000.00 each, or integral multiples thereof, in the aggregate principal amount equal to the unpaid principal amount of the bond, and bearing interest on the unpaid principal balances at the rate of 1.75% per annum.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen, and be performed precedent to and in the issuance of this bond have existed, have happened, and have been performed in due time, form and manner as required by law, that the amount of this bond, together with all obligations of the Borrower, does not exceed any limits prescribed by the Constitution and Statutes of the State of Oregon and the Resolution of the Borrower.

IN WITNESS WHEREOF, the Seal Rock Water District, Oregon has caused this bond to be signed by the Board President of the District and attested by another board member of the District, all on the 17th day of December, 2021.

SEAL ROCK WATER DISTRICT, OREGON

By _____
Board President

ATTEST:

By _____
Board Member

BOND REGISTRATION CERTIFICATE
SEAL ROCK WATER DISTRICT, OREGON
INSTALLMENT WATER GENERAL OBLIGATION BOND, PHASE 4

DATE: December 17, 2021

Registered in name of:
United States of America

By:

Board President

TAX CERTIFICATE

\$6,549,000

SEAL ROCK WATER DISTRICT LINCOLN COUNTY, OREGON INSTALLMENT WATER GENERAL OBLIGATION BOND, PHASE 4

THIS TAX CERTIFICATE is executed by the Seal Rock Water District located in Lincoln County, Oregon (the "District") as of December 17, 2021, to establish the facts and circumstances that are necessary to determine that its \$6,549,000 Installment Water General Obligation Bond, Phase 4 (the "Bond") is not an "arbitrage bond" within the meaning of Section 148 of the Code and is not a "private activity bond" under Section 141 of the Code. This Tax Certificate is intended to be relied upon as a certification described in Treas. Regs. §1.148-2(b)(2).

In making its representations and certifications in this Tax Certificate and in establishing its expectations regarding uses of Gross Proceeds of the Bond to assure compliance with Sections 103 and 141 to 150 of the Code, the District has relied, in part, on representations and certifications of other parties. Based on the various roles and responsibilities of such other parties with respect to the certified matters, the District believes that such reliance is reasonable and prudent. The District is unaware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any such certification.

The representations of the District expressed in this Tax Certificate may be relied upon by Bond Counsel in connection with the rendering of any opinion with respect to the Bond.

Capitalized terms that are used, but are not defined, in the body of this Tax Certificate are defined in Section 9 of this Tax Certificate.

SECTION 1. Basic Facts and Expectations

1.1 General Representations about the District and the Bond.

- (A) Due Inquiry. The undersigned is a duly authorized officer of the District, executes this Tax Certificate on behalf of the District, has made due inquiry with respect to and is fully informed as to matters set out in this Tax Certificate, and makes the certifications herein in good faith. To the best of the undersigned's knowledge and belief, such facts, estimates and circumstances are true, correct, and complete, and the expectations of the District stated herein are reasonable.
- (B) Authorization for Issuance. The Bond is authorized pursuant to Oregon Revised Statutes ("ORS") Section 264.250, the applicable provisions of ORS Chapter 287A, and the authority granted by the voters of the District at an election held on November 8, 2011. The Bond is further authorized by Resolution 1121-01 (the "Resolution") adopted by the Board of Commissioners of the District (the "Board") on November 15, 2021.
- (C) The District. The District is duly organized and existing under and by virtue of the laws of the State of Oregon. The District has the authority to exercise the power of eminent domain in furtherance of its governmental purposes and the power to levy taxes within its jurisdiction; as such, the District constitutes a political subdivision of the State of Oregon.

- (D) Purpose of the Bond. The Bond is being issued to redeem the remaining outstanding principal of the \$9,096,000 Financing Agreement dated April 10, 2020 between the District and Truist Bank (the “Interim Financing”).

The District covenants to use the proceeds of the Bond solely for the above-described purposes, unless it consults with Bond Counsel to determine that the desired use of proceeds for other than the above-described purposes will not adversely affect the exclusion from gross income of interest on the Bond for federal income tax purposes.

- (E) Issue Price. The Bond is being delivered on the date hereof (the “Date of Issue”) to the United States of America, acting through the United States Department of Agriculture, Rural Utilities Service (the “Purchaser”), as the Purchaser of the Bond. The Purchaser is delivering good funds in exchange for the Bond on the date hereof. In preparing this Tax Certificate, the District has relied upon certain information provided by the Purchaser in its Certificate Regarding Issue Price hereto regarding the issue price of the Bond. Based on the Purchaser’s Certificate Regarding Issue Price, the issue price of the Bond is \$6,549,000.

1.2 General Representations about the Interim Financing and the Refunding.

- (A) Purpose for Refunding. The District is refunding the Interim Financing in order to provide a long-term source of financing for the Project.
- (B) Refunding Procedure. On the Date of Issue, the District will use Sale Proceeds of the Bond in the amount of \$6,549,000 to pay a portion of the outstanding principal due on the Interim Financing.
- (C) Purpose of Interim Financing. The proceeds of the Interim Financing were used to (i) refinance all of the District’s 2017 Non-Revolving Credit Facility and Financing Agreement with Cashmere Valley Bank, dated April 19, 2017 (the “2017 Facility”), (ii) finance capital costs to the District’s water system as described in Measure No. 21-140 approved by voters of the District at an election held on November 8, 2011, and finance improvements to the District’s wastewater system (the “Project”); and (iii) finance costs of issuance of the Interim Financing. The proceeds of the 2017 Facility were used to finance costs of the Project and to pay costs of issuance of the 2017 Facility.
- (D) Unexpended Proceeds of Interim Financing. As of the date hereof, other than as set forth below, there are no unexpended proceeds of the portion of the Interim Financing being refinanced, nor are there any other amounts expected to be used to pay debt service on or to otherwise secure the Interim Financing.
- (E) Facts, Representations, and Expectations in Connection with Issuance of the Interim Financing. The District represents that the facts and representations set forth in the tax certificates executed in connection with the issuance of the Interim Financing and the 2017 Facility (also collectively referred to herein as the “Prior Obligations”), including attachments thereto, are true and accurate as of the date hereof. The Prior Obligations was each issued as a “governmental bond” under Section 141 of the Code, thus refunding the Interim Financing currently outstanding constitutes a qualified use of the proceeds of the Bond.

1.3 Funds and Accounts Created.

- (A) Debt Service Account. Pursuant to the Resolution, the District has established the Debt Service Account for the Bond. There shall be transferred each month and deposited in the Debt Service Account for payment of the annual installment of the bond, a sum equal to at least one-twelfth of the annual installment becoming due on the next succeeding 17th day of December. The Debt Service Account is referred to herein as the "Bona Fide Debt Service Fund". The amounts in such funds will be depleted at least once a year except for a reasonable "Carryover Amount," defined for this purpose not to exceed the greater of (i) earnings on amounts on deposit in such fund from the immediately preceding Bond Year, or (ii) one-twelfth (1/12th) of the principal of and interest on the Bond due and payable in the next succeeding Bond Year. Amounts contributed to such funds will be spent within thirteen (13) months after the date of such contribution, and any amounts received from the investment or reinvestment of moneys held in such fund will be expended within one year after the date of accumulation thereof in such fund.

- (B) Short-Lived Asset Replacement Reserve Account. Pursuant to the Resolution, the District has also created Short-Lived Asset Replacement Reserve Account for the Bond. Amounts held in the Short-Lived Asset Replacement Reserve Account shall be used and disbursed only for the purpose of replacing facility assets with an estimated life of less than fifteen years. Approval by the Purchaser is not required prior to the use of amounts in such account. Accordingly, as such amounts are not available to pay debt service on the Bond, and there is no reasonable assurance that such amounts will be available if the District encounters financial difficulties, amounts in the Short-Lived Asset Replacement Reserve Account are not treated as Gross Proceeds of the Bond.

- (C) No Negative Pledges. There are no amounts held under any agreement to maintain amounts at a particular level for the direct or indirect benefit of the holders of the Bond or guarantor of the Bond, if any, excluding for this purpose amounts in which the District (or a substantial beneficiary) may grant rights that are superior to the rights of the holders of the Bond or guarantor of the Bond, if any, and amounts that do not exceed reasonable needs for which they are maintained and as to which the required level is tested no more frequently than every six (6) months and that may be spent without any substantial restriction other than a requirement to replenish the amount by the next testing date.

- (D) No Other Funds or Accounts. Except as set forth in this Section 1.3, the District has not created or established nor intends to create or establish any sinking fund, debt service reserve fund, pledged fund, or similar fund, including without limitation, any arrangement under which money, securities or obligations pledged directly or indirectly to secure the Bond or any contract securing the Bond or any arrangement providing for compensating balances to be maintained by the District with any holder of the Bond.

SECTION 2. Sources and Uses of Proceeds

2.1 Sale Proceeds Received by the District.

- (A) The Sale Proceeds actually or constructively received by the District from the sale of the Bond are as follows:

Principal Amount of Bond	<u>\$6,549,000.00</u>
Sale Proceeds of Bond	<u>\$6,549,000.00</u>

(B) The Bond is dated as of the Date of Issue and the District will not receive any accrued interest on the Bond.

2.2 Uses of Sale Proceeds.

(A) The Sale Proceeds received by the District from the sale of the Bond will be allocated to the following uses in the following amounts:

Pay off Portion of Interim Financing	<u>\$6,549,000.00</u>
Total Uses of Sale Proceeds	\$6,549,000.00

(B) No Overissuance. The amount of Sale Proceeds of the Bond, together with anticipated investment earnings thereon, does not exceed the expected total amount necessary for the governmental purposes described above (i.e., redeeming a portion of the Interim Financing).

SECTION 3. Expenditure of Bond Proceeds

3.1 Tax Accounting for Expenditures of Bond Proceeds. In general, any reasonable, consistently applied accounting method may be used to account for expenditures of proceeds of the Bond. Reasonable accounting methods for allocating funds from different sources to expenditures for the same governmental purpose, include any of the following methods if consistently applied: a specific tracing method; a gross proceeds spent first method; a first-in, first-out method; or a ratable allocation method.

3.2 Segregated Accounts, Investment Records, and Documentation of Expenditures. The District will segregate or account for the Bond proceeds apart from other funds of the District and will maintain necessary investment and expenditure records in order to demonstrate the investment and expenditure of Bond proceeds and assure compliance with the federal tax requirements for the Bond.

3.3 No Working Capital. Except for De Minimis Working Capital Items, no Working Capital Expenditures of the District or any Related Party are being financed directly or indirectly with Proceeds of the Bond.

SECTION 4. Arbitrage and Yield Restriction

4.1 Arbitrage and Rebate Compliance. The District acknowledges that the continued non-inclusion of interest on the Bond depends, in part, upon compliance with the arbitrage limitations imposed by Section 148 of the Code, including the yield restriction requirements described in Section 4.3 below and the rebate requirements described in Section 5 below. The District hereby agrees and covenants that it shall not permit at any time or times any of the Proceeds of the Bond or other funds of the District to be used directly or indirectly, to acquire any asset or investment, the acquisition of which would cause the Bond to be an "arbitrage bond" for purposes of Section 148 of the Code. The District further agrees and covenants that it shall do and perform all acts and things necessary in order to assure that the arbitrage and rebate requirements of Section 148 of the Code are met. To that end, the District shall take the actions described in Sections 4 and 5 of this Tax Certificate with respect to the investment of Proceeds on deposit in the funds and accounts established in connection with the Bond.

4.2 Arbitrage Yield. The yield on the Bond has been calculated to be 1.7435% using the economic accrual method required by Treas. Regs. §1.148-4(a). The Bond is a fixed yield issue, and the Bond yield will not be affected by subsequent unexpected events, unless the District enters into a “qualified hedge” meeting the requirements of Treas. Regs. §1.148-4(h) or into any transaction transferring, waiving or modifying any right that is part of the terms of the Bond. The District will consult with Bond Counsel prior to entering into any of the foregoing transactions.

4.3 Yield Restriction.

(A) Investment Restrictions. The District will not invest the Gross Proceeds of the Bond in Investments at yields that are “materially higher” ($\frac{1}{8}\%$) than the Bond yield except as set forth in this Section. Proceeds of the Bond and the amounts on deposit in the funds and accounts relating to the Bond may be invested as follows:

(1) Temporary Period. Proceeds of the Bond used to redeem the Interim Financing, and the investment earnings thereon, may be invested without Yield Restriction until expended for the purposes of refunding the Interim Financing and, if not so expended within ninety (90) days from the date hereof, must be invested thereafter at a Yield that is not higher than the Yield with respect to the Bond. The District intends to use such proceeds to repay a portion of the Interim Financing on the Date of Issue.

(2) Temporary Period for Costs of Issuance. Proceeds of the Bond used to pay costs of issuance may be invested without Yield Restriction until expended, for a period not to exceed thirteen (13) months from the date hereof. Investment earnings on such amounts that are retained in such fund may be invested without Yield Restriction for a period not to exceed one (1) year from the date of receipt of the amount earned.

(3) Temporary Period for Bona Fide Debt Service Fund. Amounts deposited in the Bona Fide Debt Service Fund may be invested without Yield Restriction for a period not to exceed thirteen (13) months from the date of deposit of such amounts to such funds. Earnings on such amounts that are retained in such fund may be invested without Yield Restriction for a period not to exceed one (1) year from the date of receipt of the amount earned.

(4) Temporary Period for Investment Earnings. Investment earnings received on investment of Gross Proceeds of the Bond, other than the investment earnings described in Section 4.3(A)(1) above, may be invested without Yield Restriction for a period not to exceed one (1) year from the date of receipt.

(5) Minor Portion. Amounts described in this Section 4.3 that are subject to Yield Restriction as described above may be invested without Yield Restriction to the extent such amounts, in the aggregate, do not exceed the lesser of five percent (5%) of the Sale Proceeds of the Bond or \$100,000 (the “Minor Portion”).

(B) Yield Restricted Moneys. Proceeds of the Bond and investment earnings thereon that must be Yield Restricted pursuant to this Section 4.3 will either (i) be invested at a yield not materially higher ($\frac{1}{8}\%$) than the yield on the Bond or (ii) be invested in Tax-Exempt Obligations that are not specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

- (C) Yield Reduction Payments. Notwithstanding the provisions of this Section 4.3 that require the District to invest Proceeds of the Bond and investment earnings thereon at a yield not in excess of the yield on the Bond, the yield on certain Investments acquired with Proceeds of the Bond will not be considered to be higher than the applicable yield limitation above if the District makes Yield Reduction Payments. The District covenants to consult with Bond Counsel or its arbitrage consultant prior to making any Yield Reduction Payments with respect to the Bond.
- (D) Fair Market Value Investments. All Investments of Gross Proceeds will be made on an arm's-length, Fair Market Value basis. In the event the District acquires an Investment Contract with any of the Proceeds of the Bond, the District and the provider of the Investment Contract will make certain representations in compliance with Treas. Regs. §1.148-5(d) and (e). As of the date hereof, the District has not invested, and does not expect to invest, any proceeds of the Bond pursuant to an Investment Contract.

SECTION 5. Rebate

- 5.1 Calculation of Rebate Amount. Section 148(f) of the Code requires the payment/rebate to the United States of the excess of the amount earned on the investment of Gross Proceeds in Nonpurpose Investments over the amount that would have been earned on such investments had the amount so invested been invested at a rate equal to the yield on the Bond, together with any income attributable to such excess. Except as provided below, all of the funds and accounts established in connection with the Bond, and all other amounts treated as Gross Proceeds, to the extent funded with proceeds of the Bond, are subject to this requirement. In order to meet the rebate requirement, the District agrees and covenants that subject to any applicable exceptions described in Sections 5.2 below, the District shall perform, or engage Hawkins Delafield & Wood LLP or another nationally-recognized firm to perform, the necessary and appropriate rebate and/or penalty calculations that may be required to be made from time to time with respect to the Bond, as set forth in Section 148(f) of the Code, to determine the Rebate Amount on each Computation Date.
- 5.2 Rebate Exceptions. In connection with the rebate requirement the following exceptions may apply to the Bond.
 - (A) Bona Fide Debt Service Fund Rebate Exception. As the Bond is not a private activity bond and has an average maturity of greater than 5 years and a fixed rate of interest, amounts earned on moneys in the *Bona Fide* Debt Service Fund shall not be taken into account for a Bond Year in determining the Rebate Amount.
 - (B) Six-Month Exception to Rebate. An issue is treated as meeting the rebate requirement of Section 148 of the Code if the Gross Proceeds of Bonds are allocated to expenditures for the governmental purposes of the issue within the six (6) month period beginning on the Date of Issue, and the rebate requirement is met with respect to amounts not required to be spent within six (6) months (excluding earnings on the *Bona Fide* Debt Service Fund). An additional six (6) months during which Gross Proceeds of the issue may remain unexpended is permitted, if the amount which remains unexpended does not exceed the lesser of \$100,000 or five percent (5%) of the proceeds of the issue. For purposes of this exception, the term Gross Proceeds does not include amounts in the *Bona Fide* Debt Service Fund; amounts in a Reasonably Required Reserve or Replacement Fund; amounts that, as of the Date of Issue of the Bond, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the end of the six (6) month spending

period; amounts representing Sale Proceeds or Investment Proceeds derived from payments under any purpose investment of the Bond; and amounts representing repayments of grants financed by the Bond. Moreover, expenditures for the governmental purpose of the Bond include payments for interest on, but not principal of, the Bond. The District expects to meet the Six-Month Exception for the Bond. If the District does not meet the Six-Month Exception for the Bond, the District will consult with Bond Counsel to determine the extent to which other spending exceptions to rebate may be available.

5.3 Payment to United States. In connection with the rebate requirement the District shall make the following payments:

- (A) The District will compute the Rebate Amount as of each Computation Date. The first Computation Date is **December 17, 2026**. The date that the Bond is discharged will be the final Computation Date and the final rebate installment payment must be made with respect to the final Computation Date.
- (B) For each Computation Date, except the final Computation Date, the District will make a rebate installment payment in an amount which is at least equal to 90% of the Rebate Amount for the Bond when added to the future value of all previous rebate payments made for the Bond.
- (C) For the final Computation Date the District will make a rebate installment payment in an amount that, when added to the future value of all previous rebate payments made for the Bond, equals 100% of the Rebate Amount for the Bond. Future value will be determined in compliance with the applicable provisions of the Code.
- (D) Each rebate installment payment shall be made within 60 days after its Computation Date to the Internal Revenue Service Center, Ogden, Utah 84201. Each rebate payment will be accompanied by IRS Form 8038-T.
- (E) Yield Reduction Payments, if any, shall be made at the same time and in the same manner as the payment of the Rebate Amount as described in this Section 5.3.

SECTION 6. Federal Guarantee Prohibition

6.1 No Impermissible Federal Guarantees. The Bond is not “federally guaranteed” and the District will not cause or allow the Bond to become “federally guaranteed.” Unless otherwise excepted under Section 149(b) of the Code, the Bond will be considered “federally guaranteed” if:

- (A) The payment of principal and interest with respect to the Bond is guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof);
- (B) Five percent or more of the Proceeds of the Bond are
 - (1) To be used in making loans, the payment of principal or interest with respect to which are to be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof); or
 - (2) To be invested (directly or indirectly) in federally insured deposits or accounts; or,

(C) The payment of principal of or interest on the Bond is otherwise indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof).

6.2 Exceptions described in Code Section 149(b) include, but are not limited to: (i) any guarantee by the Federal Housing Administration, the Veterans' Administration, Fannie Mae, Freddie Mac, or Ginnie Mae; (ii) any guarantee related to investments of Gross Proceeds of the Bond during an initial temporary period until needed for the governmental purpose of the Bond, investments as part of a *Bona Fide* Debt Service Fund, investments of a Reasonably Required Reserve or Replacement Fund, investments in bonds issued by the United States Treasury, investments in refunding escrow funds or certain other investments permitted under the Treasury Regulations; or (iii) any guarantee (other than an investment in a federally insured deposit or account referenced in Code Section 149(b)(3)(C)(ii)) of private activity bonds for a qualified residential rental project under Section 142(a)(7) of the Code, a housing program obligation under Section 11(b) of the United States Housing Act of 1937, or a qualified mortgage bond or a qualified veterans' mortgage bond under Section 143 of the Code.

SECTION 7. Private Use Limitation

7.1 Ownership/Lease/Sale. While the Bond remains outstanding, all of the assets being financed and refinanced by the Bond will be owned by the District or another state or local governmental unit and will not be owned by or leased to any person who is not a state or local governmental unit. The Project will not be sold or otherwise disposed of, in whole or in part, to a transferee that is not a Related Party to or an agent of the District prior to the final maturity date of the Bond.

7.2 No Private Loans. None of the proceeds of the Bond are or will be used, directly or indirectly, to make loans to persons other than a state or local governmental unit while the Bond remains outstanding. The District will not make any private loans from the proceeds of the Bond after the Date of Issue unless the District has received the written opinion of Bond Counsel that such private loan will not adversely affect the exclusion from gross income of interest on the Bond for federal income tax purposes.

7.3 Limitations on Private Use. At all times while the Bond remains outstanding, less than the lesser of \$15,000,000 or ten percent (10%) of either: (a) the aggregate amount of the proceeds of the Bond are used or expected to be used, directly or indirectly, in a trade or business carried on by a person other than a state or local governmental unit ("Private Use") or (b) the present value debt service on the Bond during the term thereof is, under the terms of the Bond or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for Private Use or in payments in respect of property used or to be used for Private Use or is to be derived from payments, whether or not to the District, in respect of property or borrowed money used or to be used for Private Use. Payments by a person for use of proceeds do not include the portion of any payment that is properly allocable to the payment of ordinary and necessary expenses (as defined under Section 162 of the Code) directly attributable to the operation and maintenance of the financed property used by that person. For this purpose, general overhead and administrative expenses are not directly attributable to those operations and maintenance.

7.4 Unrelated/Related Disproportionate Use. At all times while the Bond remains outstanding, less than the lesser of \$15,000,000 or five percent (5%) of either: (a) the proceeds of the Bond were or will be used, directly or indirectly, in the trade or business of a person other than a state or local governmental unit that is unrelated or related and disproportionate to the governmental use of the property being financed, including any private loan financing described in Section 7.2 which meets this test or (b) the present value debt service on the Bond during the term thereof is, under

the terms of the Bond or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for Private Use or in payments in respect of property used or to be used for Private Use or is to be derived from payments, whether or not to the District, in respect of property or borrowed money used or to be used for Private Use. For purposes of this Tax Certificate, proceeds of the Bond are allocable to a disproportionate related Private Use to the extent that the proceeds of the Bond which are to be used to finance property used by a nongovernmental person in a trade or business which is related to the governmental use of the property exceeds the proceeds of the Bond which are to be used for the governmental use to which such Private Use relates.

7.5 Private Use Defined.

- (A) For purposes of Section 7 of this Tax Certificate, Private Use consists of any contract or other arrangement including, without limitation, leases, management contracts, guarantee contracts, take or pay contracts, put or pay contracts, output contracts, research contracts, or naming rights contracts which provides for use of any portion of the Project by a person or persons who are not state or local governments on a basis different than the general public. The District will not enter into any such contract or arrangement unless the District has obtained an opinion from Bond Counsel that such contract or arrangement does not adversely affect the exclusion from gross income of interest on the Bond for federal income tax purposes. None of the Project is being financed for use by any specific user (other than the District).
- (B) Use by State or Local Governmental Units. The Project may be used by or on behalf of a state or local governmental unit provided that there is no transfer or flow-through of such use to any person or entity carrying on any trade or business that does not constitute General Public Use (as defined in subsection (c) below).
- (C) General Public Use. The Project may be used by any person or entity, including any person or entity carrying on any trade or business, if such use constitutes "General Public Use." General Public Use is any arrangement providing for use that is available to the general public at either (i) no charge, or (ii) on the basis of rates that are generally applicable and uniformly applied. For this purpose, rates may be treated as generally applicable and uniformly applied even if (i) different rates apply to different classes of users, such as volume purchasers, if the differences in rates are customary and reasonable, or (ii) a specially negotiated rate arrangement is entered into, but only if the user is prohibited by federal law from paying the generally applicable rates, and the rates established are as comparable as reasonably possible to the generally applicable rates.
- (D) No Priority Rights or Other Preferential Benefits. No portion of the Project will be used by any person or entity under any arrangement that conveys priority rights or other preferential benefits.
- (E) 200 Days General Public Use Arrangements. The Project may be used by any person or entity under any arrangement that is available to members of the general public and that does not otherwise convey priority rights or other preferential benefits if the term of the use under the arrangement, including all renewal options, is not greater than 200 days. For this purpose, a right of first refusal to renew use under the arrangement is not treated as a renewal option if (i) the compensation for the use under the arrangement is redetermined at generally applicable, fair market value rates that are in effect at the time of renewal, and (ii) the use of the financed property under the same or similar

arrangements is predominantly by natural persons who are not engaged in a trade or business.

- (F) 50 Days Negotiated Arm's-length Use Arrangements. The Project may be used by any person or entity under any arrangement (other than as an owner) for a term (including renewal options) not longer than 50 days, provided the arrangement is negotiated at arm's-length, the compensation paid for the use is at fair market value and the Project are not being financed for the principal purpose of such private trade or business use.
- (G) 100 Days Limited General Public Use Arrangements. The Project may be used by any person or entity under any arrangement for use (other than as an owner) for a term (including renewal options) of no longer than 100 days, provided that the arrangement would be General Public Use except that it is not available on the same basis for use by natural persons because generally applicable and uniformly applied rates are not reasonably available to natural persons not engaged in a trade or business and the Project are not being financed for the principal purpose of such private trade or business use.
- (H) Incidental Use Arrangements. The Project or any portion thereof may be used by any person or entity where the use is incidental if, except for vending machines, pay telephones, kiosks and similar uses, the use does not involve the transfer of possession and control of space separated from other areas of the facility by walls, partitions, barriers and the like, the nonpossessory use is not functionally related to any other use of such facility by the same person (other than a different nonpossessory use) and all nonpossessory uses do not in the aggregate exceed 2½% of the Project or such facility.

7.6 Management and Operations Contracts. The District manages and operates the entire Project. The District has not been a party to any management contract with any person or entity for management services to be provided to the District at or with respect to the Project. The District will not enter into any such contract unless it consults with Bond Counsel to determine that such contract either (i) satisfies the "safe harbor conditions" set forth in IRS Rev. Proc. 2017-13, as amended or supplemented from time to time, or (ii) does not otherwise adversely affect the exclusion of interest on the Bond from gross income for federal income tax purposes.

7.7 Monitoring and Measurement of Private Activity. The District covenants to monitor the amount of Private Use at the Project to ensure that the aggregate amount of such Private Use at all of the Project will not exceed the applicable limits described in this Section 7. The District has established or will establish procedures for monitoring the amount of Private Use at the Project.

7.8 Change in Use. While the District does not expect that any of the property financed with the proceeds of the Bond will be used in a manner that could cause the Bond to become a private activity bond, in the event that circumstances change and a use is made of the property that could result in the Bond becoming a private activity bond, the District will consult with its Bond Counsel and will take any remedial actions required by Treas. Regs. §1.141-12.

SECTION 8. General Representations

8.1 Single Issue. There are no other tax exempt obligations of the District that (a) have sale dates within 15 days of the sale date of the Bond, (b) are sold pursuant to the same plan of financing together with the Bond, and (c) are reasonably expected to be paid out of substantially the same source of funds as the Bond. The Bond is being sold at the same time, pursuant to the same plan of financing and reasonably expected to be paid from substantially the same source of funds.

Accordingly, the Bond is a single issue of obligations for federal income tax purposes relating to the exclusion from gross income of interest on the Bond. No other bonds of the District will be treated as part of the same issue as the Bond for purposes of complying with federal tax law requirements.

- 8.2 No Hedge. The District has not entered into, and does not expect to enter into in the future, a contract to modify the District's risk of interest rate changes with respect to a portion or all of the Bond, including an interest rate swap, an interest rate cap, a futures contract, a forward contract, or an option.
- 8.3 No Replacement Proceeds. No portion of the Proceeds of the Bond will be used as a substitute for other funds which will otherwise be used to acquire, directly or indirectly, securities, obligations, annuity contracts or other investment type property that are Materially Higher Yield Investments.
- 8.4 No Hedge Bonds. The Bond is not a "hedge bond," as defined in Section 149(g) of the Code because the District reasonably expected to spend at least 85% of the net sale proceeds of each issue of the Prior Obligations within three years from the date of issue of such issue of the Prior Obligations and did not invest more than 50% of the Proceeds of either issue of the Prior Obligations in nonpurpose investments having a substantially guaranteed yield for four years or more.
- 8.5 No Abusive Arbitrage Device. The Bond is not being issued for a term longer than reasonably necessary to carry out the legitimate governmental purposes thereof, nor is the Bond being issued earlier or in greater amounts than reasonably necessary to accomplish such governmental purposes. The Bond is not and will not be part of a transaction or series of transactions that attempts to circumvent the provisions of Section 148 of the Code, and the Treasury Regulations promulgated thereunder, enabling the District or any Related Party to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage.
- 8.6 No Early Issuance. The Date of Issue has been determined solely on the basis of bona fide financial reasons, in accordance with ordinary financial practices in financing similar expenditures, and has not been determined with a view to prolonging the period between the issuance of the Bond and expenditure of the proceeds thereof.
- 8.7 No Other Replacement Proceeds. No portion of the proceeds of the Bond will be used as a substitute for other moneys that were otherwise to be used to finance the Project and that have been or will be used to acquire directly or indirectly any Investment producing a Yield in excess of the Yield on the Bond. In addition, the term of the Bond is no longer than is reasonably necessary for the governmental purpose of the issue, based on the ability of the District to meet all its financial obligations including payment of debt service on the Bond and the anticipated revenues of the District. In addition, the weighted average maturity of the Bond does not exceed 120% of the average reasonably expected economic life of the Project refinanced by the Bond.
- 8.8 Document Retention. The District will retain all records necessary to establish the uses and investment of the Gross Proceeds of the Bond until the date that is four (4) years after the latest of the date of final maturity of the Bond, or the final maturity or redemption date of any obligations, or series of obligations, that refinance the Bond. Such records include, but are not limited to, the transcripts for the Bond and the Prior Obligations, including this Tax Certificate, the IRS Form 8038-G, all investment records applicable to the investment of Gross Proceeds of the Bond and the Prior Obligations before expenditure, all construction contracts and invoices detailing the

costs paid from the Gross Proceeds of the Bond and the Prior Obligations, all records evidencing timing and expenditure of Gross Proceeds of the Bond and the Prior Obligations, any rebate calculations or refund requests filed with respect to the Bond, including all Forms 8038-T and 8038-R, and all contracts related to use of the Project financed with Gross Proceeds of the Bond and the Prior Obligations, including leases, management contracts, and services contracts that relate to the uses of the Project.

- 8.9 **No Pooling.** The District does not expect to use and will not use the Proceeds of the Bond to make or finance loans to two or more ultimate borrowers.
- 8.10 **Registered Form.** The Bond is being issued in registered form in accordance with Section 149(a) of the Code.
- 8.11 **Survival of Defeasance.** Notwithstanding anything in this Tax Certificate or any other provisions of the Resolution to the contrary, the obligation to remit the Rebate Amount to the Treasury and to comply with all other requirements contained in this Tax Certificate shall survive the defeasance or payment in full of the Bond.
- 8.12 **Compliance with Code.** The District covenants to comply with the applicable provisions of the Code relating to the Bond. The District covenants that it shall at all times do and perform all acts and things necessary in order to assure that interest paid on the Bond shall, for purposes of federal income taxation, be not included in gross income. The District acknowledges that the covenants and conditions set forth in this Tax Certificate are based upon the Code and Treasury Regulations as they exist on the date hereof and that the Code or Treasury Regulations may be subsequently interpreted or modified by the federal government in a manner which is inconsistent with the covenants set forth herein. The District agrees that any such subsequent modification or interpretation of the Code or Treasury Regulations will be deemed a requirement that must be met pursuant to the general tax covenant set forth above. The District shall not be required to comply with the requirements of this Tax Certificate to the extent that, in the opinion of Bond Counsel, compliance with such requirements is not necessary to maintain the tax-exempt status of the Bond.

SECTION 9. Definitions

“Bona Fide Debt Service Fund” means accounts that will be used primarily to achieve a proper matching of revenues with principal and interest requirements on the Bond within each Bond Year and that will be completely depleted at least once each Bond Year except for a reasonable carryover amount that will not exceed the greater of: (a) the earnings on the Bona Fide Debt Service Fund for the immediately preceding Bond Year, or (b) one-twelfth of the principal and interest payments on the Bond for the immediately preceding Bond Year.

“Bond Counsel” means Hawkins Delafield & Wood LLP, or any other nationally recognized bond counsel.

“Bond Year” means each one year period that ends on December 17, unless the District elects a different Bond Year. The first Bond Year ends December 17, 2022.

“Capital Expenditure” shall mean any cost of a type that is properly chargeable to capital account (or would be so chargeable with a proper election) under general federal income tax principles. For example, costs incurred to acquire, construct, or improve land, buildings, and equipment generally are Capital Expenditures. Whether an expenditure is a Capital Expenditure is determined at the time the

expenditure is paid with respect to the property; future changes in law do not affect whether an expenditure is a Capital Expenditure.

“Capital Project” shall mean all Capital Expenditures, plus related De Minimis Working Capital Items that carry out the governmental purposes of an issue.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations and rulings issued under that Code.

“Computation Date” means December 17, 2026, December 17, 2031, December 17, 2036, December 17, 2041, December 17, 2046; or any earlier date on which the Bond is discharged.

“Computation Period” means the period between Computation Dates. The first Computation Period begins on December 17, 2021 and ends on December 17, 2026. Each succeeding Computation Period begins on the date immediately following the Computation Date and ends on the following Computation Date.

“Date of Issue” means December 17, 2021.

“De Minimis Working Capital Items” shall mean Working Capital Expenditures eligible for the de minimis exception in Treas. Regs. §1.148-6(d)(3)(ii)(A), and includes:

(A) issuance costs of an issue and qualified administrative costs as defined in Treas. Regs. § 1.148-5(e)(2)(i) or (ii), or Treas. Regs. § 1.148-5(e)(3)(ii)(A);

(B) qualified guarantee fees and payments for qualified hedges for the Bond;

(C) interest on an issue for a period starting on the Date of Issue and ending on the date that is the later of three years from the Date of Issue or one year after the date on which any financed Project is placed in service;

(D) certain Rebate Amounts and Yield Reduction Payments;

(E) other costs that do not exceed five percent (5%) of the Sale Proceeds of an issue and that are directly related to any Capital Expenditures financed with the issue;

(F) principal or interest on an issue paid from unexpected excess Sale Proceeds or Investment Proceeds; or

(G) principal or interest on an issue paid from investment earnings on a reserve or replacement fund that are deposited in a *Bona Fide Debt Service Fund*.

“Fair Market Value” is the price at which a willing buyer would purchase the Investment from a willing seller in a bona fide arm’s length transaction, except for specified investments as described in Treas. Regs. §1.148-5(d)(6), including United States Treasury Obligations, certificates of deposit, guaranteed investment contracts, and Investments for yield restricted defeasance escrows, for which special rules for determining fair market value apply.

“Gross Proceeds” shall mean Sale Proceeds, Investment Proceeds, Transferred Proceeds and Replacement Proceeds but does not include “qualified administrative costs” as that term is defined in Treas. Regs. §1.148-5(e).

“Investment” means any security, obligation, annuity contract, investment-type property and any tax-exempt obligation that is a specified private activity bond as defined in Section 57(a)(5)(C) of the Code. Investment-type property is property held primarily for the production of income.

“Investment Contract” shall mean a Nonpurpose Investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, and also includes any agreement to supply investments on two or more future dates (e.g., a forward supply contract).

“Investment Proceeds” means any amounts actually or constructively received from investing proceeds of an issue.

“Materially Higher Yield Investment” means an Investment having a yield more than one-eighth of one percentage point above the Bond yield except that the Investment yield for amounts to provide for payment of principal or interest on other obligations of the District and for any Replacement Proceeds is materially higher if it is more than one-thousandth of one percent above the Bond yield. If yield restricted Investments in the same class are subject to different definitions of materially higher, the applicable definition of materially higher that produces the lowest permitted yield applies to all Investments in the class. If an Investment is a tax-exempt obligation, but is not investment-type property, there is no yield limitation.

“Net Sale Proceeds” means the Sale Proceeds less any portion of those proceeds invested in the Minor Portion or invested in any Reasonably Required Reserve or Replacement Fund.

“Nonpurpose Investment” shall mean any Investment in which Gross Proceeds of an issue are invested and which is not acquired to carry out the governmental purpose for which such issue was issued.

“Proceeds” means any Sale Proceeds, Investment Proceeds, and Transferred Proceeds of the Bond.

“Reasonably Required Reserve or Replacement Fund” shall have the meaning used in Treas. Regs. §1.148-2(f)(2) and generally shall mean the portion of a reserve or replacement fund that is eligible to be invested without yield restriction. The amounts invested without yield restriction as part of such a Reasonably Required Reserve or Replacement Fund for bonds are subject to a size limitation equal to the least of the following: (i) 10% of the stated principal amount (or, for any bond issue having more than a de minimis amount of original issue discount or premium, the issue price of such bond issue); (ii) 100% of the maximum annual principal and interest on the bonds; or (iii) 125% of the average annual debt service on the bonds.

“Rebate Amount” means the amount required to be paid to the United States in accordance with Section 148(f) of the Code.

“Related Party or Related Parties” means, in reference to governmental units or 501(c)(3) organizations, members of the same controlled group within the meaning of Treas. Regs. §1.150-1(e) of the Income Tax Regulations, and in reference to any person that is not a governmental unit or a 501(c)(3) organization, a related person as defined in Section 144(a)(3) of the Code.

“Replacement Proceeds” means any amounts that have a sufficiently direct nexus to the Bond or to the governmental purposes of the Bond to conclude that the amounts would have been used for that governmental purpose if the Proceeds of the Bond were not used for that purpose. Replacement Proceeds include, but are not limited to, sinking funds, pledged funds and other amounts that have a nexus to the

governmental purposes of the Bond to the extent that these funds or amounts are held by or derived from a substantial beneficiary of the Bond. Replacement Proceeds also include amounts that arise to the extent that the District reasonably expects as of December 17, 2021, that the term of the Bond will be longer than is reasonably necessary for the governmental purposes of the Bond and there will be available amounts during the period that the Bond remains outstanding longer than necessary.

“Sale Proceeds” means any amounts actually or constructively received from the sale of the Bond including amounts used to pay underwriter’s discount or compensation and accrued interest other than pre-issuance accrued interest.

“Tax-Exempt Obligation” shall mean any obligation issued by any Governmental Unit the interest on which is not included in gross income for purposes of federal income taxation under Section 103 of the Code.

“Transferred Proceeds” means any Proceeds of a prior issue that cease to be Proceeds of that prior issue and become Proceeds of the issue that refunds it on a date on which all or part of outstanding principal amount of the prior issue is discharged with Proceeds of the refunding issue.

“Working Capital Expenditure” shall mean any cost of a type that does not constitute a Capital Expenditure. Generally, current operating expenses are Working Capital Expenditures.

“Yield Reduction Payments” shall mean payments made to the United States with respect to any Nonpurpose Investment allocated to the Bond for the purpose of reducing the yield on such Investments, such payments to be made (a) at the same time and the same manner as Rebate Amounts are required to be paid and (b) with respect to Investments that are allocable (i) to Gross Proceeds of the Bond that previously qualified for a temporary investment period available for Project, restricted working capital expenditures, pooled financings or Investment Proceeds, or (ii) to the Bond during any Computation Period in which at least five percent (5%) of the value of the Bond is a variable yield bond.

“Yield-Restricted” or **“Yield Restriction”** shall mean required to be invested at a yield that is not materially higher than the yield on the Bond under Section 148 of the Code and Treas. Regs. §1.148-2.

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Dated as of the 17th day of December, 2021.

**SEAL ROCK WATER DISTRICT
LINCOLN COUNTY, OREGON**

By: _____
Robert Mills, Board President

Information Return for Tax-Exempt Governmental Bonds

(Rev. October 2021)

▶ Under Internal Revenue Code section 149(e)

▶ See separate instructions.

OMB No. 1545-0047

Department of the Treasury
Internal Revenue Service

Caution: If the issue price is under \$100,000, use Form 8038-GC.
▶ Go to www.irs.gov/F8038G for instructions and the latest information.

Part I Reporting Authority		Check box if Amended Return <input type="checkbox"/>	
1 Issuer's name Seal Rock Water District		2 Issuer's employer identification number (EIN) 93-0504185	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) N/A		3b Telephone number of other person shown on 3a N/A	
4 Number and street (or P.O. box if mail is not delivered to street address) 1037 NW Grebe Street		Room/suite	5 Report number (For IRS Use Only) 3
6 City, town, or post office, state, and ZIP code Seal Rock, Oregon 97376		7 Date of issue 12/17/2021	
8 Name of issue Installment Water General Obligation Bond, Phase 4		9 CUSIP number None	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information Adam Denlinger, General Manager		10b Telephone number of officer or other employee shown on 10a 541.563.3529	

Part II Type of Issue (Enter the issue price.) See the instructions and attach schedule.	
11 Education	11
12 Health and hospital	12
13 Transportation	13
14 Public safety	14
15 Environment (including sewage bonds)	15
16 Housing	16
17 Utilities	17 6,459,000
18 Other. Describe ▶	18
19a If bonds are TANs or RANs, check only box 19a ▶ <input type="checkbox"/>	
b If bonds are BANs, check only box 19b ▶ <input type="checkbox"/>	
20 If bonds are in the form of a lease or installment sale, check box ▶ <input type="checkbox"/>	

Part III Description of Bonds. Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	12/17/2046	\$ 6,459,000	\$ 6,459,000	13.902 years	1.7435 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)				
22	Proceeds used for accrued interest	22	0	
23	Issue price of entire issue (enter amount from line 21, column (b))	23	6,459,000.00	
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	0	
25	Proceeds used for credit enhancement	25	0	
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0	
27	Proceeds used to refund prior tax-exempt bonds. Complete Part V	27	6,459,000	
28	Proceeds used to refund prior taxable bonds. Complete Part V	28		
29	Total (add lines 24 through 28)	29	6,459,000.00	
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	0.00	

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.			
31	Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded ▶	0.241	years
32	Enter the remaining weighted average maturity of the taxable bonds to be refunded ▶	N/A	years
33	Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY) ▶	12/17/2021	
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	04/10/2020	

For Paperwork Reduction Act Notice, see separate instructions.

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	0
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC). See instructions	36a	0
b	Enter the final maturity date of the GIC ▶ (MM/DD/YYYY) 0 _____		
c	Enter the name of the GIC provider ▶ 0 _____		
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	0
38a	If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:		
b	Enter the date of the master pool bond ▶ (MM/DD/YYYY) _____		
c	Enter the EIN of the issuer of the master pool bond ▶ _____		
d	Enter the name of the issuer of the master pool bond ▶ _____		
39	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶		<input type="checkbox"/>
40	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶		<input type="checkbox"/>
41a	If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:		
b	Name of hedge provider ▶ _____		
c	Type of hedge ▶ _____		
d	Term of hedge ▶ _____		
42	If the issuer has superintegrated the hedge, check box ▶		<input type="checkbox"/>
43	If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶		<input type="checkbox"/>
44	If the issuer has established written procedures to monitor the requirements of section 148, check box ▶		<input type="checkbox"/>
45a	If some portion of the proceeds was used to reimburse expenditures, check here <input type="checkbox"/> and enter the amount of reimbursement ▶ _____		
b	Enter the date the official intent was adopted ▶ (MM/DD/YYYY) _____		

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.				
	_____ Signature of issuer's authorized representative	12/17/2021 Date	_____ Robert Mills, President Type or print name and title		
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Jennifer B Cordova	_____	12/17/2021		P01240398
	Firm's name ▶ Hawkins Delafield & Wood LLP	Firm's EIN ▶ 13-5513990			
Firm's address ▶ 200 SW Market Street, Suite 350 Portland, OR 97201			Phone no. 503.402.1320		

December 17, 2021

Seal Rock Water District
P. O. Box 190
Seal Rock, Oregon 97376

***Subject: \$6,549,000 Seal Rock Water District, Lincoln County, Oregon
Installment Water General Obligation Bond, Phase 4***

We have acted as bond counsel in connection with the issuance by the Seal Rock Water District, Lincoln County, Oregon (the "District") of its Installment Water General Obligation Bond, Phase 4 (the "Bond"), that is dated December 17, 2021, and is in the aggregate principal amount of \$6,549,000. The Bond is issued pursuant to Oregon Revised Statutes ("ORS") Section 264.250 and the relevant provisions of ORS Chapter 287A, the authority granted by the voters of the District at an election held on November 8, 2011, and Resolution No. 1121-01 adopted by the District Board on November 15, 2021 (the "Resolution"). The Bond is issued to pay off the District's outstanding interim financing for the costs of capital improvements to the District's water system.

We have examined the law and such certified proceedings and other documents which we deem necessary to render this opinion.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of any offering materials which have been or may be supplied to the purchasers of the Bond, and we express no opinion relating thereto.

Regarding questions of fact material to our opinion, we have relied on representations of the District in the Resolution and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bond has been legally authorized and issued under and pursuant to the Constitution and statutes of the State of Oregon. The Bond and the Resolution are valid and legally binding obligations of the District, enforceable in accordance with their respective terms.

2. Pursuant to ORS 287A.315, the District has pledged its full faith and credit to the payment of the Bond. The Bond is payable from ad valorem taxes which may be levied without limitation as to rate or amount on all taxable property within the boundaries of the District.

3. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Bond is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bond is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District and others in connection with the Bond, and we have assumed compliance by the District with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bond from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Bond in order that, for federal income tax purposes, interest on the Bond not be included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bond, restrictions on the investment of proceeds of the Bond prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bond to become subject to federal income taxation retroactive to its date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Bond, the District will execute a Tax Certificate (the "Tax Certificate") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax

Certificate, the District covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things required by the Code to assure that interest paid on the Bond will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 3 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of interest paid on the Bond, and (ii) compliance by the District with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

4. Interest on the Bond is exempt from Oregon personal income tax.
5. No defeasance clause exists either in the Bond or the certified proceedings relating thereto.

We express no opinion as to any federal, state or local tax consequences arising with respect to the Bond, or the ownership or disposition thereof, except as stated in paragraphs 3 and 4 above. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bond.

The portion of this opinion that is set forth in paragraph 1 above is qualified only to the extent that enforceability of the Resolution and the Bond may be limited by or rendered ineffective by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the District.

This opinion is limited to matters of Oregon law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms "law" and "laws" do not include unpublished judicial decisions, and we disclaim the effect of any such decision on this opinion.

We have served only as bond counsel only to the District in connection with the Bond and have not represented and are not representing any other party in connection with the Bond. This opinion is given solely for the benefit of the District in connection with the Bond and may not be relied on in any manner or for any purpose by any person or entity other than the District and any person to whom we may send a formal reliance letter indicating that the recipient is entitled to rely on this opinion.

Very truly yours,

December 17, 2021

United States of America, acting through the
United States Department of Agriculture,
Rural Utilities Service
1220 S.W. Third Avenue, Suite 1801
Portland, Oregon 97204

***Re: \$6,549,000 Seal Rock Water District, Lincoln County, Oregon
Installment Water General Obligation Bond, Phase 4***

Ladies and Gentlemen:

We have this date delivered our legal opinion, copy attached, with respect to the subject bond dated December 17, 2021 (the "Bond"). You are authorized to rely upon such opinion as if it had been addressed to you originally. We have served only as bond counsel to the Seal Rock Water District located in Lincoln County, Oregon (the "District") in connection with the Bond and have not represented and are not representing any other party in connection with the Bond. Therefore, no attorney-client relationship shall arise by virtue of our addressing this opinion to persons other than the District.

Very truly yours,