# CORBETT WATER DISTRICT

Financial Statements

For the Year Ended June 30, 2023

CORBETT WATER DISTRICT
June 30, 2023

BOARD OF COMMISSIONERS

| Name | Position | Term Expires |
|---|---|---|
| Kelly Piper | President | June 30, 2025 |
| Angie Kimpo | Secretary | June 30, 2027 |
| Sara Grigsby | Treasurer | June 30, 2025 |
| Dan Graff | Commissioner | June 30, 2027 |
| Michael Arion | Commissioner | June 30, 2027 |

MAILING ADDRESS

Corbett Water District
PO Box 6
Corbett, OR 97019

CORBETT WATER DISTRICT
Financial Statements
For the year ended June 30, 2023

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Dougall Conradie LLC
Certified Public Accountants

Geoffrey Dougall, CPA
Heather Jackson, CPA
Lee Owen, CPA
Richard Winkel, CPA
Members of AICPA & OSCPA

# Independent Auditor's Report

Board of Directors
Corbett Water District
Multnomah County, Oregon

## Opinion

We have audited the accompanying cash basis financial statements of the business-type activities of the Corbett Water District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Corbett Water District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the business-type activities of the Corbett Water District, as of June 30, 2023, and the results of its operations for the year then ended in accordance with the cash basis of accounting described in Note 1.

## Basis for Opinion

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

## Emphasis of Matter—Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a

guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corbett Water District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Supplementary Information**

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

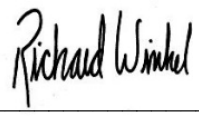
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Corbett Water District’s basic financial statements. The schedule of proportionate share of net pension liability and related ratios and the fund budget to actual statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records

used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Oregon State Regulations**

In accordance with Oregon State Regulations, we have also issued our report dated December 19, 2023 on our consideration of Corbett Water District's internal control over financial reporting and on our procedures to address 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is required by Oregon State Regulations.

DOUGALL CONRADIE LLC
Portland, Oregon
December 19, 2023

By:
Richard Winkel, Partner

# MANAGEMENT'S DISCUSSION AND ANALYSIS

# CORBETT WATER DISTRICT
## Management's Discussion and Analysis
## For the year ended June 30, 2023

Our discussion and analysis of Corbett Water District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. Our purposes are to assist users of these financial statements to interpret the information found in the following pages, highlight the major factors and impacts on the District's financial situation, and to explain significant changes from last year to this year. Please read it in conjunction with the District's financial statements beginning on page 6.

## FINANCIAL HIGHLIGHTS

- Total operating revenues for the year ended June 30, 2023 were $931,024. The majority of the operating revenues were made up of water sales of $827,553 for the year ended June 30, 2023, which was $101,839 more than the prior year due to a rate increase.
- Property tax levy revenues for the year ended June 30, 2023 were $194,698 from Multnomah County collections.
- Total operating expenditures for the year ended June 30, 2023 were $844,166, which was an increase of $124,693 from prior year. The majority of the increase was from personal services which increased $113,646 for the year ended June 30, 2023 compared to prior year.
- Debt services costs for the year ended June 30, 2023 was $138,457, made up of principal costs of $122,558 and interest expense of $15,899.
- The District's net position was $561,572 for the year ended June 30, 2023.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements on pages 7 and 8 are designed to provide an overview of the District's finances. The statement of net position – cash basis presents information regarding assets and liabilities, with the difference between the two reported as net position. Over time, the increases or decreases in net position may serve as an indicator of whether the financial position of the District is improving or deteriorating. The statement of receipts, disbursements and changes in net position – cash basis presents information showing how the District's net position changed during the year.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the information in the financial statements.

## SUMMARY STATEMENT OF NET POSITION - CASH BASIS

| | FY 2023 | FY 2022 |
|---|---|---|
| ASSETS | | |
| Cash and investments | $ 561,572 | $ 405,467 |
| Total assets | $ 561,572 | $ 405,467 |
| NET POSITION: | | |
| Net position without restrictions | $ 561,572 | $ 405,467 |
| Total net position | $ 561,572 | $ 405,467 |

## SUMMARY STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET POSITION - CASH BASIS

| | FY 2023 | FY 2022 |
|---|---|---|
| Operating receipts | $ 931,024 | $ 857,316 |
| Operating disbursements | 844,166 | 719,473 |
| Operating income | 86,858 | 137,843 |
| Non-operating receipts (disbursements): | | |
| Property taxes | 194,698 | 189,108 |
| Interest income | 13,006 | 1,844 |
| Debt service costs | (138,457) | (138,457) |
| Total non-operating income (expense) | 69,247 | 51,823 |
| Change in net position | 156,105 | 190,338 |
| Net Position - beginning of year | 405,467 | 215,129 |
| Net Position - end of year | $ 561,572 | $ 405,467 |

**Budgetary Highlights**

The General Fund had revenues of $1,138,728, which was $198,628 over budget. Total expenses were $982,623, which was $290,329 under budget. See the supplemental information for detailed schedules of budget to actual variances for the fiscal year ended June 30, 2023.

**Long Term Debt**

The District has a 20 year loan from the Oregon Economic & Community Development Department. The total amount of the loan was $2,100,000 with an interest rate of 3.50%. The proceeds from the loan were used to build a one million gallon water reservoir and to upgrade and repair the plant. The loan requires annual payments of $138,457 and matures in December 2025. The amount owed under the terms of this loan is $331,712 at June 30, 2023.

**Economic Factors and Next Year's Budget**

The District's Budget Committee considered many factors when preparing the District's budget for the fiscal year ending June 30, 2024. These factors included estimating the amount of water sales and taxes that will be collected. Both water sales and property tax collections are expected to be stable.

**Requests for Information**

This financial report is designed to provide a general overview of the District's financial statements. Questions about this report or requests for additional financial information should be directed to PO Box 6, Corbett, Oregon 97019.

# FINANCIAL SECTION

# BASIC FINANCIAL STATEMENTS

**CORBETT WATER DISTRICT**

**Statement of Net Position - Cash Basis**

**June 30, 2023**

| | |
|---|---|
| ASSETS | |
| Cash and investments | $ 561,572 |
| Total assets | $ 561,572 |
| NET POSITION: | |
| Unrestricted | $ 561,572 |
| Total net position | $ 561,572 |

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

**CORBETT WATER DISTRICT**

## Statement of Activities - Cash Basis

**June 30, 2023**

| | |
|---|---|
| Operating revenues: | |
| Water sales | $ 827,553 |
| Connections | 82,305 |
| Other operating revenues | 21,166 |
| Total operating revenues | 931,024 |
| Operating expenses: | |
| Personal services | 442,018 |
| Materials and services | 276,462 |
| Capital outlay | 125,686 |
| Total operating expenses | 844,166 |
| Operating income (loss) | 86,858 |
| Non-operating revenue (expense): | |
| Property taxes | 194,698 |
| Interest income | 13,006 |
| Debt service costs | (138,457) |
| Total non-operating income (expense) | 69,247 |
| Change in net position | 156,105 |
| Net Position - beginning of year | 405,467 |
| Net Position - end of year | $ 561,572 |

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

**CORBETT WATER DISTRICT**

**Notes to Financial Statements**

**June 30, 2023**

## 1. Summary of Significant Accounting Policies

Reporting Entity

Corbett Water District (the "District") is a municipal corporation governed by an elected five-member board. The District was organized under the provisions of Oregon Revised Statutes Chapter 264 for the purpose of operating a water district.

The District is a primary government. As required by generally accepted accounting principles, the reporting entity consists of the primary government, any organization for which the primary government is financially accountable, and any other organizations that, because of the nature and significance of their relationship with the primary government, may not be excluded from the financial reporting entity.

The District is financially independent of other state and local governmental units. Based on these criteria, the District is not a component unit of another entity, nor is any other entity required to be included in the financial statements of the District.

Measurement Focus and Basis of Accounting

All financial statements have been prepared on the cash basis of accounting, whereby revenue is recognized when received and expenditures are recognized when paid. Although not in conformity with generally accepted accounting principles (GAAP), this is permissible under the laws of the state of Oregon.

The cash basis of accounting differs from the modified accrual basis as prescribed by generally accepted accounting principles for governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Expenditures, with certain exceptions, are recognized when the related liability is incurred. The cash basis also differs from the accrual basis as prescribed by generally accepted accounting principles for the government-wide financial statements. The major differences between the cash basis and the accrual basis relate to capital outlay and debt service. Under the cash basis, capital outlays are recognized as expenses when the assets are purchased and depreciation is not recorded. Also, proceeds of long-term borrowings are recognized as an "other financing source" and principal repayments are considered expenditures when paid.

Basic Financial Statements

The District is considered to be a single enterprise similar to a commercial entity for financial reporting purposes.

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

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

## 1. Summary of Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or regulations of other governments. When both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Net position is classified in the following three categories:

Invested in capital assets, net – consists of capital assets net of accumulated depreciation.

Restricted net position – consists of net position with constraints placed on them by entities outside of the District. The District has no restricted net position.

Unrestricted net position – all other net positions that do not meet either of the criteria above.

Cash and Investments

The District has defined cash and cash equivalents to include cash on hand, demand deposits and short term investments with original maturities of three months or less for purposes of the statement of cash flows. Investments maintained in the Oregon Local Government Investment Pool (LGIP) are carried at cost, which approximates fair value, and are classified as a cash equivalent. Fair value of the investments in the LGIP are the same as the value of the pool shares. The carrying amount of the cash and cash equivalents approximate fair value due to the short term maturities of these instruments.

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal Deposit Insurance Corporation (FDIC) insurance of up to $250,000 applies to total deposits at each financial institution.

Property Taxes

Real property taxes are recorded as non-operating revenue in the year levied. Property taxes are levied and attached as an enforceable lien on property as of July 1 of each fiscal year. Real property taxes may be paid in full by November 15 with a 3% discount, or paid in three equal payments on November 15, February 15, and May 15. Multnomah County, Oregon, makes all assessments of property value and levies and collects property taxes for all levying districts within the County. The District considers all property taxes to be fully collectible and therefore, no allowance for uncollectible property taxes has been made.

Retirement Plans

Substantially all employees are participants in the Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged to expenditures as funded.

## 2. Stewardship, Compliance and Accountability

The District is subject to the budget requirements of state law. The resolution authorizing appropriations of each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, capital outlay, debt service, interfund transactions, operating contingency and unappropriated balance are the levels of control established by resolution. The detail budget document, however, is required to contain more specific detailed information for the above-mentioned expenditure categories.

The budget is adopted and appropriations are made no later than June 30th. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental budget requires hearings before the public, publication in newspapers, and approval by the Board of Directors. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of controls. Such transfers require the approval of the Board of Directors.

Expenditures cannot legally exceed the appropriation levels. Appropriations lapse at the end of each fiscal year. Expenditures of the various funds shown in the financial statements were within authorized appropriation levels.

## 3. Cash and Investments

Cash and investments of the District consisted of the following at June 30, 2023:

| | | |
|---|---|---|
| Cash on deposit with financial institution | $ | 77,417 |
| Local Government Investment Pool | | 484,155 |
| Total | $ | 561,572 |

### Deposits

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal Deposit Insurance Corporation (FDIC) insurance of $250,000 applies to total deposits at each financial institution. When balances exceed $250,000, ORS 295.002 requires the bank depository to enter into an agreement described in ORS 295.008(2)(b) and to deposit securities pursuant to ORS 295.015(1). The Oregon State Treasurer's Office facilitates these agreements and maintains a list of qualified depositories. Well capitalized depository banks must pledge securities with a value of at least 10 percent of their quarter-end public fund deposits, unless otherwise directed by the Oregon State Treasurer. Adequately capitalized or undercapitalized bank depositories are required to pledge collateral valued at 110 percent of their uninsured public fund deposits. The securities are held by a custodian for the benefit of the State of Oregon. Any balances in excess of the FDIC insurance plus 10 percent are considered exposed to custodial credit risk. Custodial credit risk for deposits in the risk that, in the event of bank failure, the District will be unable to recover deposits or collateral securities in the hands of an outside party. At June 30, 2023, all balances were deposited with qualified financial institutions.

## 3. Cash and Investments (Continued)

### Investments

Oregon Revised Statutes 294.035 authorizes the District to invest in general obligations of the U.S. government and its agencies, bankers' acceptances, commercial paper rated A-2 or better by Standard & Poor's Corporation or P-2 by Moody's Investors Service, and the state of Oregon Local Government Investment Pool (LGIP), among others.

The only investments held by the District at June 30, 2023 were amounts deposited with the state of Oregon LGIP. The District's investment in the LGIP is carried at cost, which approximates fair value. The state of Oregon's investment policies used in administering the LGIP are governed by statute and the Oregon Investment Council (the Council). The State Treasurer is the investment officer for the Council and is responsible for the funds on deposit in the State Treasury. The State Treasury's investments in short-term securities are limited by the portfolio rules established by the Oregon Short-term Fund Board and the Council. In accordance with Oregon statutes, the investment funds are invested, and the investments of those funds managed, as a prudent investor would do, exercising reasonable care, skill, and caution.

*Interest Rate Risk*. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk that its fair value will decline if interest rates rise. In order to manage the interest rate risk of its investments, the District only invests in the LGIP. The LGIP has rules that require at least 50 percent of its investments to mature within 93 days, not more than 25 percent may mature in over a year, and all other investments must mature in no more than three years.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Investments in the LGIP are not required to be rated for credit risk.

*Custodial Credit Risk – Investments.* Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The LGIP's portfolio rules provide that broker/dealers meet certain qualifications and that investments are delivered to and held by a third-party custodian which holds the securities in the state of Oregon's name.

## 4. Long-Term Debt

In 2002, the District received proceeds in the amount of $2,100,000 from the State of Oregon Economic Development Department to finance improvements in the District's water system. The loan accrues interest at 3.50% and matures in December 2025. Under the cash basis of accounting this loan is not presented as a liability in the accompanying financial statements.

## 4. Long-Term Debt (Continued)

During the year ended June 30, 2023, long-term liability activity was as follows:

| Balance July 1, 2022 | Additions | Reductions | Balance June 30, 2023 | Amounts due within one year |
|---|---|---|---|---|
| $ 454,270 | $ - | $ (122,558) | $ 331,712 | $ 126,847 |

Future payment obligations are as follows:

| Year ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2024 | 126,847 | 11,610 | 138,457 |
| 2025 | 131,287 | 7,170 | 138,457 |
| 2026 | 73,578 | 2,575 | 76,153 |
| | $ 331,712 | $ 21,355 | $ 353,067 |

## 5. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District has purchased insurance coverage through the Oregon Department of Agriculture. In addition, the District purchases and carries vehicle liability insurance for any state or federal vehicles it may use.

Workers compensation insurance is purchased from a commercial carrier. Premiums are determined based on payroll paid at various employment classification rates. Loss prevention services are available from the carrier and the District has no potential liability beyond the premiums paid and deductible

No losses were incurred during the prior three years ended June 30, 2023 that exceeded the District's insurance coverage.

## 6. Pension Plan

Plan Description

Employees of the District are provided with pensions through the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer pension plan with both defined benefit and defined contribution components. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of OPERS are established by the legislature pursuant to ORS Chapters 238 and 238A. The 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 Oregon Public Service Retirement Plan (OPSRP Pension Program), established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003.

The Individual Account Program (IAP) was created by the Oregon legislature in 2003 to provide an individual account-based retirement benefit for new workers hired on or after August 29, 2003, and for Tier One / Tier Two members active on or after January 1, 2004. The IAP benefit is a defined contribution plan, and it is in addition to the member's defined benefit plan (i.e., Tier One, Tier Two, or OPSRP Pension Programs). OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Benefits Provided

*Tier One/Tier Two Retirement Benefit*

**Pension Benefits**

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 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.

## 6. Pension Plan (continued)

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

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

**Disability Benefits**
A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 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 (COLA) changes. The COLA is capped at 2.0 percent.

*OPSRP Pension Program*

**Pension Benefits**
The Pension Program (ORS Chapter 238A) 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:

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

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

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

## 6. Pension Plan (continued)

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

**Benefit Changes After Retirement**
Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first $60,000 of annual benefit and $750 plus 0.15 percent on annual benefits above $60,000.

*OPSRP Individual Account Program (IAP)*

**Pension Benefits**
The Individual Account Program (IAP) is a defined contribution pension plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a $200 minimum distribution limit.

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

**Recordkeeping**
OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2020 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2022. Employer contributions for the year ended June 30, 2023 were $44,631, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2023 were 25.82 percent for Tier One/Tier Two General Service Member, 20.75 percent for OPSRP Pension Program General Service Members, and 6.0 percent for OPSRP Individual Account Program.

## 6. Pension Plan (continued)

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Since the District's financial statements are reported on the cash basis, no amounts are reported on the statement of net position for pension related assets, deferred outflows, liabilities or deferred inflows. Had the District's financial statements been reported in accordance with GAAP, at June 30, 2023, the District would have reported a liability of $88,050 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, the District's proportion was 0.00057504 percent, which was a decrease from its proportion of 0.00112669 percent measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of $44,631. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 4,274 | $ 549 |
| Changes of assumptions | 13,816 | 126 |
| Net difference between projected and actual earnings on investments | - | 15,742 |
| Changes in proportionate share | 27,135 | 278,530 |
| Differences between employer contributions and employer's proportionate share of system contributions | 10,793 | 19,636 |
| Total (prior to post-Measurement Date contributions) | 56,018 | 314,583 |
| Contributions subsequent to the Measurement Date | 44,631 | - |
| Total | $ 100,649 | $ 314,583 |

Deferred outflows of resources reported as related to pensions includes $44,631 resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | Deferred Outflows |
|---|---|
| Amortization Period | |
| FY 2024 | $ (60,451) |
| FY 2025 | (76,717) |
| FY 2026 | (70,830) |
| FY 2027 | (34,801) |
| FY 2028 | (15,767) |
| Total | $ (258,565) |

## 6. Pension Plan (continued)

Actuarial Methods and Assumptions

The employer contribution rates effective July 1, 2022 through June 30, 2023 were set using the entry age normal method. For the ORS 238 Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the ORS 238A OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an actuarially determined amount for funding a disability benefit component, and (3) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---|---|
| Valuation Date | December 31, 2020 |
| Measurement Date | June 30, 2022 |
| Experience Study | 2020, published July, 2021 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Inflation Rate | 2.40% |
| Investment Rate of Return | 6.90% |
| Discount Rate | 6.90% |
| Projected Salary Increases | 3.40% |
| Cost of Living Adjustments (COLA) | Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service |
| Mortality | Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.<br><br>Active members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.<br><br>Disabled retirees: Pub-2010 Disabled retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. |

## 6. Pension Plan (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

| | 1% Decrease (5.90%) | Current Discount Rate (6.90%) | 1% Increase (7.90%) |
|---|---|---|---|
| District's proportionate share of the net pension liability (asset) | $ 156,149 | $ 88,050 | $ 31,054 |

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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. 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.

## 6. Pension Plan (continued)

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Pension Plan Fiduciary Net Position

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

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2022 measurement period that require disclosure.

## 7. Retirement Health Insurance Account

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

## 7. Retirement Health Insurance Account (Continued)

statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Because RHIA was created by enabling legislation, 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, whichever is less, shall be paid from the Retirement Health Insurance Account 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 or more years of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS 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 PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC). The ARC represents a level of funding that is projected to cover normal costs 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 for the year ended June 30, 2023 equaled the required contributions for the year.

## 8. Subsequent Events

The District has evaluated for subsequent events through December 19, 2023, which is the date the financial statements were available to be issued, noting no events requiring recording or disclosure in the financial statements for the year ended June 30, 2023.

# SUPPLEMENTARY INFORMATION

## CORBETT WATER DISTRICT

### Schedule of Proportionate Share of Net Pension Liability and Related Ratios

| Year Ended | Proportion of the Net Pension Liability (Asset) | Proportionate Share of the Net Pension Liability (Asset) | Actual Covered Member Payroll | Net Pension Liability (Asset) as a Percentage of Covered Payroll | Fiduciary Net Position as a Percentage of Total Pension Liability |
|---|---|---|---|---|---|
| 6/30/2023 | 0.00057504% | $ 88,050 | $ 278,668 | 31.6% | 84.5% |
| 6/30/2022 | 0.00170173% | $ 203,637 | $ 272,020 | 74.9% | 87.6% |
| 6/30/2021 | 0.00249468% | $ 544,425 | $ 199,669 | 272.7% | 75.8% |
| 6/30/2020 | 0.00308659% | $ 553,906 | $ 204,224 | 261,4% | 80.2% |
| 6/30/2019 | 0.00208881% | $ 316,427 | $ 224,307 | 141,1% | 82.1% |
| 6/30/2018 | 0.00241593% | $ 325,668 | $ 240,602 | 135.4% | 83.1% |
| 6/30/2017 | 0.00251790% | $ 377,995 | $ 264,590 | 142.9% | 80.5% |
| 6/30/2016 | 0.00289225% | $ 166,057 | $ 238,734 | 69.6% | 91.9% |
| 6/30/2015 | 0.00267112% | $ (60,547) | $ 240,923 | (25.1%) | 103.6% |

### Schedule of the Employer Contributions
### Oregon Public Employees Retirement System

| Year Ended | Statutorily Required Contribution | Actual Employer Contributions | Contribution Excess / (Deficiency) | Actual Covered Member Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 6/30/2023 | $ 44,631 | $ 44,631 | $ - | $ 278,668 | 16.0% |
| 6/30/2022 | $ 43,718 | $ 43,718 | $ - | $ 272,020 | 16.1% |
| 6/30/2021 | $ 30,151 | $ 30,151 | $ - | $ 199,669 | 15.1% |
| 6/30/2020 | $ 35,658 | $ 35,658 | $ - | $ 204,224 | 17.5% |
| 6/30/2019 | $ 35,380 | $ 35,380 | $ - | $ 224,307 | 15.8% |
| 6/30/2018 | $ 33,828 | $ 33,828 | $ - | $ 240,602 | 14.0% |
| 6/30/2017 | $ 28,227 | $ 28,227 | $ - | $ 264,590 | 10.7% |
| 6/30/2016 | $ 25,436 | $ 25,436 | $ - | $ 238,734 | 10.7% |
| 6/30/2015 | $ 22,011 | $ 22,011 | $ - | $ 240,923 | 9.1% |

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

See independent auditor's report

**CORBETT WATER DISTRICT**

Cash Basis Schedule of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual - General Fund
For the Year Ended June 30, 2023

| | Original and Final Budget | Actual Amounts Budgetary Basis | Variance to Final Budget Positive (Negative) |
|---|---|---|---|
| REVENUES: | | | |
| Water sales | $ 725,000 | $ 827,553 | $ 102,553 |
| Grant income | 10,600 | - | (10,600) |
| Property tax income | 194,300 | 194,698 | 398 |
| Connections | 5,000 | 82,305 | 77,305 |
| Miscellaneous | 4,000 | 21,166 | 17,166 |
| Interest | 1,200 | 13,006 | 11,806 |
| Total revenues | 940,100 | 1,138,728 | 198,628 |
| EXPENDITURES: | | | |
| Personnel services | 585,095 | 442,018 | 143,077 |
| Materials and services | 341,800 | 276,462 | 65,338 |
| Capital outlay | 172,600 | 125,686 | 46,914 |
| Debt service: | | | |
| Principal | 122,558 | 122,558 | - |
| Interest | 15,899 | 15,899 | - |
| Contingency | 35,000 | - | 35,000 |
| Total expenditures | 1,272,952 | 982,623 | 290,329 |
| Net change in fund balances | (332,852) | 156,105 | 488,957 |
| Fund balance, beginning of year | 380,323 | 405,467 | 25,144 |
| Fund balance, end of year | $ 47,471 | $ 561,572 | $ 514,101 |

See independent auditors' report

# INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Dougall Conradie LLC
Certified Public Accountants

Geoffrey Dougall, CPA
Heather Jackson, CPA
Lee Owen, CPA
Richard Winkel, CPA
Members of AICPA & OSCPA

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

To the Board of Directors
Corbett Water District
Multnomah County, Oregon

We have audited the accompanying basic financial statements of Corbett Water District (the District) as of and for the year ended June 30, 2023 and have issued our report thereon dated December 19, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Compliance**

As part of obtaining reasonable assurance about whether Corbett Water District's financial statements are free of material misstatement we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 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 our audit, and, accordingly, we do not express such an opinion.

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

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

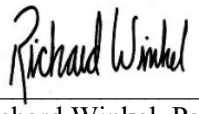
In connection with our testing nothing came to our attention that caused us to believe Corbett Water District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules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

**OAR 162-10-0230 Internal Control**

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

This report is intended for the information of Corbett Water District's board of directors and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

DOUGALL CONRADIE LLC
Portland, Oregon
December 19, 2023

By:
Richard Winkel, Partner