PUBLIC MEETING
OAK LODGE WATER SERVICES
BOARD OF DIRECTORS
September 8, 2026 at 4:00 PM

1. Call to Order
2. Call for Public Comment
3. Consent Agenda
   a. July 2026 Financial Report
   b. Approval of August 11, 2026 Board Meeting Minutes
4. Items for Presentation
   a. Presentation of FY 2024 Authority Financial Audit
   b. Presentation of Capital Projects for the Water Master Plan Update
   c. Presentation of Quarterly Capital Projects Report
5. Items for Consideration
   a. Consideration of FY24 Audit Plan of Action
   b. Consideration of Contract with Landis and Landis Construction LLC for the FY27 Lateral Repair Project
6. Business from the Board
7. Department Reports
   a. Administration
   b. Finance
   c. Public Works
   d. Plant Operations
8. Recess to Executive Session
   Convene Executive Session under ORS 192.660(2)(f) to consider information or records that are exempt by law from public inspection.
9. Adjourn Executive Session
   If necessary, Board may take action on items discussed in Executive Session.
10. Other Items

11. Adjourn Meeting

OAK LODGE
WATER SERVICES

AGENDA ITEM

Title Call to Order

Item No. 1.

Date September 8, 2026

Summary

The Chair will call the meeting to order with a quorum of the board at the noticed time.

The Chair may request participation in a nonpartisan acknowledgment of their choosing.

The General Manager will review the meeting protocols before business is discussed.

OAK LODGE
WATER SERVICES

AGENDA ITEM

Title Call for Public Comment

Item No. 2.

Date September 8, 2026

Summary

The Board of Directors welcomes comment from members of the public.

There are two basic public comment options: written and verbal.

Written Public Comment may be submitted in person, online, and by email or postal mail. Written comments may not be read out loud or addressed during the meeting, however, all public comments will be entered into the record.

Verbal Public Comment may be given during public meeting's comment period. Commenters must register to speak with the District Recorder before the start of the meeting. The Board of Directors may elect to limit the total time available for public comment or for any single speaker depending on meeting length.

OAK LODGE
WATER SERVICES

AGENDA ITEM

Title Consent Agenda

Item No. 3.

Date September 8, 2026

Summary

The Board of Directors has a standing item on the regular monthly meeting agenda called "Consent Agenda." This subset of the regular agenda provides for the board to relegate routine business functions not requiring discussion to a consent agenda where all included items can be acted upon by a single act.

The Consent Agenda includes:

a. **July 2026 Financial Report**
b. **Approval of August 11, 2026 Board Meeting Minutes**

Options for Consideration

1. Approve the Consent Agenda as listed on the meeting agenda.
2. Request one or more items listed on the Consent Agenda be pulled from the Consent Agenda for discussion.

Recommendation

Staff requests that the Board approve the items listed under the Consent Agenda.

Suggested Board Motion

"I move to approve the Consent Agenda."

Approved By ____________________________ **Date** ________________

OAK LODGE WATER SERVICES

AGENDA ITEM

To	Board of Directors
From	Angie Wilson, Finance Director
Title	July 2026 Financial Report
Item No	3.a.
Date	September 8, 2026

Summary

This report summarizes the revenues and expenditures for July 2026. Also incorporated in this report are account balances, including all cash and investment activity as well as checks and withdrawals

Cash and Investments

Account Balances As of:		
July 31, 2026	**Interest Rate**	**Balance**
Account		
Wells Fargo Bank Checking-9966		$267,046.24
First Interstate Bank Checking-8944		$2,111,718.57
LGIP	4.00%	$14,055,719.76
Total		$16,434,484.57

The OLWS' checks, electronic withdrawals, and bank drafts total $530,877.95 for July 2026.

Services Revenue

Below is a table identifying OLWS' three principal sources of service charges in each fund with a comparison between annual budget estimates and year-to-date service charges.

GL Account	Service Charge	Budget Estimate	Period Amount	Year-to-Date Amount	Percentage of Budget
10-00-4211	Water sales	$6,950,720	$662,156	$662,156	9.53%
20-00-4212	Wastewater charges	14,455,000	1,219,810	1,219,810	8.44%
30-00-4213	Watershed protection	2,066,000	172,312	172,312	8.34%
	Subtotal	$23,471,720	$2,054,278	$2,054,278	8.75%

Revenues are on target for the budget as of Period 01 for all service charges, water sales, wastewater revenues, and watershed protection services.

Expenses by Budget Category

The table below provides YTD expenditures excluding Debt Service and Transfers. It is 2.4% of the actual YTD budgeted expenditure.

Expense Category	FY 2026-27 Adopted Budget	Expense YTD July 31, 2026	YTD %
Personnel Services	$6,815,450	$512,283	7.5%
Materials & Services	6,300,740	150,497	2.4%
Capital Outlay	19,995,000	132,836	0.7%
	$33,111,190	$795,616	2.4%

Attachments

None

OAK LODGE
WATER SERVICES

AGENDA ITEM

To	Board of Directors
From	
Title	Approval of August 11, 2026 Board Meeting Minutes
Item No	3.b.
Date	September 8, 2026

Summary

The Board of Directors reviews and approves the minutes of the body's prior public meetings.

Attachments

1. 2026-08-11 Meeting Minutes

OAK LODGE WATER SERVICES
BOARD OF DIRECTORS
PUBLIC MEETING MINUTES
AUGUST 11, 2026 AT 4:00 PM

1. Call to Order

Chair Williams called the meeting to order at 4:00 PM.

2. Call for Public Comment

Jennifer Smith provided public comment regarding concerns related to her property and fire risk.

The board provided comments and noted ongoing discussion with General Manager Albert.

3. Consent Agenda

    a. June 2026 Financial Report

    b. Approval of July 14, 2026 Board Meeting Minutes

Director Van Loo moved to approve the Consent Agenda. Director Bullock seconded. District Recorder Michele Diaz conducted a roll call vote. Voting Aye: Directors Kevin Williams, Paul Gornick, Ginny Van Loo, Heidi Bullock. Voting Nay: None. Abstentions: None.

MOTION PASSED

4. Items for Presentation

    a. Presentation of the Communication Plan Annual Update

Communications Specialist Wecker presented on the FY27 Communications Priorities. She described the background of the presentation as a high-level strategy and plan designed to support OLWS goals.

The board provided comments and asked clarifying questions regarding:

- Website accessibility
- Visual representations of survey responses
- Communicating responsible stewardship of OLWS funds
- Plant tours, YouTube, and welcome packets as avenues for outreach

Sherry French provided comment that CRW will be initiating plant tours in the future.

5. Items for Consideration

There were none.

6. Business from the Board

Chair Williams and Director Van Loo provided verbal reports. Chair Williams noted current changes impacting insurance for Community Planning Organization (CPO) events.

7. Department Reports

   a. Administration

   b. Finance

   c. Public Works

   d. Plant Operations

The Management Team provided highlights from their written reports, including:

- OLWS FY25 audit
- Mitigation against cyberattacks
- Summer water conservation messaging and voluntary curtailment
- Smoke testing, meter/generator replacement and unit repairs

The board provided comments and asked clarifying questions regarding:

- Impacts of local wildfires
- *Fish on the Run, Irrigation Done!* campaign at CRWP
- NCCWC audits, FAURR program growth, and collections

8. Other Items

There were none.

9. Recess to Executive Session

Chair Williams recessed to executive session at 5:09 PM under ORS 192.660(2)(f) to consider information or records that are exempt by law from public inspection.

10. Adjourn Executive Session

Chair Williams adjourned the executive session at 5:32 PM

No decisions were made as a result of the executive session.

11. Adjourn Meeting

Chair Williams adjourned the meeting at 5:33 PM

OAK LODGE
WATER SERVICES

AGENDA ITEM

Title Items for Presentation

Item No. 4.

Date September 8, 2026

Summary

The Board of Directors receives presentations from staff and partners. These presentations do not include deliberations and/or official actions.

STAFF REPORT

To	Board of Directors
From	
Title	Presentation of FY 2024 Authority Financial Audit
Item No	4.a.
Date	September 8, 2026

Summary

ORS 297.425 requires that Oak Lodge Water Services Authority be audited and reviewed at least once each calendar or fiscal year by accountants authorized by the Secretary of State to conduct municipal audits.

Baker Tilly (Moss Adams) was selected as the Authority's financial auditor. Tonight, Baker Tilly representatives will present financial audit results for the Authority 2024 fiscal year. Baker Tilly will also provide a status on prior audit recommendations and any new observations.

Attachments

1. OLWSA 2024 TCWG Letter Final
2. OLWSA Audited FS 2024-06-30 (Final)
3. OakLodge_2024_Audit_Presentation

Communications with Those
Charged with Governance and Internal Control Related Matters

Oak Lodge Water Services Authority

June 30, 2024

Communications with Those Charged with Governance

To the Board of Directors
Oak Lodge Water Services Authority

We have audited the financial statements of Oak Lodge Water Services Authority (the Authority) as of and for the year ended June 30, 2024, and have issued our report thereon dated August 10, 2026. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated March 11, 2026, we are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). As part of an audit conducted in accordance with U.S. GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Oak Lodge Water Services Authority's internal control over financial reporting. Accordingly, we considered Oak Lodge Water Services Authority's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

The supplementary information was subject to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in the engagement letter.

Significant Audit Findings and Issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Oak Lodge Water Services Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and there were no changes in the application of existing policies during 2024. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was (were):

Pension Liability and Related Pension Expense – This represents the amount of annual expense recognized for pensions and the related pension liability. The amount is actuarially determined, with management input. We have evaluated the key factors and assumptions used to develop the annual expense in determining that it is reasonable in relation to the combined and individual financial statements taken as a whole.

Unbilled Revenue – Unbilled revenue is a measure of revenue earned through the end of the reporting period that has yet to be billed. This generally represents accounts with billing cycles that start in the reporting year and end in the subsequent year. We have evaluated the key factors and assumptions used to develop unbilled revenue in determining that it is reasonable in relation to the financial statements taken as a whole. The Authority records unbilled revenue as part of accounts receivable on the statements of net position.

Allowance for Doubtful Accounts – This represents an estimate of the amount of accounts receivable that will not be collected. We have evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Recovery Periods for the Cost of Capital Assets – This represents the depreciation of capital assets. Management’s estimate of the recovery periods for the cost of capital assets is based on regulatory-prescribed depreciation recovery periods. We have evaluated the key factors and assumptions used to develop the recovery periods in determining that they are reasonable in relation to the financial statements taken as a whole.

Other Post-Employment Benefit Obligations – This represents the amount of annual expenses recognized for post-employment benefits. The amount is actuarially determined with management input. We have evaluated the key factors and assumptions used to develop the annual expenses in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

The disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was (were):

- Note 10 – Defined Benefit Pension Plan
- Note 14 – Commitments

Significant Unusual Transactions

We encountered no significant unusual transactions during our audit of the Authority's financial statements.

Significant Difficulties Encountered in Performing the Audit

Professional standards require us to inform you of any significant difficulties encountered in performing the audit. No significant difficulties were encountered during our audit of the Authority's financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Circumstances that Affect the Form and Content of the Auditor's Report

There may be circumstances in which we would consider it necessary to include additional information in the auditor's report in accordance with U.S. GAAS. There were no circumstances that affected the form and content of the auditor's report.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

Corrected Misstatements: The following summarizes material misstatements detected as a result of our audit procedures and corrected by management.

- To correct errors related to deferred outflows of resources for the OPEB plans at June 30, 2024 - $764,000

Uncorrected Misstatements: The following summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements as a whole. Uncorrected misstatements, or matters underlying those uncorrected misstatements, as of and for the year ended June 30, 2024 could potentially cause future-period financial statements to be materially misstated, even though we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

- To correct lease receivable and deferred inflows for leases at June 30, 2024 - $67,000

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 10, 2026.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We are required to communicate to you other findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process. There were no such items identified.

Baker Tilly US, LLP

Portland, Oregon
August 10, 2026

Communications of Internal Control Related Matters

In planning and performing our audit of the financial statements of the Authority as of and for the period ended June, 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority'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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the following deficiencies in the Authority's internal control to be material weaknesses:

Financial Close and Reporting and Timeliness of Filing with the Secretary of State

During the audit, we noted that the Authority was significantly delayed in its closing process and for preparing its year-end financial statements, including ineffective controls to ensure timely review of account reconciliations and significant financial statement accounts, and inadequate controls to ensure that journal entries are accurately calculated and recorded. In addition, the Authority failed to timely file its audited financial report with the Secretary of State and therefore was out of compliance with the requirement to file within six months of the Authority's fiscal year end. To improve the financial statement closing process and timeliness of filing, we recommend that the Authority establish more efficient and effective internal controls to provide timely and accurate completion of financial reporting as well as timely review and approval of all account balances.

Accounting for Other Post Employment Benefits (OPEB)

As part of our review of the accounting for the Authority's OPEB plans, we identified errors in recording the deferred outflows of resources related to the OPEB plans that resulted in a material audit adjustment as of June 30, 2024. We recommend additional controls be established to require a secondary reviewer to evaluate the annual OPEB journal entries and ensure the ending balances align with the actuarial reports provided by Milliman. Such review should be formally documented so that both the preparer and reviewer sign and date the journal entry to signify review and approval.

A significant deficiency is a deficiency, or 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. We consider the following deficiencies in the Authority's internal control to be significant deficiencies:

Capital Assets

Capital Asset Reconciliation to the General Ledger – We noted that the Authority does not currently have a control in place to reconcile certain key, full-accrual accounts on a monthly basis, specifically capital assets. To improve the accuracy of the monthly financial reports and to reduce the burden of the year-end closing process, we recommend that the activity per the asset tracking system be routinely reconciled to the capital outlay accounts on a monthly basis. This reconciliation should be formally documented and reviewed by someone other than the person performing the reconciliation as part of the Authority's monthly close process.

Work Orders – We noted that the Authority does not utilize work orders. Capital projects are approved in the annual capital budget that is approved by the Board of Directors and invoices are coded to the applicable projects by field supervisors. We recommend that the Authority implement a formalized work order system to ensure that projects initiated outside of the capital budget are approved and costs are appropriately assigned to the correct work order.

Control deficiencies and other matters identified during our June 30, 2024, audit are included in Appendix A below. We consider the following deficiencies in internal controls to be classified as other matters that do not rise to the level of material weaknesses.

This information is intended solely for the use of the Board of Directors and management of Oak Lodge Water Services Authority, and is not intended to be, and should not be, used by anyone other than these specified parties.

Baker Tilly US, LLP

Portland, Oregon
August 10, 2026

Appendix A
June 30, 2024, Recommendations

In addition to the required communications, we have identified the following matters for your consideration. Our recommendations are based on observations and testing during the course of our audit. These recommendations should be evaluated by management and the Board of Directors for implementation and the Authority should conduct a cost benefit analysis including consideration of the risks for the recommended action.

Other Matters

IT User Access – We noted that the Authority does not regularly perform and document its review of user access to the various systems supporting the financial reporting function. We recommend that the Authority perform routine reviews of user access, at least annually, to determine whether access to the systems are appropriately updated, terminated users have been removed timely, and any segregation of duties conflicts are identified.

IT Change Management – During our testing of IT controls, we observed that the Technical Services Coordinator has the authority to authorize vendor patches, upgrades, and releases, but there is no documentation of this authorization retained by the Authority. We recommend that all authorizations be documented and retained. Additionally, we observed that the Technical Services Coordinator can make updates directly in the live environment for Lucity due to the absence of a test environment. To mitigate risks, we recommend that changes to the live environment are authorized by someone other than the individual making the changes. We also recommend reviewing the automatic updates over Springbrook and Accela as these are web-based systems with automatic upgrades.

Review of Reconciliations and Debt Coverage – During our testing, we noted no evidence to support that reconciliations or debt coverage calculations are reviewed and approved timely by someone other than the person preparing the reconciliations. This includes bank reconciliations, accounts payable reconciliations, as well as other monthly reconciliations. We recommend that each reconciliation be reviewed monthly and that the review be documented.

Revenue Exception Reporting – During our testing over revenue controls, we noted a lack of documentation of review over billings and usage exception reports, which could result in inaccurate billings going undetected and revenue being recorded inaccurately. We note that in prior years, evidence of review of these reports was documented. We recommend that the documentation of review be implemented going forward to ensure that revenue is recorded completely and accurately.

Review of Reconciliations and Outstanding Checks – During our testing of cash reconciliations, we noted that uncleared checks have remained outstanding for more than two years. Long-outstanding checks may indicate that liabilities are no longer valid or that cash balances are overstated. We recommend that the Authority establish a policy for reviewing outstanding checks and removing or reissuing those that exceed a specified age, as appropriate.

Accrual of Expenses – During our testing of subsequent disbursements, we noted that an expense was not accrued in the proper reporting period. Failure to record expenses in the correct period may result in liabilities and expenditures being misstated. We recommend that the Authority implement procedures to ensure expenses are accrued in the period in which they are incurred in accordance with the applicable financial reporting framework.

OAK LODGE WATER SERVICES AUTHORITY
CLACKAMAS COUNTY, OREGON

FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2024

OAK LODGE WATER SERVICES AUTHORITY
Clackamas County, Oregon

Financial Report

For the Year Ended June 30, 2024

OAK LODGE WATER SERVICES AUTHORITY
Clackamas County, Oregon

June 30, 2024

Board of Directors	**Term Expiration**
Susan Keil	June 30, 2027
Kevin Williams	June 30, 2029
Ginny Van Loo	June 30, 2029
Paul Gornick	June 30, 2029
Heidi Bullock	June 30, 2027

All board members receive mail at the address below.

Registered Agent

Brad Albert
14496 SE River Road
Oak Grove, OR 97267

OAK LODGE WATER SERVICES AUTHORITY
Clackamas County, Oregon

TABLE OF CONTENTS

FINANCIAL SECTION:

OTHER INFORMATION:

OAK LODGE WATER SERVICES AUTHORITY
Clackamas County, Oregon

TABLE OF CONTENTS (CONTINUED)

OTHER INFORMATION (CONTINUED):

FINANCIAL SECTION

Report of Independent Auditors

The Board of Directors
Oak Lodge Water Services Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Oak Lodge Water Services Authority (the Authority), which comprise the statement of net position as of June 30, 2024, and the related statement of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as of June 30, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Authority 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinion. 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 GAAS 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 GAAS, 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 Authority'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 Authority'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Proportionate Share of the Net Pension Liability as of June 30, 2024, the Schedule of Contributions as of June 30, 2024, and the Schedule of Changes in Net OPEB Liability and Related Ratios (collectively, "required supplementary information") be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures in 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 financial statements, and other knowledge we obtained during our audit of the 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The combining schedules and budgetary schedules (collectively, supplementary information) are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the program compliance information but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Minimum Standards for Audits of Oregon Municipal Corporations*

In accordance with the *Minimum Standards for Auditors of Oregon Municipal Corporations*, we have also issued our report dated August 10, 2026, on our consideration of the Authority's compliance with certain provisions of laws and regulations, including the provisions of the Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Keith Simovic, Principal
For Baker Tilly US, LLP
Portland, Oregon
August 10, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

OAK LODGE WATER SERVICES AUTHORITY
Clackamas County, Oregon

MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the Oak Lodge Water Services Authority ("Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in the notes to the financial statements.

Financial Highlights

- As of June 30, 2024, the Authority's assets and deferred outflows exceeded its liabilities and deferred inflows by $79.4 million (net position).
- During the year ended June 30, 2024, net position increased $7.0 million due to current operations as operating revenues of $19.1 million exceeded operating expenses of $12.6 million.
- Because the year ended June 30, 2024 represents the Authority's first full year of operations, prior-year financial information is not an accurate representation for comparison. Future analysis will include multi-year trend comparisons.

Overview of the Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of the following: 1) Statement of Net Position, 2) Statement of Revenues, Expenses and Changes in Net Position, 3) Statement of Cash Flows, and 4) Notes to the Basic Financial Statements.

The Authority's basic financial statements are intended to provide a broad overview of the Authority's finances. The Statement of Net Position present information on assets, deferred outflows, liabilities, deferred inflows, and net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Position present information on the Authority's operating and non-operating activities and a resulting change in net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (i.e., uncollected fees, unused vacation leave, future pension expense, etc.). The Statement of Cash Flows present information showing how the Authority's cash changes as a result of current year operations. The Notes to the Basic Financial Statements provide additional information that is essential to a complete understanding of the data provided in the financial statements.

The activities of the Authority comprise business-type activities. The Authority provides water-related services and recovers its costs through service charges and sundry fees. Services include the distribution of drinking water, the collection and treatment of wastewater, and management of watershed protection. Accordingly, the Authority is an enterprise entity, and its finances are accounted for using proprietary fund accounting. Proprietary fund accounting is otherwise known as accrual accounting and provides that revenue is recorded when it is earned, and expenses are recorded when they are incurred.

Financial Analysis

Statement of Revenues, Expenses, and Change in Net Position

The actual change in net position is the direct result of the differences between revenues and expenses. For the year ended June 30, 2024, the change in net position was $7.0 million. The period ended June 30, 2023 included the transfer of $69,646 million, substantially all assets, liabilities and net position of the Oak Lodge Water Services District ("District") to the Authority.

The following schedule presents a summary of revenues, expenses, and changes in net position, with figures in thousands, for the year ended:

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(in thousands)

	Period Ended June 30, 2023	Year Ended June 30, 2024
Operating Revenues	$ 11,868	$ 19,099
Operating Expenses	9,694	13,349
Operating Income	2,174	5,750
Non-Operating Revenue (Expense)	267	516
Transfer from District	69,646	-
Capital Contributions	318	776
Change in Net Position	72,405	7,042
Beginning Net Position	-	72,405
Ending Net Position	$ 72,405	$ 79,447

Revenues

The Authority's primary source of operating revenue is service charges derived from water related services, including the distribution of drinking water, collection and treatment of wastewater, and provision of watershed protection services. Water demand, water utility service rates, and wastewater utility service rates are the primary drivers behind changes in drinking water and wastewater service charge revenue. Impervious surface area and watershed protection utility service rates are the primary driver behind changes in watershed protection service charge revenue. Some operating revenue is attributed to development activities related to the permitting of new utility connections and impervious surfaces. Historic utility rates are below:

Utility Service	Category	Tier	Volume	2022 Monthly Rate	2023 Monthly Rate	2024 Monthly Rate
Water	Base	20GPM		$ 17.87	$ 18.68	$ 23.48
Water	Base	30GPM		-	28.02	35.22
Water	Consumption	Tier 1	0-10 CCF	1.18	1.24	1.56
Water	Consumption	Tier 2	11-50 CCF	1.59	1.66	2.09
Water	Consumption	Tier 3	+51 CCF	1.87	1.96	2.46
Water	Consumption	Commercial	1+ CCF	1.66	1.73	2.17
Wastewater	Base			40.09	43.54	56.38
Wastewater	Consumption			2.28	2.47	3.20
Watershed Protection	Base			9.51	9.65	10.62
Stormwater Facility Maintenance	Base			4.75	4.82	5.31

In fiscal year 2020 the District hired Cavanaugh and Associates to perform a Non-Revenue Water Analysis (NRW) based on standards of the International Water Association (IWA) / American Water Works Association (AWWA) Water Audit Method, M36 Manual for Water Audits & Loss Control Programs, and the Water Research Foundation (WRF) Level 1 Water Audit Validation Guidance Manual. The analysis provides the tools to implement best practices which entail leakage control and revenue recovery programs that will keep losses contained to appropriate, economically justified levels. The economic analysis from Cavanaugh and Associates established a Target NRW Recovery ("Gap") of 109 million gallons of water a year or $124 thousand a year. The water audit runs on a calendar year basis. Through December 31, 2023, water loss has been reduced by 53 million gallons or 35%. This reduction in water loss is attributed to the investment of the fire hydrant replacement schedule that the Authority continues to improve throughout the entire service area. As of June 30, 2024, approximately 51% of the hydrants had been inspected in the 4 years since the project, with 11% repaired or replaced. The Authority has not yet hit the target for non-revenue water loss and this "gap" warrants continued investment. The next several years will continue to require implementation of loss reduction methods.

Expenses

The Authority's activities comprise four primary functions, including general administration, drinking water operation, wastewater collection and treatment operation, and watershed protection. For the year ended June 30, 2024 the Authority's total operating expenses, in thousands, were $12,584.

SUMMARY OF OPERATING EXPENSE BY TYPE
(in thousands)

	Period Ended June 30, 2023	Year Ended June 30, 2024
Operating Expenses:		
Personnel Services	$ 3,501	$ 5,596
Materials and Services	4,184	5,033
Depreciation	2,009	2,720
Subtotal Operating Expenses	$ 9,694	$ 13,349

The largest portion of operating expenses are comprised of materials and services expense at 43.2% and at 37.7% of total operating expenses in the period ended June 30, 2023 and fiscal year ended June 30, 2024 respectively. Materials and services fluctuate from year to year depending on capital outlay versus maintenance and non-capital repairs.

The second largest portion of operating expenses reflects personnel expenses. Personnel services expenses comprised 36.1% and 37.7% of total operating expenses in the period ended June 30, 2023, and fiscal year ended June 30, 2024, respectively. An ongoing, unfunded pension liability and other post-employment benefits continue to pressure cost inflation in personnel services. Refer to Note 10 for additional details about the Authority's defined benefit pension plan.

Recent initiatives have required the Authority to review its operations, water distribution network, water meters, and billing processes to assess whether it is maintaining its system adequately and accounting for all the water it purchases and sells. Ongoing capital asset management and maintenance requirements will continue to be a priority of the Authority in light of its aging system. Financial consulting services were needed to help the Authority manage the water audit and implement best practices by which to manage the Authority's finances.

Water purchase expense by the Authority is initially calculated on budgeted costs based on estimated water demand of all members of the North Clackamas County Water Commission (NCCWC). Following the close of each year, a true-up is established by reconciling actual costs and actual water demand. In the event amounts are refunded to the members, water purchase expense of the members is reduced. The Authority purchased 3.89% less water between the 9 month period ended June 30, 2023 and the 12 month period ended June 30, 2024, while its rate to purchase water increased by 3.51% from $0.7929 per CCF to $0.8207 per CCF during 2024. Refer to Note 7 for additional details about the Authority's participation in the NCCWC and its water purchases in year ended June 30, 2024.

The remaining portion of operating expense reflects depreciation attributed to ongoing aging of capital assets. Depreciation expense comprised 20.5% and 21.5% of total operating expenses in the period ended June 30, 2023 and year ended June 30, 2024 respectively. The increase each year can be attributed to new replacement assets being placed in service as aging assets are disposed. Capital asset renewal and replacement costs will drive future changes in the level of depreciation expense.

Statement of Net Position

Net position serves as one useful indicator of a government's financial position. At the close of the fiscal year ended June 30, 2024, the Authority's assets and deferred outflows exceeded its liabilities and deferred inflows by $79.4 million (net position), an increase of 9.73% from June 30, 2023 of $72.4 million. During the period ended June 30, 2023, the Authority received $69.6 million of assets and liabilities from the District. The largest portion of net position (65.7% and 67.1%) reflected the Authority's investment in capital assets, net of related debt as of June 30, 2023 and June 30, 2024 respectively. The Authority uses its capital assets to provide water-related services to the general public within its service boundaries. Consequently, capital assets are not available for future spending. A small portion of net position (0.7%) reflects cash resources that were restricted through legal loan reserve requirements. The remaining portion of net position (33.4% for June 30, 2023 and 32.2% for June 30, 2024) was unrestricted and may be used to meet the Authority's ongoing obligations to citizens and creditors.

The following schedule presents a summary of assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position:

STATEMENTS OF NET POSITION
(in thousands)

	June 30, 2023	June 30, 2024
ASSETS AND DEFERRED OUTFLOWS		
Current Assets	$ 15,078	$ 16,080
Non-Current Assets		
Current Portion of Lease Receivable	2,422	2,478
Net OPEB Asset	54	57
Investment in NCCWC	13,316	13,585
Capital Assets (Net)	73,486	75,952
Total Non-Current Assets	89,278	92,072
Total Assets	104,356	108,152
Deferred Outflows	3,007	2,683
Total Assets and Deferred Outflows	$ 107,363	$ 110,835
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current Liabilities:	$ 4,993	$ 4,725
Long-Term Liabilities:		
Proportionate Share of Net Pension Liability	3,533	3,875
OPEB Liability - GASB 75 Implicit Rate Subsidy	173	109
Capital Lease, Less Current Portion	129	83
Bonds Payable, Less Current Portion	22,533	19,428
Total Long-Term Liabilities	26,368	23,495
Total Liabilities	31,361	28,220
Deferred Inflows	3,597	3,168
Total Liabilities and Deferred Inflows	34,958	31,388
Net Position:		
Net Investment in Capital Assets	47,742	53,289
Restricted	590	590
Unrestricted	24,073	25,568
Total Net Position	72,405	79,447
Total Liabilities, Deferred Inflows, and Net Position	$ 107,363	$ 110,835

Capital Asset and Long-Term Debt Activity

The District's capital asset activities include investments in land, buildings, machinery, wastewater reclamation facilities, sewer collection systems, water distribution systems, and various equipment. Capital assets acquired typically have lengthy life expectancies and generally recur in time periods spanning many years apart rather than on a year-to-year basis. For the period ended June 30, 2023 the Authority's capital acquisitions amounted to $4.3 million in addition to the capital assets that were transferred from the District on September 16, 2022. For the year ended June 30, 2024, the Authority added $5.2 million in capital assets.

Capital acquisitions in year ended June 30, 2024 included the following (not all inclusive):

- Progress on repair and replace hydrant project $185,220
- Progress on renewal of water distribution system $1,026,595
- Progress on reservoir safety and repair $137,068
- Improvements to the sanitary sewer collection system $1,635,104
- Tertiary filtration $620,206

For the year ended June 30, 2024, capital investment of $5.2 million was offset by depreciation expense and disposals of replaced assets totaling $(2.7) million; therefore, total capital assets increased $2.5 million or 3.36%.

For the period ended June 30, 2023, capital investment of $4.3 million was offset by depreciation expense and disposals of replaced assets totaling $(2.0) million; therefore, subsequent to the $71.1 million of capital assets transferred from the District, total capital assets increased $2.3 million or 3.25%. See Note 6 to the financial statements for additional information on capital assets.

For the period ended June 30, 2023 and year ended June 30, 2024, the Authority's long-term debt has decreased by 8.72% and 12% respectively. The decrease is the direct result of payments towards principal on outstanding debt. Principal payments during the period end June 30, 2023 and year ended June 30, 2024, totaled $2.7 million and $3.1 million.

As of June 30, 2023 and June 30, 2024, the Authority's total outstanding bonds payable was $25.6 million and $22.7 million, respectively, consisting of revenue bonds. Additional information regarding the Authority's debt can be found in Note 9 of the Notes to Basic Financial Statements.

Fund Analysis

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting is consistent with the accrual basis of accounting, except that capital outlay and debt financing are budgeted, while depreciation expense and amortization, and pension and OPEB related expenses are not. The focus of fund accounting is to provide information on near-term inflows, outflows, and balances of available resources.

The Authority has eight funds. They comprise four operating funds, one debt service fund, and three capital improvement funds. The operating funds distinguish revenue streams and related program requirements and include the Administrative Services Fund, the Drinking Water Fund, the Wastewater Fund, and the Watershed Protection Fund. All revenue related to respective functions are incorporated into its fund, including system development charges. Revenue for the Administrative Services Fund is primarily reimbursements for the support and services it provides to each of the other operating funds. Revenues for the other operating funds are primarily derived from utility service charges to customers. The debt service fund accounts for reserves and expenditures for debt service; specifically revenue bond debt. Revenue for the debt service fund is primarily comprised of interfund transfers from the operating funds in which service charges are collected to pay debt service. The three capital improvement funds account for reserves and expenditures for capital activity related to each of the three respective functions. Revenue for the three capital funds comes from transfers from the operating funds. The Authority's spending was within authorized appropriations across all funds.

Fund balance may serve as a useful measure of resources available for spending at the end of each fiscal year. At June 30, 2024 combined ending fund balance had increased $1,293 thousand or 9.47% over the June 30, 2023 fund balance. The change in June 30, 2024 fund balance is the result of revenues exceeding expenditures and lower than estimated capital spending. Fund balance may be used to offset future budget shortfalls in order to maintain service levels without increasing rates.

The following schedule presents a summary of each fund's ending balance:

	Ending Fund Balance Fiscal Year Ended June 30, (in thousands)	
	2023	2024
FUND		
Administrative Services Fund	$ 1,497	$ 1,402
Drinking Water Fund	1,067	1,376
Wastewater Fund	633	806
Wastewater Debt Service Fund - General Obligation Bond	486	623
Watershed Protection Fund	605	671
Drinking Water Capital Improvement Fund	3,843	4,206
Wastewater Capital Improvement Fund	3,224	3,448
Watershed Protection Capital Improvement Fund	2,308	2,425
Subtotal	$ 13,663	$ 14,956

Refer to Note 15 for a discussion on net position and how ending fund balance reconciles to net position.

Economic Factors and Next Year's Budget and Rates

The Oak Lodge Water Services Authority is a consolidated authority derived from the former Oak Lodge Water District on September 16, 2022. The Authority continues with the District's efforts to update its public drinking water masterplan, including a rate study for both water distribution and system development fees. This will create the methodology for setting future rates for water functions.

New environmental regulations have been announced and more are on the horizon related to drinking water standards, wastewater requirements, and watershed protection. These new regulations include the establishment of pollutant load allocations, potential inclusion of restrictions on heretofore unregulated constituents, and the potential requirement for additional nutrient removal. The Authority's Watershed Protection Program is regulated by a Municipal Separate Storm Sewer System (MS4) Permit in which the Authority is a Co-Permittee with other agencies. The Authority's Water Reclamation Facility (WRF), sanitary sewers, and pumping stations are regulated by a National Pollutant Discharge Elimination System (NPDES) Permit. The NPDES is currently expired and the District operates under an extension of that permit while the new permit is being developed. A draft permit has additional requirements for performance, analyses, and monitoring. These new requirements add engineering, monitoring, and operational costs that were not in the expired permit. Although these new requirements are significant, the District does not consider them to be problematic for meeting all new NPDES Permit requirements.

The Authority's commitment and obligation to reinvest in facilities that protect public drinking water and ensure watershed protection is a cornerstone of economic factors impacting the Authority's business decisions, financial results, and corresponding financial position. A significant amount of capital investment was completed in the last seven years with the completion of upgrades to the District's water reclamation facility improvement project, seismic upgrades to the water storage tanks and many other smaller projects; however, the Authority's capital improvement plans identify further capital investment requirements in the future.

Current capital planning estimates indicate an additional $83 million in capital investment across all programs will be required over the next decade. Total cash resources available for capital spending amounts to $10.3 million as of June 30, 2024. To fund the necessary level of investment, the Authority will explore resources from future service charges, development fees, regional grants, and debt financing.

Economic Factors and Next Year's Budget and Rates (Continued)

Below is a summary schedule reflecting a comparison between capital improvement fund reserves for future expenditures and capital improvement plan program requirements:

Capital Improvement Fund Cash Reserve Comparison to Capital Plan (In thousands)

	Capital Cash Reserve June 30, 2024	Six-Year Requirement	$ Difference	% Difference
Capital Improvement Funds				
Drinking Water	4,298	24,563	(20,265)	-82.5%
Wastewater	3,614	67,885	(64,271)	-94.7%
Watershed Protection	2,425	1,800	625	34.7%
Subtotal	10,337	94,248	(83,911)	-89.0%

The cost to deliver water-related services will continue to increase as the cost of labor, materials, energy, and capital investment escalate to satisfy program requirements. With that in mind, the Authority has been steadily increasing its base and consumption volume rates each year to fund program requirements and avoid rate volatility. Effective July 1, 2024, the Authority watershed protection base rate increased 10.0%, while the wastewater base rate was increased 29.49% and the wastewater consumption volume rate increased 29.5%. The Authority water base rates increased 25.7% while the water consumption volume tier 1, tier 2, and tier 3 rates increased 25.8%, 25.9%, and 29.5%, respectively. Together, the total monthly service charge billing for the average single-family household using 600 cubic feet of water (CCF) increased $6.72 or 25.73% per month during the year.

Requests for Information

This financial report is designed to provide a general overview of the Oak Lodge Water Service Authority's finances for parties interested in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the General Manager at 14496 SE River Road, Oak Grove, Oregon, 97267.

BASIC FINANCIAL STATEMENTS

OAK LODGE WATER SERVICES AUTHORITY
CLACKAMAS COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2024

ASSETS:		
Current:		
Cash and Cash Equivalents	$	11,962,105
Restricted Cash		590,483
Accounts Receivable, net		2,749,551
Notes Receivable		50,411
Current Portion of Lease Receivable		126,606
Prepaid Expenses		292,484
Inventory		309,087
Total Current Assets		16,080,727
Non-Current:		
Lease Receivable, Less Current Portion		2,477,582
Net OPEB Asset		56,694
Investment In NCCWC		13,585,351
Capital Assets, net		75,951,724
Total Non-Current Assets		92,071,351
Total Assets		108,152,078
DEFERRED OUTFLOWS OF RESOURCES:		
Pension Related Deferrals		2,599,067
OPEB Related Deferrals		83,892
Total Deferred Outflows of Resources		2,682,959
Total Assets and Deferred Outflows of Resources	$	110,835,037
LIABILITIES:		
Current Liabilities:		
Accounts Payable	$	827,030
Payroll Liabilities		133,878
Unearned Revenue		76,315
Deposits Payable		19,454
Accrued Interest		204,807
Accrued Compensated Absences		313,101
Current Portion of Subscription Payable		45,754
Current Portion of Bonds Payable		3,105,369
Total Current Liabilities		4,725,707
Long-Term Liabilities:		
Net Pension Liability		3,874,785
Total OPEB Liability		109,483
Subscription Payable, Less Current Portion		83,182
Bonds Payable, Less Current Portion		19,427,968
Total Long-Term Liabilities		23,495,418
Total Liabilities		28,221,125
DEFERRED INFLOWS OF RESOURCES:		
Deferred Inflows Related to Leases		2,412,603
Pension Related Deferrals		630,728
OPEB Related Deferrals		124,616
Total Deferred Inflows of Resources		3,167,947
Total Liabilities and Deferred Inflows of Resources		31,389,073
NET POSITION:		
Net Investment in Capital Assets		53,289,451
Restricted		590,483
Unrestricted		25,566,031
Total Net Position		79,445,965
Total Liabilities, Deferred Inflows of Resources, and Net Position	$	110,835,037

The accompanying notes are an integral part of these statements.

OAK LODGE WATER SERVICES AUTHORITY
CLACKAMAS COUNTY, OREGON

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the Year Ended June 30, 2024

OPERATING REVENUES:		
Water Service	$	5,286,083
Wastewater Service		11,690,609
Watershed Protection Service		1,757,012
Other Operating Revenues		364,839
Total Operating Revenues		19,098,542
OPERATING EXPENSES:		
Personnel Services		5,595,881
Materials and Services		5,033,398
Depreciation		2,719,990
Total Operating Expenses		13,349,269
Operating Income		5,749,273
NON-OPERATING REVENUE (EXPENSE):		
Unrealized Gain (Loss) on Investment in NCCWC		269,361
Rents and Leases		220,698
Investment Revenue		594,724
Interest Expense		(568,731)
Total Non-Operating Revenue (Expense)		516,052
CAPITAL CONTRIBUTIONS:		
System Development Charges		775,625
Total Capital Contributions		775,625
Change in Net Position		7,040,950
Beginning Net Position		72,405,015
Ending Net Position	$	79,445,965

The accompanying notes are an integral part of these statements.

OAK LODGE WATER SERVICES AUTHORITY
CLACKAMAS COUNTY, OREGON

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	$	18,617,911
Cash Paid to Suppliers		(5,455,125)
Cash Paid to Employees		(5,484,305)
Net Cash Provided (Used) by Operating Activities		7,678,481
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets		(5,183,911)
System development charges		775,625
Interest Paid on Long-Term Debt		(699,507)
Principal payment on subscriptions		(42,259)
Principal Payments on bonds		(2,930,615)
Net Cash Provided (Used) by Capital and Related Financing Activities		(8,080,668)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Rents and Leases		247,306
Net Cash Provided (Used) by Non-Capital Financing Activities		247,306
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on Investments		594,724
Net Cash Provided (Used) by Investing Activities		594,724
Net Increase (Decrease) in Cash		439,844
Cash and Cash Equivalents - Beginning of Year		12,112,745
Cash and Cash Equivalents - End of Year	$	12,552,589

(1) **Cash and cash equivalents are reflected on the Statement of Net Position as follows:**

Cash and cash equivalents	$	11,962,105
Cash and cash equivalents - restricted		590,483
Subtotal	$	12,552,588

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income	$	5,749,273
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation Expense		2,719,990
Increase (Decrease) in Pension, OPEB, and Deferred Outflow/Inflow		121,858
Decrease (Increase) in Accounts Receivable		(475,631)
Decrease (Increase) in Prepaid Expenses		(93,334)
Increase (Decrease) in Accounts Payable		(328,393)
Increase (Decrease) in Payroll Liabilities		18,518
Increase (Decrease) in Deposits Payable		(5,000)
Increase (Decrease) in Accrued Compensated Absences		(28,800)
Net Cash Provided (Used) By Operating Activities	$	7,678,481

Non-cash transactions:

The change in the Investment in NCCWC for the period ended June 30, 2024	$	269,361

The accompanying notes are an integral part of these statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Oak Lodge Water Services Authority was created by the Clackamas County Board of Commissioners effective July 1, 2022. The Authority was formally effective as of September 16, 2022 and has undertaken the operations of the Oak Lodge Water Services District which was dissolved as of December 31, 2022.

Oak Lodge Water Services Authority ("Authority") is a special service district organized and operating under Oregon Revised Statutes (ORS), Chapter 264, Chapter 450, and numerous other applicable statutes for purposes of providing drinking water, wastewater, and surface water management services. The Authority's geographical boundaries exist in a highly urbanized area of largely unincorporated Clackamas County and comprise less than ten percent of the population of Clackamas County. The Authority also provides some services to individual governmental entities located outside of the Authority's geographical boundaries, including the Clackamas River Water District, City of Gladstone, City of Milwaukie, and Clackamas County. These cross-jurisdictional services are provided through intergovernmental agreements with the entities.

The Authority is governed by a five-member Board of Directors. The daily management of the Authority is under the supervision of the General Manager, who is appointed by the Board of Directors. The District is the level of government financially accountable for all Authority operations; therefore, Authority related activity is included in the Authority's financial statements. There are various governmental agencies and service districts that provide services within the Authority's boundaries; however, the Authority is not financially accountable for these entities, and accordingly, their financial information is not included in the Authority's financial statements.

Measurement Focus, Basis of Accounting, and Basis of Presentation

For financial reporting purposes, the Authority reports its operations on an enterprise fund basis. Enterprise funds (a proprietary fund type) are accounted for on a flow of economic resources measurement focus. This measurement focus provides that all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with operations are included on the Statement of Net Position.

The accrual basis of accounting is utilized by the Authority for financial reporting. Under the accrual basis of accounting, income is recorded when earned and expenses are recorded at the time liabilities are incurred. The Statement of Revenues, Expenses, and Changes in Net Position present increases (income) and decreases (expenses) in Authority net position.

New Accounting Pronouncements

During the year ended June 30, 2024, the Authority implemented the following GASB pronouncements with no impact on beginning net position:

1. GASB Statement No. 100, "Accounting Changes and Error Corrections"—an amendment of GASB Statement No. 62.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating and Non-Operating Revenues and Expenses

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with ongoing operations, primarily the provision of water-related services, including the distribution of drinking water, collection and treatment of wastewater, and management of watershed protection. Operating revenues include service charges and related fees as well as miscellaneous fees interconnected to the Authority's ongoing operations. Operating expenses include all necessary costs related to the performance and administration of the Authority's ongoing activities as well as depreciation expense on the Authority's capital assets.

Non-operating revenues and expenses include rental income, debt premium proceeds or discount costs, interest income or loss, and income or loss derived from the disposal of capital assets. Capital contributions include system development fees associated with new connections to the Authority's water distribution system or wastewater collection and treatment facilities. Capital contributions also include capital grant income and capital grant expenditures that fund capital projects in which the Authority has a programmatic interest but fails to retain actual ownership of infrastructure. Non-exchange transactions, in which the Authority receives value without giving equal value in exchange, comprise developer contributions.

Use of Estimates

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

Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, cash on deposit, cash in restricted accounts, and positions in a cash and investment pool that has the same characteristics as a demand deposit (resources can be deposited or withdrawn without notice or penalty). Cash equivalents include investments in the State of Oregon Local Government Investment Pool (LGIP); the Authority's position in the LGIP approximates the fair value of the pool shares.

Restricted Cash is segregated on the Statement of Net Position and reflects cash deposits whose use is restricted to specific purposes. Restrictions may comprise unspent debt proceeds raised to finance water reclamation facility renovations, money market demand deposits related to construction retainage escrow liabilities, and debt financing reserve requirements stipulated by debt financing agreements.

Receivables

Utility service charges are billed in arrears to residential, commercial, and industrial customers. To effectively balance workload, maintain reasonable overhead, and cost-effectively manage the number of customer accounts billed, the Authority divides its standard size water meter accounts into two billing cycles with each cycle billed bimonthly on an alternating basis, and bills large water meter accounts monthly. All service charges are due 15 days from the last day of the billing period. Service charges not paid by the fifteenth day of the following month are subject to an interest penalty in the amount of one percent (1%) per month on the unpaid balance or twelve percent (12%) per annum. Unbilled receivables comprise accruals for estimates of service fees owed through June 30 which are billed subsequent to the fiscal year end.

The Authority also has authority per Oregon Revised Statutes (ORS) to place a lien on real property for balances due to collect amounts owed through the real property title review process before properties are sold. In cases where the Authority cannot lien property the Authority sends the delinquent account to a collection agency. In cases where the Authority cannot shut-off water service or otherwise curtail water service the Authority may be able to certify delinquent wastewater and watershed protection fees to the Clackamas County Tax Assessor under authority provided by ORS 454.225 which allows such amounts to be collected alongside property tax charges.

Nevertheless, the Authority is still subject to uncollectible receivables due to federal and state bankruptcy rules and regulations shielding debtors from creditors and Clackamas County's payment discounts. Receivables, therefore, are reported net of an allowance for doubtful accounts based on a specified percentage of accounts receivables past 120 days old.

System development fees are generally due upon receipt of the service. However, in the event a customer cannot pay the Authority's system development fee(s), Oregon Revised Statutes provide for time payment. The Authority grants customers who request time payment the options provided by law, including the opportunity to execute a promissory note with the Authority. Promissory notes constitute a lien on property and are recorded as such on the title until paid in full. Other fees, including inspections, licenses, real property title search fees, reimbursements, and miscellaneous items are generally due upon receipt of invoice.

Unearned Revenue

Rent billed and collected prior to the month of service is recognized as unearned revenue.

Inventories

Inventory of materials is valued at the lower of cost or market, with cost determined on a weighted average basis, and is reported as an expenditure as used. Materials procured for capital projects are recorded in Construction in Progress until the project is complete and placed in service.

Capital Assets

Capital assets primarily include land, buildings, water distribution system infrastructure, sanitary sewer collection system infrastructure, watershed protection system infrastructure, machinery and equipment, vehicles, and similar items, including intellectual property, with a cost of $5,000 or more, and an expected useful life greater than one year.

The cost of capital assets acquired and/or constructed includes all expenses incurred in the acquisition or construction of the asset, including capital project master planning, engineering design, and legal services.

Capital assets acquired and/or constructed are capitalized and recorded at cost (or estimated historical cost). Capital assets donated to the Authority are recorded at estimated fair market value as of the date of acquisition.

Staff labor in relation to planning, designing, and constructing capital assets as well as staff labor renewing capital assets to extend useful life are not capitalized. The cost of normal maintenance and repairs that do not add to the value of capital assets or materially extend capital assets estimated useful life are expensed in the fiscal year incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the capital assets.

Capital Assets (continued)

Capital assets estimated useful lives are as follows:

Building and Improvements:	10 to 50 years
Infrastructure:	33 to 50 years
Equipment:	5 to 10 years

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position report a separate section for deferred outflows of resources or deferred inflows of resources. These separate financial statement elements represent a consumption (outflow) or acquisition (inflow) of net position that applies to a future period(s) and so will not be recognized as an outflow (expense/expenditure) or inflow (revenue) of resources until then.

Accrued Compensated Absences Liabilities

Employees earn sick, vacation, and personal holiday leave through their employment with the Authority. Accumulated sick leave is limited to nine-hundred twenty (920) hours. Accumulated vacation leave is limited to a maximum of four-hundred (400) hours. Accumulated personal holiday leave is limited to twenty-four (24) hours. Employees may also earn compensatory leave in lieu of overtime pay for hours worked in excess of eight (8) hours per workday or forty (40) hours per work week but accumulated compensatory leave is limited to a maximum of eighty (80) hours. The Authority does not recognize an expense or accrue a liability for accumulated sick leave or personal holiday leave because employees do not receive compensation for unused sick leave hours if they separate from service with the Authority and personal holiday leave is subject to expiration after the last day of each calendar year. The Authority recognizes an expense and accrues a liability for accumulated vacation leave hours and compensatory leave because employees receive compensation for unspent vacation leave hours and compensatory leave hours if they separate from service with the Authority.

Long-Term Debt

Long-term debt is reported based on the remaining principal amount due. Premiums and discounts are amortized using the effective interest method over the remaining life of the associated debt.

Net Position

Net position is the difference between assets and deferred outflows of resources versus liabilities and deferred inflows of resources. Net position has three components: net investment in capital assets, restricted net position, and unrestricted net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of resources that are subject to constraints by external parties, including lenders, grantors, contributors, laws, regulations, and enabling legislation. Amounts reported correspond to legal loan reserves of the Authority's long-term debt. Unrestricted net position consists of all other resources that are available for meeting financial obligations of the Authority. Net position may be used to offset periods of budget shortfalls in order to maintain service rates.

Net Position Flow Assumptions

The Authority may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which resources are considered to have been applied. It is the Authority's policy to deplete restricted net position first before unrestricted net position is depleted.

Fund Balance Flow Assumptions

The Authority may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which resources are considered to have been applied. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as needed. When components of restricted fund balance can be used for the same purpose, committed fund balance is depleted second, followed by assigned fund balance. Unassigned fund balance is applied last.

Employee Retirement Plan and Other Post-Employment Benefits (OPEB)

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

Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Operating interfund transactions are reported as transfers. Occasionally, one fund will borrow cash from another fund on a short-term basis, which is then reported as "due from" in current assets of the lending fund and "due to" in the current liabilities of the borrowing fund. These short-term loans are made and repaid without interest and are often used to cover short-term cash deficits caused by timing differences in cash flows.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with the accrual basis of accounting, except that capital outlay is expensed when purchased, depreciation and amortization are not recorded, developer contributions are not recorded, debt is recorded as resources when received, pension costs are not recorded until paid, and debt payments are recorded as expenses when paid. A preliminary budget is prepared and presented to a Budget Committee, which is comprised of the Board of Directors and an equal number of non-elected citizens. After public meetings, the Budget Committee forwards its approved budget to the Authority's Board of Directors. The Board conducts a public hearing, adopts the final budget, and makes appropriations prior to the beginning of the fiscal year.

Appropriations are made by fund at the major category level (personnel services, materials and services, operating contingencies, transfers to other funds, capital outlay, and debt service) for each fund. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of the fund's original budget may be adopted by the Board of

Directors at a regular Board meeting. A supplemental budget greater than or equal to 10% of the fund's original budget requires hearings before the public, publication, and approval by the Board of Directors.

Original and supplemental budgets may be modified by the use of appropriation transfers between levels of control. Such transfers require approval by the Board of Directors. Appropriations lapse on June 30 of each fiscal year. Expenditures of the various funds were within authorized appropriations.

3. CASH AND CASH EQUIVALENTS

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. The Authority's investment in the Local Government Investment Pool (LGIP) is also reported as cash and cash equivalents.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at $1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at $1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here: http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx. If the link has expired, please contact the Oregon Short Term Fund directly.

State statutes and the Authority's own investment policy govern the Authority's cash management policies. Statutes authorize the Authority to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool (LGIP).

Cash and cash equivalents at June 30, 2024 (recorded at fair value) consisted of:

	June 30, 2024
Deposits with Financial Institutions:	
Petty Cash	$ 450
Demand Deposits:	
Checking	255,393
Deposits with LGIP	12,296,746
Total cash and cash equivalents	$ 12,552,588

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a financial institution, the Authority will not be able to recover the value of its deposits and collateral securities in the possession of the financial institution. The Authority does not have a deposit policy for custodial credit risk. The Authority's demand deposit accounts, and time and saving deposit accounts with financial institutions are each insured by either the Federal Depository Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) up to a maximum of $250,000. To provide additional security, where balances exceed $250,000, Oregon statutes require depositories qualified to hold public funds to participate in the Oregon Public Funds Collateralization Program in which depositories become part of a multiple financial institution collateral pool and are required to pledge as collateral securities with a value at least equal to their maximum liability towards protecting public funds in the event one or more of the participating depositories fail. Securities are held in the safekeeping of a custodian chosen by the state.

The Oregon Public Funds Collateralization Program determines each depository's maximum liability from the depository's capitalization category set forth by the FDIC. The program is intended to eliminate custodial credit risk and make loss very unlikely but does not actually guarantee absolute total safety. As of June 30, 2024, the Authority held $255,393 (book balance) in deposits with a bank balance of $751,789; of this amount, $250,000 was insured by the FDIC, respectively. The remaining amount is collateralized under the Oregon Public Funds Collateralization Program (PFCP).

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Oregon Revised Statutes restrict the Authority to specific types of investments, including general obligations of the United States Government and its agencies, obligations of the State of Oregon that have a rating of A or better, obligations of the States of California, Idaho, and Washington that have a rating of AA or better, A-1 or better rated commercial paper, banker's acceptances, AA rated corporate bonds,

A rated corporate bonds of certain holding companies in the State of Oregon, time deposits, repurchase agreements, and Oregon's Local Government Investment Pool (LGIP).

The Authority's investment policy is consistent with Oregon's restrictions on investments. At June 30, 2024, the Authority had no investments, other than deposit investments in the LGIP.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The Authority's investment policy limits investment in a single security type or with a single financial institution to no more than eighty percent (80%) of the Authority's total portfolio, with the exception of commercial paper and Oregon's Local Government Investment Pool (LGIP). Investments in commercial paper and corporate notes are limited to no more than thirty-five percent (35%) of the Authority's total portfolio at the time of investment, and investment in commercial paper and corporate notes of a single holding or single issuer is further limited to no more than five percent (5%) of the Authority's total portfolio. Investments in the LGIP may exceed eighty percent (80%) of the Authority's total portfolio as the Oregon Short-Term Fund (the Fund) utilizes a variety of investment vehicles and financial institutions. At June 30, 2023, the Authority's deposit and investment types, as a percentage of the Authority's total deposit and investment portfolio, included public funds deposit accounts (7.6%) and the LGIP (92.4%).

Interest Rate Risk

Interest rate risk is the risk of loss attributable to liquidating investments prior to maturity but subsequent to periods of increasing interest rates. The Authority's investment policy is to match investment activity to cash flow requirements and invest to maturity in an effort to avoid loss through untimely conversion of investments to cash. The Authority's investment policy further limits investments to financial securities with maturity terms of eighteen (18) months or less to minimize exposure to fair value losses arising from increasing interest rates.

4. ACCOUNTS RECEIVABLE

Accounts receivable detail for each operating fund at June 30, 2024 were as follows:

	Administrative Services	Drinking Water	Wastewater Disposal	Watershed Protection	Total
Service charges accounts receivable					
Billed service charges	$ 2,862	$ 649,115	$ 1,477,299	$ 235,014	$ 2,364,290
Unbilled service charges	-	221,423	223,933	23,210	468,566
Subtotal	2,862	870,538	1,701,232	258,224	2,832,856
Allowance for doubtful accounts	-	(63,762)	(107,440)	(18,092)	(189,295)
Subtotal service charges receivable, net	2,862	806,776	1,593,792	240,132	2,643,561
Property taxes accounts receivable	-	138	315	55	508
Other Accounts Receivable	61,406	42,092	1,875	109	105,482
Total Accounts Receivable	$ 64,268	$ 849,006	$ 1,595,982	$ 240,295	$ 2,749,551

5. LEASES RECEIVABLE

Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The discount rate is determined by the Authority's incremental borrowing rate at the time the lease is executed.

As of June 30, 2024, the Authority had 4 active lease receivables expiring between 2029 and 2056. The leases have annual receipts that range from $23,958 to $49,982 and interest rates that range from 0.6170% to 2.1880%. The total combined value of the lease receivable was $2,604,188, the total combined value of the short-term lease receivable was $126,606, and the combined value of the deferred inflow of resources related to long term leases was $2,412,603.

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Due within 1 year
Facility leases	$ 70,818	$ -	$ 27,163	$ 43,655	$ 43,655
Land leases receiveable - long term	2,481,287	158,768	79,522	2,560,533	82,951
	$ 2,552,105	$ 158,768	$ 106,685	$ 2,604,188	$ 126,606
Deferred Inflow of Resources - Leases	$ (2,364,438)	$ 158,768	$ 206,933	$ (2,412,603)	$ 134,372

Payments to maturity are as follows:

Fiscal Year	Principal Payments
2025	$ 126,606
2026	64,379
2027	63,840
2028	70,252
2029	47,217
2030-2034	240,093
2035-2039	338,834
2040-2044	398,604
2045-2049	424,770
2050-2054	560,817
2055-2057	268,776
Total	$ 2,604,188

6. CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2024 are summarized below:

OAK LODGE WATER SERVICES AUTHORITY
CAPITAL ASSET SCHEDULE OF CHANGES
FISCAL PERIOD ENDED JUNE 30, 2024

	Balance June 30, 2023	Additions	Disposals	Transfers	Balance June 30, 2024
Capital Assets Not Being Depreciated:					
Land	$ 1,334,163	$ -	$ -	$ -	$ 1,334,163
Construction in Progress	2,092,596	4,463,302	-	(2,893,730)	3,662,168
Total Capital Assets Not Being Depreciated	3,426,759	4,463,302	-	(2,893,730)	4,996,331
Capital Assets Being Depreciated:					
Buildings and Improvements	46,633,021	620,107		-	47,253,128
Water Systems	18,578,658	-	-	1,946,830	20,525,488
Wastewater Systems	18,919,804	96,561	-	946,900	19,963,265
Equipment	28,321,490	5,492	-	-	28,326,982
Right to use assets	214,091	-	-	-	214,091
Total Capital Assets Being Depreciated	112,667,064	722,160	-	2,893,730	116,282,954
Total Capital Assets	116,093,823	5,185,462	-	-	121,279,285
Less Accumulated Depreciation and Amortization for:					
Buildings and Improvements	14,052,606	1,088,315	-	-	15,140,921
Water Systems	8,451,759	472,735	-	-	8,924,494
Wastewater Systems	8,143,090	459,786	-	-	8,602,876
Equipment	11,935,855	652,416	-	-	12,588,271
Right to use assets	24,261	46,739	-	-	71,000
Total Accumulated Depreciation and Amortization	42,607,571	2,719,990	-	-	45,327,561
Total Capital Assets Being Depreciated, Net	70,059,493	(1,997,830)	-	-	70,955,393
Total Capital Assets, Net	$ 73,486,252	$ 2,465,472	$ -	$ -	$ 75,951,724

7. JOINT VENTURE

In partnership with Sunrise Water Authority and the City of Gladstone, the North Clackamas County Water Commission (the Commission) was organized under Oregon Revised Statues Chapter 190. The Commission was established to provide joint ownership and operations for the supply, pumping, treatment, storage, and transmission of municipal, industrial, and agricultural waters. Each partner shall have the right to call upon the system for the treatment of raw water up to that portion of the then-existing design capacity of the system as shall equal the requesting partner's undivided interest in the system. Each partner shall be

obligated to pay for the water supplied or purchased by the system and delivered to the partners. The Authority purchased a total of 1,347,547 one-hundred cubic feet of water (CCF) for $1,100,608 during year ended June 30, 2024.
The Authority's investment in the Commission at June 30, 2024 was $13,585,351. The partners currently own interest in the Commission, as follows: Sunrise Water Authority, 48%; City of Gladstone 10%; and Oak Lodge Water Services Authority, 42%. The partners may terminate the agreement with one-year notice. Upon such notice, the property will be purchased by the non-terminating party (if they desire) or sold to some other entity. Oak Lodge Water Services Authority provides financial management services to the Commission through an intergovernmental agreement. In the financial year ended June 30, 2024, the Commission paid a total of $48,000 to the Authority for financial services rendered.

The North Clackamas County Water Commission issues a publicly available financial report which may be obtained by writing NCCWC, 14496 SE River Road, Oak Grove, OR 97267.

8. ACCRUED COMPENSATED ABSENCES

The Authority estimates one hundred percent (100%) of its total accrued compensated absences leave liability, including salary and related payroll expenses, is current and due within one fiscal year, and accordingly, reports total accrued compensated absences leave liability as a current liability. The Authority's accrued compensated absences liability balance changed as follows:

	June 30, 2023	Net change	June 30, 2024
Accrued Compensated Absences Liability	$ 341,901	$ (28,800)	$ 313,101

9. LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2024 were as follows:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Revenue bonds payable					
Clean Water State Revolving Fund Loans	$ 10,570,430	$ -	$ (964,835)	$ 9,605,595	$ 983,902
Infrastructure Financing Authority Loans	3,066,758	-	(322,781)	2,743,977	335,670
Issuance premium	519,066	-	(109,301)	409,765	97,797
Subtotal revenue bonds payable	14,156,254	-	(1,396,917)	12,759,337	1,417,369
Bank placements payable:					
Full Faith and Credit	595,000	-	(193,000)	402,000	198,000
Revenue Bonds	10,822,000	-	(1,450,000)	9,372,000	1,490,000
Subtotal Bank placements payable:	11,417,000	-	(1,643,000)	9,774,000	1,688,000
Subscription agreements	171,195	-	(42,259)	128,936	45,754
Total	$ 25,744,449	$ -	$ (3,082,176)	$ 22,662,273	$ 3,151,123

Revenue Bonds

On September 16, 2022, the Authority accepted responsibility for the debts of the District as follows:

In fiscal year 2011, the District was awarded loans up to $19,409,645 by the State of Oregon Department of Environmental Quality Clean Water State Revolving Fund Loan Program for Intended-Use Plans. The District accepted and received $19,000,000 of the proceeds and subsequently transferred them to the Authority on September 16, 2022. The loans will be repaid over a twenty-year term to maturity and the range of interest rates associated with the loan series is 0% to 2.65% plus an annual administrative fee of 0.50% of the principal balance. The total net interest cost of the entire loan series to maturity, including the administrative fee, is 2.45%.

Annual debt service requirements for Clean Water State Revolving Fund loans are as follows:

Year	Principal	Interest	Admin Fee
2025	$ 983,902	$ 190,094	$ 45,580
2026	1,003,481	170,515	40,612
2027	1,023,579	150,417	35,545
2028	1,044,217	119,781	30,376
2029	1,065,400	108,595	25,102
2030-2033	4,485,016	319,578	70,583
Total	$ 9,605,595	$ 950,385	$ 222,696

The Clean Water State Revolving Fund program receives capitalization grants through the Assistance Listing Number (ALN) No. 66.458: Capitalization Grants for State Revolving Funds and is subject to the regulations of the U.S. Environmental Protection Agency (EPA). Of the amount borrowed through the Clean Water State Revolving Fund, $12,573,566 or 66% of the funds comprised federal capitalization grant funds, whereas the remaining $6,426,434 of the $19,000,000 borrowed through the Clean Water State Revolving Fund comprised state funds.

The Clean Water State Revolving Fund program has a loan reserve requirement in which the Authority must place in reserve an amount equal to one-half the average annual debt service. As a result, the Authority has established a legal reserve amount of $590,483 to satisfy the Clean Water State Revolving Fund legal loan reserve requirements. This amount is reported both as restricted cash in current assets and restricted net position on the face of the Authority's Statement of Net Position.

The Clean Water State Revolving Fund program also maintains a debt service coverage requirement in which the Authority must maintain wastewater rates and charge fees in connection with the operation of the facility that are adequate to generate net operating revenues in each fiscal year sufficient to pay all revenue backed debt service requirements. Net operating revenues are defined as gross revenue less operating expenses. Operating expenses are defined as direct and indirect expenses related to the operation, maintenance, and repair activities of the Authority, including but not limited to administrative expenses, legal, financial and accounting expenses, insurance premiums, claims (to the extent that monies are not available from insurance proceeds), taxes, engineering expenses relating to operation and maintenance, payments and reserves for pension, retirement, health, hospitalization, and sick leave benefits, and any other similar expenses to be paid to the extent properly and directly attributable to operations of the Authority.

Operating expenses include an appropriate amount for reserves for repair and replacement of facilities and equipment based on management's estimates of expected useful life of capital assets.

Under the terms of the agreement, debt service coverage must be equal to the debt service coverage factor of 105% multiplied by the debt service payments due under the Clean Water State Revolving Fund loan agreement plus any amount that the program determines is inadequately secured or otherwise may adversely affect the ability of the Authority to repay the loan. General obligation bond debt and recovery zone economic development bond loans are secured by property tax revenue, but the Authority has pledged to repay them with service charge revenue, so it is being considered by the program when calculating the debt service coverage ratios. Therefore, all debt service is considered when reviewing whether revenues are sufficient to cover all other debt service and meet a reserve requirement for repair and replacement.

The Authority must review its wastewater rates and fees at least annually. If, in any fiscal year, the Authority fails to collect fees sufficient to meet the debt service coverage requirement, the Authority shall promptly adjust its wastewater rates and fees to assure future compliance with such coverage requirement. The Authority's adjustment of the wastewater rates and fees does not constitute a cure of any default. The failure to adjust rates shall not, at the discretion of State of Oregon Department of Environmental Quality (DEQ), constitute a default if the Authority transfers to the fund that holds the net operating revenues unencumbered resources in an amount equal to the revenue deficiency. The Authority has maintained adequate reserves, and as a result, has not been subject to any consequences for years in which the Authority failed to satisfy coverage requirements. As a result, the Authority believes its current working capital and/or fund balance in the Wastewater Reclamation Fund, which is the operating fund that accounts for nearly all of wastewater related net operating revenues, has been considered satisfactory in years with debt service coverage default.

During 2021, the District participated in the Refunding of Oregon Business Development Department ("OBDD") 's Infrastructure Finance Authority bond. Oregon Bond Bank Revenue & Refunding Bonds Series 2021A and 2021B funded on February 18, 2021. The loans are being repaid over a ten-year term to maturity with an effective interest rate of 1.323%. The bonds were issued at a premium in the amount of $742,639. The premium is being amortized using the effective interest method over its related term to maturity from fiscal year 2022 to fiscal year 2031. The economic gain at closing was a net present value savings of 11.61% percent, a savings of $522,078 over the remaining term of the bonds.

Year	Principal	Premium	Interest
2025	$ 335,670	$ 97,797	$ 137,199
2026	353,704	85,834	120,415
2027	376,889	73,227	102,730
2028	390,233	59,795	83,886
2029	408,745	45,887	64,674
2030-2031	878,736	47,225	66,252
Total	$ 2,743,977	$ 409,765	$ 575,156

Subscription Liability

The Authority maintains two subscription-based information technology agreements for accounting and communications software. These agreements range from 38-60 months beginning in 2022 and have annual payments of approximately $36,562 and $1,000 with escalation clauses for future years. The related intangible assets are included in capital assets.

Annual principal and imputed interest requirements on the contracts are as follows:

Year	Principal	Interest
2025	$ 45,754	$ 4,679
2026	42,370	2,958
2027	40,812	1,514
Total	$ 128,936	$ 9,151

Direct Placement Debt

On December 20, 2017, the District borrowed $15,173,000 in a bank placement to defease and replace $14,310,000 of the 2010 General Obligation Bonds that were callable and had a 4% coupon rate. The 2017 bank placement loan has a thirteen-year term to maturity and the interest rate is 2.50%. The net proceeds on the refunded bonds were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment. As a result, the refunded bonds are considered defeased, and the liability for those bonds was removed from the Statement of Net Position. The advance refunding will save the Authority approximately $915,000 in total debt service through fiscal year 2030. The economic gain or difference in present value on the debt service related to the old debt relative to the new debt is about $787,000.

Annual debt service requirements to maturity for the bank placement are as follows:

Year	Principal	Interest
2025	$ 1,490,000	$ 234,300
2026	1,527,000	197,050
2027	1,543,000	158,875
2028	1,581,000	120,300
2029	1,621,000	80,775
Total	$ 9,372,000	$ 831,550

Under the terms of the bank placement, the Authority entered into a covenant that it will charge rates and fees in connection with the operation of the wastewater system which are adequate to generate "coverage revenues" that are at least equal to, 1) one hundred twenty percent (120%) of Parity Bond Debt Service, and 2) one hundred percent (100%) of Combined Parity and Subordinate Obligation Debt Service. Coverage revenues are defined as gross operating revenues less budgetary operating expenses but excludes some specific revenues and expenses like system development charge fees, capital expenditures, extraordinary, non-recurring items, as well as many other types of transactions typically not considered regular on-going activities.

Parity bond debt service comprises debt service related to the bank placement. Subordinate obligations comprise debt service related to the State of Oregon Department of Environmental Quality (DEQ) Clean Water State Revolving Fund (CWSRF) Loan. Debt service that is not legally pledged by revenues is not considered in the coverage calculation for purposes of the bank placement. For the period ended June 30, 2023, the Authority's coverage revenues satisfied its debt service coverage requirements on both Annual Bond Debt Service and Combined Annual Debt Service.

If an Event of Default occurs the amounts due are not subject to acceleration but the Bank may increase the interest rate by one and one-half percentage points (1.50%) while an Event of Default continues. An Event of Default includes a default in the observance and performance of any covenant, condition, or agreement in the loan agreement and the default continues for ninety (90) days after the Authority receives a written notice, specifying the default and demanding the cure of the default from the bank.

On February 5, 2019, the Authority borrowed $1,320,000 from Zions Bank to fund a Authority -wide water meter replacement program. The Authority has pledged its full faith and credit and taxing power within the limits of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the principal and interest due under the financing agreement; however, the Authority is not currently authorized to levy additional property taxes to pay the amounts due under this financing agreement. The loan will be repaid over a seven-year term to maturity, at an interest rate of 2.69%.

Annual debt service requirements to maturity for the bank placement are as follows:

Year	Principal	Interest
2025	$ 198,000	$ 10,814
2026	204,000	5,488
Total	$ 402,000	$ 16,302

10. DEFINED BENEFIT PENSION PLAN

Plan Description

The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to

Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Annual Comprehensive Financial Report which can be located on the following State of Oregon webpage: https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx
If the link is expired, please contact Oregon PERS for this information.

Based on the date of hire, PERS members are separated into two different benefit plans:

1) PERS Pension (Chapter 238). The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

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

      A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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

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

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

   iv. Benefit Changes After Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

2) OPSRP Pension Program (OPSRP DB). The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

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

   Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit.

   To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

   General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
   A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

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

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

iv. Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

<u>Contributions</u>

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the year were based on the December 31, 2021 actuarial valuation, which became effective July 1, 2023. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced.

The Authority's total defined benefit pension contributions for the year ended June 30, 2024 was $764,223 excluding amounts to fund employer specific liabilities.

At June 30, 2024 the Authority reported a net pension liability of $3,874,785 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2021. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2023, the Authority's proportion was .0207 percent.

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in subsequent fiscal years.

Deferred outflows and inflows for the year ended June 30, 2024 were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 189,489	$ 15,364
Changes of assumptions	344,213	2,566
Net difference between projected and actual earnings on investments	69,646	-
Changes in proportion	-	610,870
Differences between employer contributions and proportionate share of contributions	1,231,496	1,928
Total (prior to post-MD contributions)	1,834,844	630,728
Contributions subsequent to the MD	764,223	-
Total	$ 2,599,067	$ 630,728

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense for the Authority as follows:

Year ended June 30:	
2025	$ 293,494
2026	100,232
2027	558,991
2028	226,398
2029	25,001
Total	$ 1,204,116

All assumptions, methods, and plan provisions used in these calculations are described in the Oregon PERS systemwide GASB 68 reporting summary dated March 1, 2022. PERS issues a publicly available financial report that can be obtained at: http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx. If the link is expired, please contact Oregon PERS for this information.

Actuarial Valuations

The employer contribution rates effective July 1, 2023 through June 30, 2025, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions in effect for 2024:

Valuation Date	December 31, 2021
Measurement Date	June 30, 2023
Experience Study Report	2020, published July 20, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Long-Term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with *Moro* decision, blend based on service.
Mortality	**Health retirees and beneficiaries:** Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. **Active Members:** Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. **Disabled retirees:** Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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

Assumed Asset Allocation

	Assumed Asset Allocation		
Asset Class/Strategy	**Low Range**	**High Range**	**Target**
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5%	32.5%	27.5%
Real Estate	9.0%	16.5%	12.5%
Private Equity	17.5%	27.5%	20.0%
Real Assets	2.5%	10.0%	7.5%
Diversify Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			100.0%

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Global Equity	27.50%	7.07%
Private Equity	25.50%	8.83%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnership	0.75%	6.02%
Infrastructure	1.50%	6.51%
Hedge Fund of Funds - Multistrategy	1.25%	6.27%
Hedge Fund Equity - Hedge	0.63%	6.48%
Hedge Fund - Macro	5.62%	4.83%
Total	100.00%	
Assumed Inflation - Mean		2.35%

Discount Rate

The discount rate used to measure the total pension liability was 6.90% for 2023 for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate exists. The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.9%; as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

2024	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	$ 6,400,416	$ 3,874,785	$ 1,761,100

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80 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. The Authority is not aware of any changes that will have a significant effect on the Authority's share of the collective Net Pension Liability.

11. DEFINED CONTRIBUTION PENSION PLAN

Plan Description

Employees of the Authority are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS and is administered by the OPERS Board.

Pension Benefits

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

Death Benefits

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

Contributions

Employees of the Authority contribute six percent (6%) of their covered payroll. The Authority did not make any optional contributions to member IAP accounts for the period ended June 30, 2024.

12. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Retirement Health Insurance Account (RHIA)

Plan Description

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

Funding Policy

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

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. Employer contribution rates during the year were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2020. Participating districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS. The Authority's contributions to RHIA for the year ended June 30, 2024 was $331, which equaled the required contributions for each year.

At June 30, 2024, the Authority maintained a net post-employment benefit asset in the amount of $56,694 for its proportionate share of the net post-employment benefit asset for the RHIA.

The post-employment benefit asset was measured as of June 30, 2023, and the total post-employment benefit asset used to calculate the net post-employment benefit asset was determined by an actuarial valuation dated December 31, 2021. The Authority's proportion of the net post-employment benefit asset was based on a projection of the Authority's long-term share of contributions to the RHIA relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2023, the Authority's proportion was 0.015 percent.

Deferred outflows and inflows for the year ended June 30, 2024 were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,423
Changes of assumptions	-	611
Net difference between projected and actual earnings on investments	161	-
Changes in proportionate share	2,494	561
Total (prior to post-MD contributions)	2,655	2,595
Contributions subsequent to the MD	10	-
Total	$ 2,665	$ 2,595

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability in subsequent fiscal years in the Authority.

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:		
2025	$	(524)
2026		(2,262)
2027		2,095
2028		751
2029		-
Total	$	60

Sensitivity Analysis

Sensitivity of the Authority's proportionate share of the net post-employment benefit asset to changes in the discount rate exists. The following presents the Authority's proportionate share of the net post-employment benefit asset calculated using the discount rate in effect during the year, as well as what the Authority's proportionate share of the net post-employment benefit asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

2024	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Net OPEB asset	$ 51,536	$ 56,694	$ 61,121

	1% Decrease	Current Health Care Trend Rates	1% Increase
Net OPEB asset	$ 56,694	$ 56,694	$ 56,694

Post-employment Health Insurance Subsidy

Plan Description

The Authority administers a single employer defined benefit healthcare plan that covers both active and retired participants. The plan provides post-retirement healthcare benefits for eligible retirees and their dependents through the Authority's group health insurance plans. The Authority's post-retirement plan was established in accordance with Oregon Revised Statutes (ORS) 243.303 which states, in part, that for the purposes of establishing healthcare premiums, the calculated rate must be based on the cost of all plan members, including both active employees and retirees. Because claim costs are generally higher for retiree groups than for active members, the premium amount does not represent the full cost of coverage for retirees. The resulting additional cost, or implicit subsidy, is required to be valued under GASB Statement 75 related to Other Post-Employment Benefits (OPEB). Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective. For the year ended June 30, 2024, the valuation date was December 31, 2021 and the measurement date was July 1, 2023.

Funding Policy

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

Actuarial Methods and Assumptions

See the Oregon Public Employees Retirement System Retirement Health Insurance Account Cost Sharing Multiple-Employer OPEB Plan Schedules of Employer Allocations and OPEB Amounts by Employer As of and for the Year Ended June 30, 2023 which can be obtained online via PERS GASB Resources here: https://www.oregon.gov/pers/emp/pages/gasb.aspx to see the actuarial methods and assumptions used to calculate the amounts reported herein.

Changes in the Total OPEB Liability:

Balance as of June 30, 2023	$ 173,172
Changes for the year:	
Service cost	12,814
Interest on total OPEB liability	6,280
Effect of changes to benefit terms	-
Effect of economic demographic gains or losses	(44,971)
Effect of assumptions changes or inputs	(20,497)
Benefit payments	(17,315)
Balance as of June 30, 2024	$ 109,483

Sensitivity Analysis

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Authority, calculated using a discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.54%) or 1 percentage-point higher (4.65%) than the current discount rate of 3.65%, effective July 1, 2023: The long term expected rate of return was 6.9% for fiscal year 2023.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$ 119,681	$ 109,483	$ 100,085

	1% Decrease	Current Health Care Trend Rates	1% Increase
Total OPEB Liability	$95,350	$109,483	$126,800

Deferred outflows and inflows as of June 30, 2024 comprise the following:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 26,454	$ 85,059
Changes of assumptions	39,925	36,952
Total (prior to post-MD contributions)	66,379	122,011
Contributions subsequent to the MD	14,848	-
Total	$ 81,227	$ 122,011

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in subsequent years.

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:		
2025	$	(3,493)
2026		(2,786)
2027		(2,431)
2028		(2,401)
2029		(11,029)
Thereafter		(33,492)
Total	$	(55,632)

13. DEFERRED COMPENSATION PLAN

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

14. COMMITMENTS

Project Commitments

The Authority enters into contracts for various projects from time to time that are required to achieve its mission and service objectives.

Contract commitments related to capital projects at June 30, 2024 included the following:

Project Name	Contract Amount	Total Projects Costs Billed	Contract Balance
Emergency Water Intertie Contract- Design	$ 150,000	$ 149,048	$ 952
Oatfield Road Water Main Replacement	588,240	354,044	238,906
Aeration Basin Blower Replacement	222,225	126,346	95,879
Tertiary Filtration Design	1,029,086	938,405	66,198
Lift Station 2 – Rebuild	1,851,903	1,347,973	506,048
Infiltration & Inflow Reduction LS5 Basin	430,325	356,786	72,142
Total	$ 4,271,779	$ 3,272,602	$ 980,125

Management Employment Agreements

The Authority maintains management employment contracts with five (5) management employees. The agreement with the General Manager was effective upon execution by the General Manager and the Chair of the Board or their designee and the term of the agreement continues until is modified in writing by the General Manager and the Board or terminated pursuant to the conditions of the agreement. The agreements with the remaining four management employees were effective upon execution by the employee and General Manager and the terms of the agreements continue for one year with automatic renewal for successive one-year terms unless notice is provided in writing by either party of their intent not to renew at least thirty (30) days prior to the expiration of the existing term.

Each agreement provides severance as follows:

Position	Severance
General Manager	Six (6) Months plus six (6) months of 100% Paid COBRA
Authority Engineer	Three (3) Months
Finance Director	Three (3) Months
Plant Superintendent	Three (3) Months
Field Superintendent	Three (3) Months

Union Agreement

The Authority maintains one union labor agreement with represented employees. Represented employees are affiliated with Local 350 and Council 75 of the American Federation of State, County, & Municipal Employees Union (AFSCME), American Federation of Labor and Congress of Industrial Organizations (AFL-CIO). The current union labor agreement is in effect through June 30, 2026. Further details are outlined in the contract titled, "Oak Lodge Water Services District," which can be found on Oregon AFSCME's internet website address at: https://oregonafscme.org/contracts-alphabetical

Equipment Operation Agreement

The Authority entered into a developer contribution agreement with a regional electric utility company. Management's objectives for this arrangement generally comprised procuring financing for equipment required at its water reclamation facility as well as obtaining annual maintenance services required to keep said equipment in good working order in exchange for the electric utility company's right to operate the equipment for the benefit of its customers. The Authority is the owner of the equipment. Both the Authority and other party have agreed upon usage limits of the equipment during an operating year which runs from November 1 through October 31. The Authority has the right to operate the equipment a total of no more than fifteen hours each year, unless the regional electric utility encounters system conditions that warrant the refusal of such usage; however, the Authority may use the equipment as long as necessary in emergency situations. The regional electric utility has the right to operate the equipment for a maximum of 400 hours each year. The term of the arrangement is 10 years from the date the equipment becomes operational for both parties which was in fiscal year 2013 and the agreement renews automatically each year unless either party gives notice to the other that they wish to terminate the contract. If the Authority terminates the agreement before the end of the term for any reason other than pursuant to and in accordance with the agreement, the Authority will be liable to reimburse the regional electric utility company a prorated share of their developer contribution.

15. NET POSITION

Net Position at June 30, 2024 utilizing the accounting methods and principles of the Authority, comprised the following:

	June 30, 2024
Ending Fund Balances	$ 14,956,334
Less:	
Accrued Absences	(313,101)
Net OPEB Liability	(109,483)
Net Pension Liability	(3,874,785)
Deferred Inflows	(3,167,947)
Accrued Interest	(204,807)
Long-Term Debt	(22,677,508)
Plus:	
Net OPEB Asset	56,694
Investment in NCCWC	13,585,351
Lease Receivable	2,560,533
Net Capital Assets	75,951,724
Deferred Outflows	2,682,959
Total Net Position	$ 79,445,965

16. RISK MANAGEMENT

The Authority is subject to the risk of loss related to torts, theft or damage to and destruction of assets, errors and omissions and natural disasters. The Authority purchases commercial insurance for all significant risks of loss. There was no significant reduction in the Authority's major categories of insurance coverage and settlements have not exceeded insurance coverage for each of the past three years. Note the Authority's insurance company has the right to assess additional amounts.

17. NEW PRONOUNCEMENTS

The Government Accounting Standards Board (GASB) issues new pronouncements from time to time. For copies of original pronouncements please visit the GASB's website www.gasb.org.

GASB Statement No. 101, "Compensated Absences". The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, "Certain Risk Disclosures". The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 103, "Financial Reporting Model Improvements". The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This

Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, “Disclosure of Certain Capital Assets". The objective of this Statement covers new disclosure requirements for state and local governments for affected asset categories, including capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 105, “Subsequent Events". The objective of this Statement is to improve and clarify subsequent events that constitute recognized and non-recognized events and to establish specific note disclosure requirements for non-recognized events. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

OAK LODGE WATER SERVICES AUTHORITY
CLACKAMAS COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

RETIREMENT PLAN

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Measurement Date, Year Ended June 30	(a) Employer's proportion of the net pension liability	(b) Employer's proportionate share of the net pension liability (NPL)	(c) OLWS's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as percentage of the net pension liability (NPL)
2023	0.021%	3,874,785	3,344,955	115.8%	81.7%
2022	0.023%	3,533,366	3,038,271	116.3%	84.5%
2021	0.025%	2,950,872	2,845,810	103.7%	87.6%
2020	0.026%	5,720,812	2,989,322	191.4%	75.8%
2019	0.027%	4,650,081	2,636,511	176.4%	80.2%
2018	0.029%	4,319,317	2,781,720	155.3%	82.1%

NOTES TO SCHEDULE

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

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

2018 was the first year in which Oak Lodge Water Services District received its schedule with its proportionate share of the net pension liability related to its employees' Public Employees Retirement System (PERS). In 2017 the District's share was reported in employer schedules for Oak Lodge Water District and Oak Lodge Sanitary District.

Changes in Benefit Terms:

A legislative change that occurred after December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introducing a limit on the amount of annual salary included for calculation of benefits. Beginning in 2020, annual salary in excess of $195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation. Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

Changes in Assumptions:

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.5 percent and lowering of the assumed inflation to 2.5 percent.

For June 30, 2018, the long-term expected rate of return was lowered to 7.2 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

For June 30, 2022, PERS Board selected a lower long-term expected rate of investment return assumption of 6.90% on July 23, 2021 to be used in the December 31, 2020 and December 31, 2021 actuarial valuations for funding purposes. At the same time, the PERS Board reduced the inflation and payroll growth assumptions to 2.40% and 3.40%, respectively.

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (CONTINUED)

RETIREMENT PLAN (CONTINUED)

SCHEDULE OF CONTRIBUTIONS

Public Employees Retirement System
Schedule of the Proportionate Share of the Total Pension Liability
June 30, 2024

Year Ended June 30	Statutorily Required Contribution	Contributions in relation to the statutorily required	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2024	764,223	764,223	-	3,555,413	21.5%
2023	904,760	1,117,760	(213,000)	3,344,955	33.4%
2022	1,182,166	1,670,239	(488,073)	3,038,271	55.0%
2021	553,792	1,064,009	(510,217)	2,845,810	37.4%
2020	579,268	579,268	-	2,989,322	19.4%
2019	407,686	407,686	-	2,636,511	15.5%
2018	435,691	435,691	-	2,781,720	15.7%

NOTES TO SCHEDULE

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

Excess contributions in fiscal year 2021, 2022, and 2023 were used to establish side accounts.

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

Actuarial valuation	December 31, 2020	December 31, 2017	December 31, 2015
Effective	July 2021 - June 2023	July 2019 - June 2021	July 2017 - June 2019
Actuarial cost method	Entry Age Normal		
Amortization method	Level percentage of payroll		
Asset valuation method	Market Value		
Remaining amortization periods	20 years		
Actuarial assumptions:			
Inflation rate	2.40 percent	2.50 percent	
Projected salary increases	3.40 percent	3.50 percent	
Investment rate of return	6.90 percent	7.20 percent	7.50 percent

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (CONTINUED)

RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)

SCHEDULE OF THE PROPORTIONATE SHARE
OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Measurement Date, Year	(a) Employer's proportion of the OPEB liability/asset	(b) Employer's proportionate share of the OPEB liability/(asset)	(c) OLWS's covered payroll	(b/c) OPEB Liability/asset as a percentage of	Plan fiduciary net position as percentage of the total OPEB liability/asset
2023	0.015%	(56,694)	3,344,955	-1.7%	201.6%
2022	0.015%	(53,879)	3,038,271	-1.8%	194.6%
2021	0.020%	(68,936)	2,845,810	-2.4%	183.9%
2020	0.024%	(48,157)	2,989,322	-1.6%	150.1%
2019	0.025%	(47,394)	2,636,511	-1.8%	144.4%
2018	0.030%	(33,902)	2,781,720	-1.2%	124.0%

NOTES TO SCHEDULE

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

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

2018 was the first year in which Oak Lodge Water Services District received schedule with its proportionate share of other post-employment benefits (OPEB) related to its employees' Retirement Health Insurance Account (RHIA). In 2017 the District's share was reported in employer schedules for Oak Lodge Water District and Oak Lodge Sanitary District.

Changes in Assumptions:

The PERS Board adopted assumption changes that were used to measure the June 30, 2018 total OPEB liability. The changes include lowering of the long-term expected rate of return to 7.20 percent. In addition, healthy retiree participation and healthy mortality assumptions were changes to reflect an updated trends and mortality improvement scale for all groups.

On July 23, 2021, the PERS Board selected a lower long-term expected rate of investment return assumption of 6.90% to be used in the December 31, 2020 and December 31, 2021 actuarial valuations for funding purposes. At the same time, the PERS Board reduced the inflation and payroll growth assumptions to 2.40% and 3.40%, respectively.

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (CONTINUED)

RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA) (CONTINUED)

Public Employees Retirement System
Schedule of Contributions - OPEB Liability - RHIA
June 30, 2024

Year Ended June 30	Statutorily Required Contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2024	331	331	-	3,555,413	0.0%
2023	305	305	-	3,344,955	0.0%
2022	374	374	-	3,038,271	0.0%
2021	537	537	-	2,845,810	0.0%
2020	1,688	1,688	-	2,989,322	0.1%
2019	12,156	12,156	-	2,636,511	0.5%
2018	14,706	14,706	-	2,781,720	0.5%

NOTES TO SCHEDULE

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

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

Actuarial valuation:	December 31, 2021	December 31, 2019	December 31, 2017	December 31, 2015
Effective:	July 2023 - July 2025	July 2021 - June 2023	July 2019 - June 2021	July 2017 - June 2019
Actuarial cost method:	Entry Age Normal			
Amortization method:	Level percentage of payroll, closed			
Amortization period:	10 years			
Asset valuation method:	Market value			
Remaining amortization periods:	20 years			
Actuarial assumptions				
Inflation rate	2.40 percent		2.50 percent	
Projected salary increases	3.40 percent		3.50 percent	
Investment rate of return	6.90 percent	6.90 percent	7.20 percent	7.50 percent
Healthcare cost trend rates	None. Statute stipulates $60 monthly payment for healthcare insurance			

SUPPLEMENTARY INFORMATION

This part of the District's Financial Report presents supplementary information to demonstrate and report on its compliance with finance-related legal requirements and also to report on federal awards received during the fiscal year.

Budgetary Reporting – This section provides schedules that reconcile the differences between budgetary financial reports and financial statements prepared using Generally Accepted Accounting Principles (GAAP) as well as schedules that report on budget to actual financial performance.

Combining Balance Sheet – All Funds (Budgetary Basis)

Schedule of Revenues, Expenditures, Other Financing Sources and Uses
and Changes in Fund Balance – Actual and Budget (Budgetary Basis)

Administrative Service Fund
Drinking Water Fund
Wastewater Reclamation Fund
Watershed Protection Fund
Wastewater Revenue Bond Debt Service Fund
Drinking Water Capital Improvement Fund
Wastewater Reclamation Capital Improvement Fund
Watershed Protection Capital Improvement Fund

BUDGETARY REPORTING

OAK LODGE WATER SERVICES DISTRICT
CLACKAMAS COUNTY, OREGON

COMBINING BALANCE SHEET - ALL FUNDS (BUDGETARY BASIS)
June 30, 2024

	ADMIN SERVICES FUND	DRINKING WATER	WASTEWATER RECLAMATION	WATERSHED PROTECTION	WASTEWATER REVENUE BOND DEBT SERVICE	DRINKING WATER CAPITAL IMPROVEMENT FUND	WASTEWATER CAPITAL IMPROVEMENT FUND	WATERSHED PROTECTION CAPITAL IMPROVEMEN FUND	TOTAL
ASSETS:									
Current:									
Cash and Cash Equivalents	$ 633,072	$ 513,235	$ -	$ 398,480	$ 671,178	$ 4,298,481	$ 3,613,627	$ 2,424,516	$ 12,552,589
Accounts Receivable, net	64,268	848,626	1,595,223	240,295	-	380	759	-	2,749,551
Lease Receivable	-	43,655	-	-	-	-	-	-	43,655
Prepaid Expenses	234,380	21,256	49,315	2,768	-	-	-	-	307,718
Due from other funds	747,538	-	-	-	-	-	-	-	747,538
Inventory	-	256,048	53,038	-	-	-	-	-	309,087
Notes Receivable	-	50,411	-	-	-	-	-	-	50,411
Total Assets	$ 1,679,258	$ 1,733,231	$ 1,697,575	$ 641,543	$ 671,178	$ 4,298,861	$ 3,614,386	$ 2,424,516	$ 16,760,549
LIABILITIES AND FUND EQUITY:									
Current Liabilities:									
Accounts Payable	$ 218,003	$ 236,879	$ 98,774	$ 14,001	$ -	$ 93,068	$ 166,305	$ -	$ 827,030
Payroll Liabilities	59,643	29,174	41,941	3,120	-	-	-	-	133,878
Due to other funds	-	-	747,538	-	-	-	-	-	747,538
Unearned Revenue	-	76,315	-	-	-	-	-	-	76,315
Deposits Payable	-	14,859	3,407	1,188	-	-	-	-	19,454
Total Liabilities	277,646	357,227	891,660	18,309	-	93,068	166,305	-	1,804,215
District Equity:									
Fund Balance:									
Authority Equity	1,401,612	1,376,004	805,916	623,234	671,178	4,205,793	3,448,081	2,424,516	14,956,334
Total Authority Equity	1,401,612	1,376,004	805,916	623,234	671,178	4,205,793	3,448,081	2,424,516	14,956,334
Total Liabilities and Fund Balance	$ 1,679,258	$ 1,733,231	$ 1,697,575	$ 641,543	$ 671,178	$ 4,298,861	$ 3,614,386	$ 2,424,516	$ 16,760,549
Add/(deduct) to reconcile to GAAP basis statement of net position:									14,956,334
Lease receivable									2,560,533
OPEB Asset									56,694
Investment in NCCWC									13,585,351
Capital assets, net depreciation									75,951,724
Accrued interest expense payable									(204,807)
Accrued compensated absences									(313,101)
Long term debt									(22,677,508)
Pension liability									(3,874,785)
OPEB Liability									(109,483)
Deferred outflow of resources									2,682,959
Deferred inflow of resources									(3,167,947)
Ending net position									$ 79,445,965

OAK LODGE WATER SERVICES DISTRICT
CLACKAMAS COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES AND USES, AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Year Ended June 30, 2024

	ADMIN SERVICES FUND	DRINKING WATER	WASTEWATER RECLAMATION	WATERSHED PROTECTION	WASTEWATER REVENUE BOND DEBT SERVICE	DRINKING WATER CAPITAL IMPROVEMENT FUND	WASTEWATER CAPITAL IMPROVEMENT FUND	WATERSHED PROTECTION CAPITAL IMPROVEMENT FUND	TOTAL
REVENUES:									
Service charges	$ -	$ 5,286,083	$ 11,690,609	$ 35,903	$ -	$ -	$ -	$ -	$ 17,012,595
System Development Charges	-	-	-	-	-	584,520	191,105	-	775,625
Service Installations	-	61,241	-	-	-	-	-	-	61,241
Rents and Leases	-	218,169	-	-	-	-	-	-	218,169
Other Charges for Services	-	-	18,005	1,757,009	-	684	-	-	1,775,698
Investment Revenue	54,148	37,005	2,047	453	5,376	206,810	171,913	116,973	594,724
Other Operating Revenues	82,289	61,713	-	-	-	-	104,998	-	249,000
Total Revenues	136,436	5,664,210	11,710,661	1,793,364	5,376	792,014	468,016	116,973	20,687,051
EXPENDITURES:									
Personnel Services	2,480,987	978,971	1,866,127	176,736	-	-	-	-	5,502,821
Materials and Services	1,919,052	1,598,580	1,114,684	255,673	-	-	-	-	4,887,989
Capital Outlay	-	-	-	-	-	1,929,270	3,443,859	-	5,373,129
Debt Service - Principal	-	193,000	-	-	2,737,615	-	-	-	2,930,615
Debt Service - Interest	-	16,006	-	-	683,502	-	-	-	699,507
Total Expenditures	4,400,039	2,786,556	2,980,811	432,410	3,421,117	1,929,270	3,443,859	-	19,394,062
Excess of Revenues Over, (Under) Expenditures	(4,263,603)	2,877,654	8,729,850	1,360,955	(3,415,741)	(1,137,256)	(2,975,843)	116,973	1,292,989
Other Financing Sources, (Uses):									
Transfers In	4,168,000	-	154,600	-	3,482,000	1,500,000	3,200,000	-	12,504,600
Transfers Out	-	(2,569,000)	(8,712,000)	(1,223,600)	-	-	-	-	(12,504,600)
Total Other Financing Sources, (Uses)	4,168,000	(2,569,000)	(8,557,400)	(1,223,600)	3,482,000	1,500,000	3,200,000	-	-
Net Change in Fund Balance	(95,603)	308,654	172,450	137,355	66,259	362,744	224,157	116,973	1,292,989
Beginning Fund Balance	1,497,215	1,067,350	633,466	485,879	604,919	3,843,049	3,223,924	2,307,543	13,663,345
Ending Fund Balance	$ 1,401,612	$ 1,376,004	$ 805,916	$ 623,234	$ 671,178	$ 4,205,793	$ 3,448,081	$ 2,424,516	$ 14,956,334

Change in fund balance across all funds:	1,292,989
Add/(deduct) to reconcile to GAAP basis change in net position:	
Change in lease receiveable and related deferred inflows	2,535
Principal payments	3,082,176
Change in interest expense accrued	21,475
Change in accrued compensated leave liabilities	28,800
Capital expenditures capitalized as long term assets	5,185,462
Depreciation and amortization expense	(2,719,990)
Change in investment in joint venture	269,361
Change in net pension liability/(asset) and related deferred inflows and outflows	(121,350)
Change in OPEB Liability and related deferred inflows and outflows	(508)
Change in net position	**$ 7,040,950**

OAK LODGE WATER SERVICES DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Period Ended June 30, 2024

ADMINISTRATIVE SERVICES FUND

	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET		VARIANCE TO FINAL BUDGET
REVENUES:					
Investment Revenue	$ 54,148	$ 10,000	$ 10,000		$ 44,148
Other Operating Revenues	82,289	67,400	67,400		14,889
Total Revenues	136,436	77,400	77,400		59,036
EXPENDITURES:					
Personnel Services	2,480,987	2,602,000	2,669,500	(1)	188,513
Materials and Services	1,919,052	2,436,200	2,473,700	(1)	554,648
Contingency	-	677,092	569,592	(1)	569,592
Total Expenditures	4,400,039	5,715,292	5,712,792		1,312,753
Excess of Revenues Over, (Under) Expenditures	(4,263,603)	(5,637,892)	(5,635,392)		(1,371,789)
Other Financing Sources, (Uses):					
Transfers In	4,168,000	4,168,000	4,168,000		-
Total Other Financing Sources, (Uses)	4,168,000	4,168,000	4,168,000		-
Net Change in Fund Balance	(95,603)	(1,469,892)	(1,467,392)		(1,371,789)
Beginning Fund Balance	1,497,215	1,469,892	1,469,892		27,323
Ending Fund Balance	$ 1,401,612	$ -	$ 2,500		$ (1,399,112)

(1) Appropriation Level

OAK LODGE WATER SERVICES DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Period Ended June 30, 2024

DRINKING WATER FUND

	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET		VARIANCE TO FINAL BUDGET
REVENUES:					
Water Sales	$ 5,286,083	$ 5,514,000	$ 5,514,000		$ (227,917)
Service Installations	61,241	10,000	10,000		51,241
Rents and Leases	218,169	180,000	180,000		38,169
Investment Revenue	37,005	3,000	3,000		34,005
Other Operating Revenues	61,713	35,000	35,000		26,713
Total Revenues	5,664,210	5,742,000	5,742,000		(77,790)
EXPENDITURES:					
Personnel Services	978,971	1,096,000	1,096,000	(1)	117,029
Materials and Services	1,598,580	1,819,400	1,819,400	(1)	220,820
Debt Service - Principal	193,000	193,000	193,000	(1)	-
Debt Service - Interest	16,006	16,100	16,100	(1)	
Contingency	-	657,259	657,259	(1)	657,259
Total Expenditures	2,786,556	3,781,759	3,781,759		995,108
Excess of Revenues Over, (Under) Expenditures	2,877,654	1,960,241	1,960,241		917,413
Other Financing Sources, (Uses):					
Transfers Out	(2,569,000)	(2,569,000)	(2,569,000)	(1)	-
Total Other Financing Sources, (Uses)	(2,569,000)	(2,569,000)	(2,569,000)		-
Net Change in Fund Balance	308,654	(608,759)	(608,759)		917,413
Beginning Fund Balance	1,067,350	608,759	608,759		458,591
Ending Fund Balance	$ 1,376,004	$ -	$ -		$ 1,376,004

(1) Appropriation Level

OAK LODGE WATER SERVICES DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Period Ended June 30, 2024

WASTEWATER RECLAMATION FUND

	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET		VARIANCE TO FINAL BUDGET
REVENUES:					
Wastewater Charges	$ 11,690,609	$ 11,920,000	$ 11,920,000		$ (229,391)
System Development Charges	-	-	-		-
Other Charges for Services	18,005	12,000	12,000		6,005
Investment Revenue	2,047	1,000	1,000		1,047
Total Revenues	11,710,661	11,933,000	11,933,000		(222,339)
EXPENDITURES:					
Personnel Services	1,866,127	1,889,500	1,889,500	(1)	23,373
Materials and Services	1,114,684	1,328,600	1,328,600	(1)	213,916
Contingency	-	665,088	665,088	(1)	665,088
Total Expenditures	2,980,811	3,883,188	3,883,188		902,377
Excess of Revenues Over, (Under) Expenditures	8,729,850	8,049,812	8,049,812		680,038
Other Financing Sources, (Uses):					
Transfers In	154,600	154,600	154,600		-
Transfers Out	(8,712,000)	(8,712,000)	(8,712,000)	(1)	-
Total Other Financing Sources, (Uses)	(8,557,400)	(8,557,400)	(8,557,400)		-
Net Change in Fund Balance	172,450	(507,588)	(507,588)		680,038
Beginning Fund Balance	633,466	507,588	507,588		125,878
Ending Fund Balance	$ 805,916	$ -	$ -		$ 805,916

(1) Appropriation Level

OAK LODGE WATER SERVICES DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Period Ended June 30, 2024

WATERSHED PROTECTION FUND

	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET		VARIANCE TO FINAL BUDGET
REVENUES:					
Watershed Protection Charges	$ 35,903	$ 26,000	$ 26,000		$ 9,903
Other Charges for Services	1,757,009	1,751,000	1,751,000		6,009
Investment Revenue	453	2,000	2,000		(1,547)
Total Revenues	1,793,364	1,779,000	1,779,000		14,364
EXPENDITURES:					
Personnel Services	176,736	186,000	186,000	(1)	9,264
Materials and Services	255,673	281,400	280,400	(1)	24,727
Contingency	-	138,874	138,874	(1)	138,874
Total Expenditures	432,410	606,274	605,274		172,865
Excess of Revenues Over, (Under) Expenditures	1,360,955	1,172,726	1,173,726		187,229
Other Financing Sources, (Uses):					
Transfers Out	(1,223,600)	(1,223,600)	(1,223,600)	(1)	-
Total Other Financing Sources, (Uses)	(1,223,600)	(1,223,600)	(1,223,600)		-
Net Change in Fund Balance	137,355	(50,874)	(49,874)		187,229
Beginning Fund Balance	485,879	50,874	50,874		435,005
Ending Fund Balance	$ 623,234	$ -	$ 1,000		$ 622,234

(1) Appropriation Level

OAK LODGE WATER SERVICES DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Period Ended June 30, 2024

WASTEWATER REVENUE BOND DEBT SERVICE FUND

	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET		VARIANCE TO FINAL BUDGET
REVENUES:					
Investment Revenue	$ 5,376	$ 3,000	$ 3,000		$ 2,376
EXPENDITURES:					
Debt Service					
Debt Service - Principal	2,737,615	2,738,000	2,738,000		385
Debt Service - Interest	683,502	685,000	685,000		1,498
Total Expenditures	3,421,117	3,423,000	3,423,000	(1)	1,883
Excess of Revenues Over, (Under) Expenditures	(3,415,741)	(3,420,000)	(3,420,000)		4,259
Transfers In	3,482,000	3,482,000	3,482,000		-
Total Other Financing Sources, (Uses)	3,482,000	3,482,000	3,482,000		-
Net Change in Fund Balance	66,259	62,000	62,000		4,259
Beginning Fund Balance	604,919	527,978	527,978		76,941
Ending Fund Balance	$ 671,178	$ 589,978	$ 589,978		$ 81,200

(1) Appropriation Level

OAK LODGE WATER SERVICES DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Period Ended June 30, 2024

DRINKING WATER CAPITAL IMPROVEMENT FUND

	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET		VARIANCE TO FINAL BUDGET
REVENUES:					
Investment Revenue	$ 206,810	$ 50,000	$ 50,000		$ 156,810
System Development Charges	584,520	100,000	100,000		484,520
Other Operating Revenues	684	-	-		684
Total Revenues	792,014	150,000	150,000		642,014
EXPENDITURES:					
Capital Outlay	1,929,270	3,200,000	3,200,000	(1)	1,270,730
Contingency	-	370,000	370,000	(1)	370,000
Total Expenditures	1,929,270	3,570,000	3,570,000		1,640,730
Excess of Revenues Over, (Under) Expenditures	(1,137,256)	(3,420,000)	(3,420,000)		2,282,744
Other Financing Sources, (Uses):					
Transfers In	1,500,000	1,500,000	1,500,000		-
Total Other Financing Sources, (Uses)	1,500,000	1,500,000	1,500,000		-
Net Change in Fund Balance	362,744	(1,920,000)	(1,920,000)		2,282,744
Beginning Fund Balance	3,843,049	3,487,371	3,487,371		355,678
Ending Fund Balance	$ 4,205,793	$ 1,567,371	$ 1,567,371		$ 2,638,422

(1) Appropriation Level

OAK LODGE WATER SERVICES DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Period Ended June 30, 2024

WASTEWATER RECLAMATION CAPITAL IMPROVEMENT FUND

	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET		VARIANCE TO FINAL BUDGET
REVENUES:					
Investment Revenue	$ 171,913	$ 30,000	$ 30,000		$ 141,913
System Development Charges	191,105	-	-		191,105
Other Operating Revenues	104,998	-	-		104,998
Total Revenues	468,016	30,000	30,000		438,016
EXPENDITURES:					
Capital Outlay	3,443,859	5,585,000	5,585,000	(1)	2,141,141
Contingency	-	653,800	653,800	(1)	653,800
Total Expenditures	3,443,859	6,238,800	6,238,800		2,794,941
Excess of Revenues Over, (Under) Expenditures	(2,975,843)	(6,208,800)	(6,208,800)		3,232,957
Other Financing Sources, (Uses):					
Transfers In	3,200,000	3,200,000	3,200,000		-
Total Other Financing Sources, (Uses)	3,200,000	3,200,000	3,200,000		-
Net Change in Fund Balance	224,157	(3,008,800)	(3,008,800)		3,232,957
Beginning Fund Balance	3,223,924	2,557,963	2,557,963		665,961
Ending Fund Balance	$ 3,448,081	$ (450,837)	$ (450,837)		$ 3,898,918

(1) Appropriation Level

OAK LODGE WATER SERVICES DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Period Ended June 30, 2024

WATERSHED PROTECTION CAPITAL IMPROVEMENT FUND

	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET		VARIANCE TO FINAL BUDGET
REVENUES:					
Investment Revenue	$ 116,973	$ 20,000	$ 20,000		$ 96,973
Total Revenues	116,973	20,000	20,000		96,973
EXPENDITURES:					
Capital Outlay	-	300,000	300,000	(1)	300,000
Contingency	-	50,000	50,000	(1)	50,000
Total Expenditures	-	350,000	350,000		350,000
Excess of Revenues Over, (Under) Expenditures	116,973	(330,000)	(330,000)		446,973
Net Change in Fund Balance	116,973	(330,000)	(330,000)		446,973
Beginning Fund Balance	2,307,543	2,613,105	2,613,105		(305,562)
Ending Fund Balance	$ 2,424,516	$ 2,283,105	$ 2,283,105		$ 141,411

(1) Appropriation Level

OTHER INFORMATION

PROGRAM COMPLIANCE INFORMATION

COVERAGE INFORMATION – REVENUE BONDS

State of Oregon Department of Environmental Quality (DEQ)
Clean Water State Revolving Fund (CWSRF) Loans

OAK LODGE WATER SERVICES DISTRICT
Program Compliance Information - Coverage Computation
Debt Service Coverage Information - Wastewater Program Budgetary Basis
State of Oregon Department of Environmental Quality (DEQ) Clean Water State Revolving Fund (CWSRF) Loans
Fiscal Year ended June 30, 2024

	Gross Revenue	Operating Expenses	Net Operating Revenues	Minimum Net Operating Revenue	Net Revenue Available / (Working capital required)	Coverage Met	
06/30/24	$ 11,710,661	$ 6,180,811	$ 5,529,850	$ 3,630,123	$ 1,899,727	Yes	
06/30/23	7,228,742	3,504,097	3,724,645	3,007,040	717,605	Yes	(9)
09/16/22	1,772,173	913,203	(1,760,760)	-	(1,760,760)	No	(8)
06/30/22	8,570,834	3,532,933	4,788,295	3,679,339	1,108,956	Yes	
06/30/21	8,607,714	3,782,539	4,725,454	3,226,884	1,498,570	Yes	
06/30/20	6,949,886	3,882,260	3,067,626	3,684,340	(616,715)	No	(7)
06/30/19	8,256,278	4,778,834	3,477,444	3,385,907	91,537	Yes	
06/30/18	8,101,313	4,755,379	3,345,934	3,422,556	(76,622)	No	(7)
06/30/17	4,083,854	2,492,189	1,591,665	2,058,150	(466,485)	No	(7)

	Operating expenses				Coverage Requirement			
	Personnel Services	Materials & Services	Administrative Services	Reserve for Capital Replacement	Subtotal	Subject CWSRF Debt Service	100% of Remaining Debt Service	Minimum Net Operating Revenue
06/30/24	$ 1,866,127	$ 1,114,684	$ -	$ 3,200,000	$ 6,180,811	$ 1,224,448	$ 2,405,675	$ 3,630,123
06/30/23	1,392,144	986,952		1,125,000	3,504,096	642,227	2,364,813	3,007,040
09/16/22	359,116	179,087	-	375,000	913,203	586,999	2,445,428	-
06/30/22	1,517,099	1,015,834	-	1,000,000	3,532,933	1,233,911	1,988,376	3,679,339
06/30/21	1,771,817	1,010,722	-	1,000,000	3,782,539	1,238,508	1,988,376	3,226,884
06/30/20	1,699,353	882,907	-	1,300,000	3,882,260	1,305,168	2,379,172	3,684,340
06/30/19	2,349,273	1,507,420	-	922,141	4,778,834	1,309,814	2,076,093	3,385,907
06/30/18	2,411,290	1,760,797	-	583,291	4,755,378	1,314,373	2,108,183	3,422,556
06/30/17	854,155	774,874	-	863,161	2,492,190	702,500	1,355,650	2,058,150

1 Gross revenues comprise fees and charges generated in the wastewater program including system development charges but excludes proceeds from grants and developer contributions.

2 Operating expenses comprise both direct and indirect activities necessary for the sanitary sewer program including a reasonable estimate of reserves required for the repair and replacement of sanitary sewer capital assets based on the an estimate of their useful lives.

3 The reserve for repair and replacement amount is an allocation of new sanitary sewer revenue generated in the general fund which is estimated to have been reserved for ongoing repair and replacements of existing capital assets in the sanitary sewer program.

4 The District expects to pay all debt service with net operating revenues of the sanitary sewer program

5 Refer to the Notes to the Basic Financial Statements for detailed information abou the District's debt.

6 Remaining revenue available (working capital required) reflects retained earnings available or working capital required for reserves and other future expenditures.

7 The District has maintained adequate reserves and as a result not been subject to any consequences for years in which the District failed to satisfy coverage requirements.

8 This calculation is typically for a 12 month period. This line is for 2.5 months of operations prior to the Transfer to the Authority on 09/16/2022.

9 This calculation is typically for a 12 month period. This line is for 9.5 months of operations subsequent to the Transfer to the Authority on 09/16/2022. When including the results of operations from both short periods, the Authority met the convenants at June 30, 2023.

PROGRAM COMPLIANCE INFORMATION

COVERAGE INFORMATION – REVENUE BONDS

JP Morgan Chase
Direct Placement

OAK LODGE WATER SERVICES DISTRICT

Program Compliance Information - Coverage Computation

Wastewater Revenue Bond Debt Service Coverage Compliance Report

JP Morgan Chase Wastewater Loan Agreement Compliance Information

Fiscal Period Ended June 30, 2024 (5)

	Parity Bond Debt Service				Parity Bond and Subordinate Obligation Debt Service			
	Annual Debt Service	Minimum Coverage Required	Actual Coverage Experienced	Coverage Satisfaction Yes or No	Annual Debt Service	Minimum Coverage Required	Actual Coverage Experienced	Coverage Satisfaction Yes or No
06/30/24	$ 1,720,550	120%	321%	Yes	$ 2,944,998	100%	188%	Yes
06/30/23	1,726,050	120%	210%	Yes	2,368,277	100%	153%	Yes
09/16/22	-	120%	120%	Yes	586,999	100%	155%	Yes
06/30/22	1,725,676	120%	134%	Yes	2,959,587	100%	78%	No
06/30/21	1,730,575	120%	133%	Yes	2,969,083	100%	152%	Yes
06/30/20	569,325	120%	664%	Yes	1,812,342	100%	209%	Yes
06/30/19	379,325	120%	1065%	Yes	1,626,767	100%	248%	Yes
06/30/18	138,032	120%	2578%	Yes	1,389,816	100%	256%	Yes

Coverage Revenue Calculation

June 30,	Gross Revenue	Adjustments	Adjusted Gross Revenue	Operating Expense	Adjustments	Adjusted Operating Expense	Adjusted Net Operating Revenue	Adjustments	Adjusted Coverage Revenue
06/30/24	$ 11,710,661	$ -	$ 11,710,661	$ 6,180,811	$ -	$ 6,180,811	$ 5,529,850	$ -	$ 5,529,850
06/30/23	7,228,742		7,228,742	3,504,096	-	3,504,096	3,724,646	(98,135)	3,626,511
09/16/22	1,772,173	-	1,772,173	850,115	-	850,115	922,058	(10,330)	911,728
06/30/22	8,570,834	-	8,570,834	3,532,933	-	6,180,811	2,390,023	(82,640)	2,307,383
06/30/21	8,608,622	(908)	8,607,714	3,782,539	(908)	3,781,631	4,826,083	(309,900)	4,516,183
06/30/20	9,099,407	(121,521)	8,977,886	4,610,260	(4,220)	4,606,040	4,371,846	(592,263)	3,779,583
06/30/19	8,256,278	(71,844)	8,184,434	3,856,693	(27,411)	3,829,282	4,355,152	(315,502)	4,039,650
06/30/18	8,101,313	(64,586)	8,036,727	4,172,087	(30,157)	4,141,930	3,894,796	(336,016)	3,558,780

Debt Service Detail Information

Wastewater Revenue Bonds

Parity Bonds JP Morgan Subordinate Obligations

June 30,	Parity Bonds JP Morgan	Subordinate Obligations State of Oregon	Subtotal	GO Bonds Series 2010	IFA	Subtotal	Debt Service Grand Total	Net Coverage Revenue Remaining	Excluded Revenue Adjustments	Net Remaining Resources Available
06/30/24	$ 1,720,550	$ 1,224,448	$ 2,944,998	$	$ 433,467	$ 433,467	$ 3,378,465	$ 2,151,385	$ -	$ 2,151,385
06/30/23	1,726,050	642,227	2,368,277	-	478,869	478,869	2,847,146	2,682,704	-	2,682,704
09/16/22	-	586,999	586,999	-	-	-	586,999	324,729	-	324,729
06/30/22	1,725,676	1,233,911	2,959,587	-	452,218	452,218	3,411,805	(1,104,422)	-	(1,104,422)
06/30/21	1,730,575	1,238,508	2,969,083	-	638,100	638,100	3,607,183	909,000	309,900	1,218,900
06/30/20	569,325	1,243,017	1,812,342	1,164,800	527,747	1,692,547	3,504,889	274,694	592,263	866,957
06/30/19	379,325	1,247,442	1,626,767	1,168,000	528,768	1,696,768	3,323,535	716,114	349,932	1,066,046
06/30/18	138,032	1,251,784	1,389,816	1,440,250	529,901	1,970,151	3,359,967	198,813	370,445	569,258

1 Parity bond means any obligation that is secured by Net Revenues on an equal basis with the 2017 JP Morgan Chase Loan.

2 Subordinate obligations means obligations having a lien on the Net Revenues which is subordinate to the lien of the 2017 JP Morgan Chase Loan.

3 General obligation bonds means any obligation that is secured by the full faith and credit of the District and which may as necessary be repaid with property tax revenue.

4 Net coverage revenue reflects remaining coverage revenue, after deducting all debt service, that is available for reserves and future expenditures.

5 The period ended December 31, 2022 reflects debt service requirements through September 16, 2022 when all assets and liabilities were transferred to the Authority, a newly formed entity.

6 The period ended June 30, 2023 reflects debt service requirements beginning September 16, 2022 when all assets and liabilities were transferred to the Authority, a newly formed entity. If these two periods were combined, the debt service requirement would have been met.

Source: Oak Lodge Water Service Authority Records

PROGRAM COMPLIANCE INFORMATION

CONTINUING DISCLOSURES

REVENUE BONDS

JP Morgan Chase
Direct Placement

OAK LODGE WATER SERVICES DISTRICT
Program Compliance Information - Coverage Computation Detail Information
Wastewater Revenue Bond Debt Service Coverage Compliance Report
JP Morgan Chase Wasterwater Loan Agreement Compliance Information
Year Ended June 30, 2024

Gross Revenue Adjustments		
Additions:		
	Rate Stabilization Account Withdrawals	-
Subtractions:		
	Rate Stabilization Account Deposits	-
Exclusions:		
a)	Interest income derived from escrow fund for defeasance or refunding.	-
b)	Gifts, grants, donations, and other federal or state contributions with restrictions to uses inconsistent with payment of the parity bonds.	-
c)	Debt proceeds	-
d)	Liability Insurance proceeds other than business interuption insurance guarding against loss of revenues.	-
e)	Casualty insurance proceeds utilized for the repair or replacement of wastewater system assets.	-
f)	Capital asset disposal proceeds	-
g)	Ad valorem or other taxes imposed other than charges for service that become "taxes" only because they are imposed on property or property owners.	-
h)	Income generated from ownersip or operation of any separate utility system.	-
i)	Intallment payments for line or branch charges, connection fees, or local improvement districts pledged as security for a borrowing other than a bond.	-
j)	Federal interest subsidies for interest subsidy bonds.	-
	Subtotal	-
Operating Expense Adjustments:		
Exclusions:		
a)	IRS Section 148 rebates or penalties paid from gross revenues	-
b)	Litigation settlements and judgements paid against the District.	-
c)	Depreciation and amortization of property values or losses and other non-cash expenses.	-
d)	Capital expenditures.	-
e)	Interest and other debt service payments, apying agent fees, broker-dealer fees, and similar charges for maintenance of borrowings.	-
f)	Expenses incurred from ownership or operation of any serparate utility system.	-
g)	Liability insurance proceeds expenditures.	-
h)	Casualty insurance proceeds expenditures for repair or replacement of wastewater system assets.	-
i)	Grant proceeds expenditures regardless of whether they are dedicated to a specific purposes or available for general operations.	-
j)	Extraordinary, non-recurring expenses.	-
k)	Expenditures allocable to any other funding source which does not constitute gross revenues of the wastewater system.	-
	Subtotal	-

OAK LODGE WATER SERVICES AUTHORITY
Revenue Bond Continuing Disclosure Information
Top Ten Rate Payers
Current Fiscal Period & Fiscal Period Three Years Prior

	2021			2024		
Customer	Rank	Revenue	%	Rank	Revenue	%
Willamette View, Inc.	2	$ 436,628	3.12%	1	$ 1,060,218	6.23%
City of Gladstone	1	518,266	3.71%	2	707,639	4.16%
Rose Villa Inc.	3	164,987	1.18%	3	198,554	1.17%
Chesepeake Point Apartments	6	121,967	0.87%	4	168,399	0.99%
The Bluffs	5	128,536	0.92%	5	162,959	0.96%
Fred Meyer	7	114,834	0.82%	6	123,543	0.73%
Holly Acres Apartments	10	89,900	0.64%	7	121,201	0.71%
Vineyard Place Retirement Center	9	92,451	0.66%	8	118,336	0.70%
Fox Pointe Apartments	8	93,706	0.67%	9	112,141	0.66%
Homewoods on the Willamette				10	111,735	0.66%
North Clackamas School District #12	4	139,084	1.00%			
Highland Terrace Apartments						
Top Ten Customers' Total Service Charge Revenue		$ 1,463,731			$ 1,824,507	
Grand Total District Service Charge Revenue		13,976,682			17,012,595	
% of Grand Total District Service Charge Revenue		10.5%			10.7%	

REPORT OF INDEPENDENT AUDITORS
REQUIRED BY OREGON STATE REGULATIONS

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy; enumerate the financial statements, schedules, and comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth in the following pages.

Report of Independent Auditors Required by Oregon State Regulations

The Board of Directors
Oak Lodge Water Services Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Oak Lodge Water Services Authority (the Authority) for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 10, 2026.

Compliance

As part of obtaining reasonable assurance about whether the Authority's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the Minimum Standards for Audits of Oregon Municipal Corporations, 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 our audit; 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:

Accounting records and internal control

Public fund deposits

Indebtedness

Budget

Insurance and fidelity bonds

Investments

Public contracts and purchasing

In connection with our testing, nothing came to our attention that caused us to believe the Authority was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

The Authority failed to file the audited financial statements with the Secretary of State within six months after the close of the fiscal year under audit, which is required by ORS 297.465.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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.

Our 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. During our audit, we did identify deficiencies in internal control that we consider to be material weaknesses and significant deficiencies as defined above. Discussion of the deficiencies can be found in our Communication to Those Charged with Governance and Internal Control Related Matters dated August 10, 2026.

Purpose of This Report

The purpose of this report is solely to describe the scope of our 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. Accordingly, this communication is not suitable for any other purpose.

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

Keith Simovic, Principal
for Baker Tilly US, LLP
Portland, Oregon
August 10, 2026

End of Report

Oak Lodge Water Services Authority

2024 Audit Results

Discussion with Board of Directors

Agenda

1. Audit Process
2. Scope of Services
3. Required Communications
4. Corrected and Uncorrected Audit Adjustments
5. Your Service Team

Audit Process

Internal Controls

- Walkthroughs surrounding all cycles
- Includes IT
- Revenue control testing

Analytical Procedures

- Revenue and expenses
- Trends, comparisons, and expectations

Substantive Procedures

- Confirm account balances
- Vouch to supporting documentation
- Representations from attorneys and management
- Examine objective evidence

Scope of Services

We have performed the following services for Oak Lodge Water Services Authority:

Annual Audit

- Annual financial statement audit for the year ending June 30, 2024 – unmodified "clean" opinion

- Audit performed in accordance with Oregon Municipal Audit Standards – One compliance finding related to the late submission of the audit to the Oregon Secretary of State Audits Division.

Required Communications

Auditors' responsibility	Set forth in our engagement letter.
Significant accounting policies & estimates	Unbilled revenue, allowance for doubtful accounts, recovery period for the cost of plant, other post-employment benefit obligations, pension liability
Significant unusual transactions	No matters to report.
Difficulties encountered during the audit	No matters to report.
Disagreements with management	No matters to report.
Auditor's report	Unmodified.
Corrected and uncorrected misstatements	See the following slide
Management representation letter	Dated as of the date of the audit report and obtained from management
Consultations with other accountants	No matters to report.
Significant issues	No matters to report.
Company's ability to continue as a going concern	No matters to report.
Deficiencies in internal control	Material weaknesses related to 1) lack of timeliness for filing with the Oregon Secretary of State; 2) errors noted in the accounting for OPEB plans.
Fraud and illegal acts	No instances of fraud or illegal acts were noted.
Related parties	No new significant related party transactions identified.

Corrected and Uncorrected Audit Adjustments

Corrected Audit Adjustments	Amount
To correct errors related to deferred outflows of resources for the OPEB plans at June 30, 2024	$764,000

Uncorrected Audit Adjustments	Amount
To correct lease receivable and deferred inflows for leases at June 30, 2024	$67,000

Your Dedicated Team

Keith Simovic
Engagement Reviewer And Principal
Keith.Simovic@bakertilly.com
(503) 478-2284

Olga Darlington
Concurring Reviewer and Principal
Olga.Darlington@bakertilly.com
(425) 551-5712

Laurel Braschayko
Senior Manager

Laurel.Braschayko@bakertilly.com
(503) 478-2307

THANK YOU

OAK LODGE
WATER SERVICES

STAFF REPORT

To	Board of Directors
From	Aaron Janicke, Public Works Director
Title	Presentation of Capital Projects for the Water Master Plan Update
Item No	4.b.
Date	September 8, 2026

Summary

Oak Lodge Water Services (OLWS) is working with Water Systems Consulting (WSC) to complete an update to its 2020 Water Master Plan. The plan evaluates the ability of the existing water system to continue providing safe and reliable service and identifies capital improvements needed to address fire flow, system capacity, infrastructure condition, and resiliency.
The recommended 20-year Capital Improvement Plan (CIP) includes approximately $96.7 million in projects, stated in 2026 dollars. Projects are grouped into Engineering/Planning Studies, Fire Flow/Capacity Improvements, Condition Improvements, Resiliency Improvements, and other Water System projects.

Capital Improvement Plan Development

During the planning process, projects were identified based on deficiencies and needs identified through the Water Master Plan evaluation. The CIP addresses inadequate fire flow and distribution capacity, aging pipelines and facilities, mechanical and electrical equipment, controls, valves, hydrants, emergency supply, seismic resiliency, and recurring planning requirements. Information for these projects were provided through staff input, water system modeling and flow testing, and infrastructure records. Prioritization is assigned based on the OLWS capital projects prioritization matrix that assigns weight to individual projects based on the following: asset criticality and condition, customer criticality, regulatory mandates, relationship to other projects/coordination, leverages outside funding, level of service, OLWS board goals and adopted plans, public Interest, and O&M effectiveness/efficiency.

The CIP covers a 20-year planning period. Projects within the first ten years are assigned to individual fiscal years, while projects planned for years 11 through 20 are grouped into

FY38-47. Project scopes and costs are planning-level estimates and will be refined as projects move through design and construction.

The recommended CIP consists of approximately $960,000 in engineering and planning studies, $42.8 million in fire flow and capacity improvements, $42.8 million in condition improvements, $9.4 million in resiliency projects, and $810,000 in other water system improvements.

Project Descriptions

Engineering and Planning Studies

The CIP includes recurring updates to the AWIA Risk and Resilience Assessment and Water System Master Plan at approximately five-year intervals. These updates allow OLWS to incorporate changes in system demand, infrastructure condition, hydraulic modeling, regulatory requirements, and completed capital projects into future planning. A total of $960,000 is included for these efforts over the 20-year period.

Fire Flow and Capacity Improvements

Fire flow and capacity projects total approximately $42.8 million and primarily consist of replacing or upsizing distribution mains where the hydraulic analysis identified inadequate fire flow or system capacity.

The largest near-term project is the SE River Road and Torbank Avenue improvement, which includes approximately 6,000 feet of 8-inch and 12-inch ductile iron main at an estimated cost of $5.84 million. Several other projects are located along McLoughlin Boulevard and throughout the distribution system.

The CIP also includes improvements to the View Acres Pump Station. The project would replace the existing duty pump with a 1,650-gpm fire-flow pump and complete associated electrical and process upgrades at an estimated cost of $560,000. Approximately $12.1 million is also reserved in FY38-47 for additional pipeline improvements needed to meet fire-flow requirements.

Condition Improvements

Condition projects total approximately $42.8 million and address aging pipelines and other water system assets. Major pipeline work includes continued replacement along Oatfield Road and approximately 13,000 feet of water main on River Road between Jennings Avenue and Oak Grove Boulevard. The River Road project is estimated at approximately $9.1 million.

Other condition projects include recoating the View Acres tanks, replacing older fire hydrants, rebuilding pressure-reducing valves, upgrading SCADA, replacing large valves, and evaluating large-diameter distribution mains.

The CIP also establishes a long-term pipeline rehabilitation and replacement program, with approximately $20.3 million identified in FY38-47 for replacement of about 22,600 feet of additional water main based on condition.

Resiliency Improvements

Approximately $9.4 million is included for water system resiliency. This includes a $470,000 seismic study of the 24-inch supply pipeline and an $8.9 million emergency supply intertie pump station with the City of Milwaukie.

Other Water System Projects

The CIP includes $810,000 for generator, controls, and electrical upgrades at the CRW Pump Station.

Recommended 20-Year CIP

The recommended CIP totals approximately $96.7 million. About $61.7 million is scheduled during the first ten years, with approximately $35.0 million identified for FY38-47. The CIP will continue to be reviewed through the annual capital planning and budgeting process, with project timing and costs adjusted as additional information becomes available and opportunities arise to coordinate work with other projects.

Attachments

1. Capital Projects List

Recommended 20-Year CIP For Oak Lodge Water Services Water System

Project Rank	Project Number	Project ID	Project Category	Description	Pipe Length, feet	Diameter, Inches/ Capacity	Project Total (2026 Dollars)	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38-47
								1	2	3	4	5	6	7	8	9	10	11-20
		Engineering/Planning Studies (E)					**$ 960,000**	**$ -**	**$ -**	**$ -**	**$ 30,000**	**$ 210,000**	**$ -**	**$ -**	**$ -**	**$ 30,000**	**$ 210,000**	**$ 480,000**
	-	**E-1**	Planning Study	AWIA Risk and Resilience Assessment and Updates (ever	-	-	$ 120,000				$ 30,000					$ 30,000		$ 60,000
	-	**E-2**	Planning Study	Water System Master Plan Update (every 5 yr)	-	-	$ 840,000					$ 210,000					$ 210,000	$ 420,000
		Fire Flow / Capacity Improvement (F) Projects					**$ 42,778,000**	**$ 1,219,000**	**$ 3,076,000**	**$ 2,687,000**	**$ 1,105,000**	**$ 1,493,000**	**$ 2,519,500**	**$ 4,498,000**	**$ 4,087,500**	**$ 2,904,500**	**$ 3,444,500**	**$ 12,124,000**
2	2	**F-1**	Pipeline	SE River Road & Torbank Ave	6,037	8" DI, 12" DI	$ 5,840,000	$ 584,000	$ 2,628,000	$ 2,628,000								
3	3	**F-3**	Pipeline	SE Vista Sunrise Court	400	8" DI	$ 280,000	$ 280,000										
5	18	**F-4**	Pipeline	Vineyard Road	346	8" DI	$ 243,000	$ 243,000										
6	19	**F-5**	Pipeline	Poplar Place	325	8" DI	$ 228,000				$ 228,000							
8	31	**F-6**	Pipeline	SE East Avenue	654	10" DI	$ 589,000			$ 59,000	$ 530,000							
7	23	**F-7**	Pipeline	SE Diamond Lane	310	8" DI	$ 217,000				$ 217,000							
14	37	**F-8**	Pipeline	SE Marian St	812	8" DI	$ 569,000				$ 57,000	$ 512,000						
9	34	**F-9**	Pipeline	Woodland Way	1,041	8" DI	$ 729,000				$ 73,000	$ 656,000						
12	22	**F-10**	Pipeline	Cedar Avenue	1,140	8" DI	$ 798,000					$ 80,000	$ 718,000					
15	38	**F-11**	Pipeline	SE Fernridge Ave and SE Willamette Ave	570	8" DI	$ 399,000					$ 40,000	$ 359,000					
16	30	**F-12**	Pipeline	SE McLoughlin Boulevard and Holly Avenue	2,280	10" DI	$ 2,052,000					$ 205,000	$ 923,500	$ 923,500				
10	5	**F-13**	Pipeline	Jennings Avenue	1,010	8" DI	$ 707,000						$ 71,000	$ 636,000				
17	6	**F-14**	Pipeline	Old Orchard Court, SE Meldrum Avenue	1,250	8" DI	$ 875,000						$ 88,000	$ 787,000				
18	9	**F-15**	Pipeline	McLoughlin Boulevard - Glen Echo to SE Boardman	5,853	8" DI	$ 3,601,000						$ 360,000	$ 1,620,500	$ 1,620,500			
13	12	**F-16**	Pipeline	McLoughlin Boulveard - SE Roethe Rd towards SE Ina Ave	185	6" and 8" DI	$ 120,000							$ 120,000				
19	10	**F-17**	Pipeline	Harold Avenue, Derry Lane	1,210	8" DI	$ 847,000							$ 85,000	$ 762,000			
21	17	**F-18**	Pipeline	River Road, Oak Grove Boulevard, Arista Dr - Hydrants	380	6" and 8" DI	$ 266,000							$ 266,000				
20	16	**F-19**	Pipeline	SE Roethe Road	850	8" DI	$ 595,000							$ 60,000	$ 535,000			
28	25	**F-20**	Pipeline	Raintree Court	540	8" DI	$ 378,000								$ 378,000			
23	32	**F-21**	Pipeline	SE McLoughlin Boulevard - 16" Hydrant Tie Ins	270	6" DI	$ 162,000								$ 162,000			
22	8	**F-22**	Pipeline	McLoughlin Boulevard, SE Risley Avenue	4,612	8" DI	$ 3,263,000								$ 326,000	$ 1,468,500	$ 1,468,500	
29	7	**F-23**	Pipeline	SE Hull Avenue	2,875	6" and 8" DI	$ 1,990,000								$ 199,000	$ 895,500	$ 895,500	
27	24	**F-24**	Pipeline	SE Sierra Vista Drive	1,500	8" DI	$ 1,050,000								$ 105,000	$ 472,500	$ 472,500	
26	21	**F-25**	Pipeline	Cottonwood Court	965	8" DI	$ 676,000									$ 68,000	$ 608,000	
	-	**F-REM**	Pipeline	Replace and Upsize Pipelines to Meet Required Fire Flow	10,125	varies	$ 12,124,000											$ 12,124,000
	-	**F-2**	Non-buried Asset	Upsize Pump and Replace Equipment View Acres Pump Station (replace duty pump w/ FF pump, electrical + process upgrades)	n/a	1,650 gpm	$ 560,000	$ 112,000	$ 448,000									
		Condition (C) Projects					**$ 42,776,000**	**$ 3,105,000**	**$ 2,750,000**	**$ 3,947,400**	**$ 3,595,700**	**$ 2,873,700**	**$ 2,873,700**	**$ 150,000**	**$ 179,500**	**$ 150,000**	**$ 756,000**	**$ 22,395,000**
11	101	**C-1**	Pipeline	Oatfield Road Phase 2 - Loeffelman Rd to Risley Ave	4,650	8" DI	$ 2,600,000	$ 2,600,000										
24	102	**C-4**	Pipeline	Oatfield Road Phase 3 - Risley Ave to Oakland Ave	4,350	8" DI	$ 2,500,000		$ 2,500,000									
25	103	**C-5**	Pipeline	Oatfield Road Phase 4 - Oakland Ave to Hull Ave	4,970	8" DI	$ 2,750,000			$ 2,750,000								
4	108	**C-7**	Pipeline	SE River Rd - SE Jennings to Oak Grove	12,970	8" DI	$ 9,079,000			$ 907,900	$ 2,723,700	$ 2,723,700	$ 2,723,700					
30	107	**C-9**	Pipeline	SE Wanda Court and SE Gayle Court	767	6" DI	$ 461,000				$ 461,000							
31	109	**C-10**	Pipeline	SE Byron Court	435	6" DI	$ 261,000				$ 261,000							
35	104	**C-11**	Pipeline	Round Oaks Court	1,010	6" DI	$ 606,000										$ 606,000	
38	110	**C-12**	Pipeline	SE Sky High Court	865	8" DI	$ 606,000											$ 606,000
-	-	**C-2**	Non-buried Asset	Recoat Interior and Exterior of View Acres Tanks	-	-	$ 255,000	$ 255,000										
-	-	**C-3**	Non-buried Asset	Replace All 4 ¼-inch Fire Hydrants	-	-	$ 200,000	$ 100,000	$ 100,000									
-	-	**C-6**	Non-buried Asset	Rebuild Pressure Reducing Valves (every 5 years)	-	-	$ 118,000			$ 29,500					$ 29,500			$ 59,000
-	-	**C-13**	Non-buried Asset	Upgrade SCADA System	-	-	$ 1,000,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 500,000
-	-	**C-14**	Non-buried Asset	Large Valve Replacement	-	-	$ 1,900,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 900,000
-	-	**C-8**	Condition Assessment	Large Diameter Distribution Main Condition Assessment	-	-	$ 110,000			$ 110,000								
-	-	**C-15**	Pipeline	Rehab & Replacement Program - Pipe Replacement	22,589	varies	$ 20,330,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,330,000
		Resiliency (R) Projects					**$ 9,374,000**	**$ 470,000**	**$ 89,040**	**$ 4,362,960**	**$ 4,452,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
-	-	**R-1**	Seismic Resiliency	Seismic Study of 24-inch Supply Pipeline	-	-	$ 470,000	$ 470,000										
-	-	**R-2**	Emergency Supply	Intertie Pump Station with City of Milwaukie	-	-	$ 8,904,000		$ 89,040	$ 4,362,960	$ 4,452,000							
		W Projects					**$ 810,000**	**$ -**	**$ -**	**$ -**	**$ 81,000**	**$ 729,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
		W-1		CRW Pump Station Generator, Controls, and Electrical Upgrades			$ 810,000				$ 81,000	$ 729,000						
						CIP Total	**$ 96,698,000**	**$ 4,794,000**	**$ 5,915,040**	**$ 10,997,360**	**$ 9,263,700**	**$ 5,305,700**	**$ 5,393,200**	**$ 4,648,000**	**$ 4,267,000**	**$ 3,084,500**	**$ 4,410,500**	**$ 34,999,000**

STAFF REPORT

To	Board of Directors
From	Aaron Janicke, Public Works Director, Angie Wilson, Finance Director
Title	Presentation of Quarterly Capital Projects Report
Item No	4.c.
Date	September 8, 2026

Summary

The Board has requested quarterly updates on the status of the Capital Improvement Plan (CIP). This report provides high-level status of the projects and the budget spent to date.

Capital Improvement Project Status

Oak Lodge Water Services
Capital Outlay Reporting
FY 2026 - July 2025 through June 2026

	Budget	Actuals	Projections	Projected Spend FY 2026	% of Budget	Variance
Drinking Water Capital	3,006,096	2,670,530	-	2,670,530	89%	335,566
Wastewater Capital						
Wastewater Treatment Plant	7,769,971	2,451,913	-	2,451,913	32%	5,318,058
Wastewater Collections Syste	6,658,392	5,817,192	-	5,817,192	87%	841,200
Watershed Protection Capital	300,000	22,838	-	22,838	8%	277,162
Totals	**17,734,459**	**10,962,473**	**-**	**10,962,473**	62%	**6,771,986**
Combined Contingency	1,809,301					
Appropriation	**19,543,760**					

Drinking Water

Oatfield Road Waterline Replacement

FY27 $200,000 | 2023-2030 | Current Phase: Design & Construction

Update: Design was finished for Phase 2 (Loeffelman to Risley). The County awarded the Jennings Intersection project that includes replacement of an OLWS waterline.

Next: Construction will start at the Jennings intersection this fall.

Seal Coat Valley View Reservoir Domes

FY27 $210,000 | Fall 2026 | Current Phase: Construction

Update: Bidding was completed in July and a contractor has been awarded the contracts.

Next: Resealing continues for both reservoirs during September.

SCADA System Upgrades & Radio Telemetry Activation Study

FY27 $76,000 | Fall 2026 | Current Phase: Installation

Update: Portland Engineering reviewed our current hardware and provided a quote for installing a backup radio comms for our SCADA system.

Next: Installation of the new hardware will take place in September.

Colina Vista Waterline Replacement

FY27 $3,620,000 | Summer 2026 – Spring 2027 | Current Phase: Design

Update: With survey completed, AKS has begun preliminary design of the pipe replacement project.

Next: 60% design expected in early September for OLWS review.

AWIA Risk and Resiliency Update

FY26 $52,000 | Spring to Summer 2026 | Current Phase: Complete

Update: Assessment completed in June and submitted to the EPA.

Next: Board review of the Emergency Action Plan and submission to the EPA.

Wastewater – Treatment Plant

Aeration Blower Replacement

FY26 $338,000 | Spring to Summer 2026 | Current Phase: Construction

Update: Existing blower has been removed, and the new blower has been installed.

Next: Blower start-up will take place at the beginning of September.

Tertiary Treatment

FY27 $11,000,000 | 2023 - 2027 | Current Phase: Construction

Update: Excavation began in May. Crews installed the piles and have removed the old chlorine contact chamber.

Next: Excavation down to final grade continues. Once complete, underground piping and vault installation will begin.

Wastewater - Collections

Lift Station 2 Generator Replacement

FY27 $250,000 | Summer – Winter 2026/27 | Current Phase: Design

Update: Task Order with Wallis Engineering was signed in July for design. Staff are working to determine generator specs and requirements.

Next: Generator install is tentatively planned for late winter, depending on lead times.

Lift Station 5 Basin RDII

FY27 $175,000 | Winter – Spring 2027 | Current Phase: Planning

Update: OLWS getting quotes for post-construction flow monitoring.

Next: Flow monitoring will take place this summer, with a final report due late spring.

Lift Station 2 Basin RDII

FY27 $1,875,000 | 2025-2030 | Current Phase: Construction (Ph 1) and Design (Ph2-4)

Update: Contractor has begun pipe bursting for phase 1.

Next: Work will continue through the rest of the year. Design continues for phase 2.

Influent Lift Station RDII

FY27 $580,000 | 2026 - 2031 | Current Phase: Design

Update: The pipe assessment was completed and reviewed by OLWS staff. Survey is currently underway for pipes identified for replacement.

Next: Once survey is complete, design for ph. 1 will begin. Construction is anticipated for early summer 2027.

Attachments

None

OAK LODGE
WATER SERVICES

AGENDA ITEM

Title Items for Consideration

Item No. 5.

Date September 8, 2026

Summary

The Board of Directors deliberates and authorizes official actions by roll call vote. These items for consideration are presented by staff.

STAFF REPORT

To	Board of Directors
From	Angie Wilson, Finance Director
Title	Consideration of FY24 Audit Plan of Action
Item No	5.a.
Date	September 8, 2026

Summary

OLWS contracted with Baker Tilly (formerly Moss Adams) to perform the Authority's fiscal year 2024 audit to file with the Oregon Secretary of State's office. A couple of deficiencies were discovered through the audit process and a Plan of Action (attached) has been drafted for approval by the OLWS Board of Directors to submit to the Secretary of State's office.

Background

Oregon law requires local governments to file annual financial audit reports and other items with the Secretary of State Audits Division (Oregon Revised Statute 297.405 297.990). Baker Tilly was contracted by OLWS to perform the FY24 financial audit of the Authority's financial operation. The audit noted a couple of deficiencies which need corrective action.
Those items noted are:

- Financial Close and Reporting and Timeliness of Filing with the Secretary of State
- Capital Asset Reconciliation

The Plan of Action document (attached) outlines the steps needed to correct the above mentioned deficiencies. Those include timely filing of audits within the required 180 days following the end of the fiscal year, reconciling capital asset accounts monthly, and utilization of work orders for projects not outlined by the Capital Improvement Plan.

Recommendation

Staff recommends the Board approve the Chair and General Manager sign the Plan of Action for fiscal year 2024 Authority audit.

Suggested Board Motion

"I move to authorize the Chair and General Manager sign the Plan of Action for the fiscal year 2024 Authority audit."

Attachments

1. FY 24 Plan of Action

September 8, 2026

Oregon Secretary of State,
Audits Division
255 Capitol St. NE, Suite #500
Salem, OR 97310

Plan of Action for Oak Lodge Water Services Authority

Oak Lodge Water Services Authority respectfully submits the following corrective action plan in response to deficiencies reported in our audit of fiscal period ended June 30, 2024. The audit was completed by the independent auditing firm Baker Tilly US LLP on August 10, 2026 and reported the deficiencies listed below. The plan of action was adopted by the governing body at their meeting on March 10, 2026, as indicated by signatures below.

The deficiencies are listed below, including the adopted plan of action and timeframe for each.

1. Deficiency #1
   a. Material Weakness – **Financial Close and Reporting and Timeliness of Filing with the Secretary of St**ate During the audit, we noted that the Authority was significantly delayed in its closing process and for preparing its year-end financial statements, including ineffective controls to ensure timely review of account reconciliations and significant financial statement accounts, and inadequate controls to ensure that journal entries are accurately calculated and recorded. In addition, the Authority failed to timely file its audited financial report with the Secretary of State and therefore was out of compliance with the requirement to file within six months of the Authority's fiscal year end. To improve the financial statement closing process and timeliness of filing, we recommend that the Authority establish more efficient and effective internal controls to provide timely and accurate completion of financial reporting as well as timely review and approval of all account balances.
   b. The Authority is working to complete audits in a timely manner, however, we note that this FY24 period audit is already past due and we are working swiftly to become current.
   c. Timeframe for implementation: We will continue to move forward with the Authority audits and expect to be current within 12 months (March 2027) with the Authority audits.

______________________________	______________________________
Board Chair, Kevin Williams	Signature
______________________________	______________________________
General Manager, Brad Albert	Signature

STAFF REPORT

To	Board of Directors
From	Tessie Prentice, Assistant District Engineer
Title	Consideration of Contract with Landis and Landis Construction LLC for the FY27 Lateral Repair Project
Item No	5.b.
Date	September 8, 2026

Summary

Staff seek approval to contract with Landis and Landis Construction LLC for construction of the FY27 Lateral Repair Project.

Background

Each year, OLWS receives requests for lateral repairs within the public right-of-way. The portion of lateral between the sanitary mainline and the property line is OLWS's responsibility to maintain. These calls are related to property owners experiencing sewer issues within their home or are related to a lateral video as part of the sale of a house. Videos of the laterals are reviewed by staff and a determination is made regarding the specific maintenance needs. In FY26, OLWS had eleven service lateral repairs completed for a total cost of $140,000.

Eight laterals were not fixed last fiscal year and were grouped together as a single project for a potential reduction in mobilization costs. This project used the Intermediate Procurement process and invited six contractors to review the project descriptions and submit bids via email by the August 26, 2026 2:00 PM deadline. Six bids were received. One received bid was determined to be incomplete. The following table is a summary of the five complete bids:

Bidder's Name	**Bid Amount**

Landis & Landis Construction, LLC	**$119,350.00**
Emery & Sons Construction Group, LLC	$138,610.00
GT Excavating LLC	$143,615.00
Pacific Excavation, Inc	$170,000.00
Jesse Rodriguez Construction, LLC	$173,090.00

Budget

The Lateral Repair Program was identified in the 2026-2027 Capital Improvement Plan as Project Number C-14 with a budget of $150,000 for FY27. The $119,350 amount would construct the current list of laterals needing repairs and there will be funds remaining if other laterals require repair this fiscal year.

Recommendation

Staff recommends the Board move to approve the General Manager to sign a Public Improvement Contract with Landis and Landis Construction, LLC for the construction of the FY27 Lateral Repair Project for $119,350.

Suggested Board Motion

"I move to approve the General Manager to sign a Public Improvement Contract with Landis and Landis Construction, LLC for the construction of the FY27 Lateral Repair Project for $119,350."

Attachments

1. FY27 Lateral Repair_Public Improvement Contract

PUBLIC IMPROVEMENT CONTRACT
FY27 LATERAL REPAIR

This Public Improvement Contract for the FY27 Lateral Repair (the "Agreement"), is made and entered into by and between Oak Lodge Water Services Authority, a joint water and sanitary authority organized under ORS Chapter 450 ("OLWS"), and Landis and Landis Construction, LLC, an Oregon business corporation ("Contractor").

RECITALS

WHEREAS, OLWS requires contractor services for the replacement of existing sanitary sewer laterals in multiple locations in OLWS boundary (the "Services" or the "Work");

WHEREAS, OLWS selected Contractor to provide the Services needed through a competitive bid process;

WHEREAS, Contractor is willing, qualified, and duly authorized to perform the requested Services in Oregon; and

WHEREAS, time is of the essence in this Agreement, and all Work shall be completed within the time period stated in the Contractor Bid dated August 26, 2026 (the "Bid");

NOW, THEREFORE, in consideration of the promises and covenants contained herein, the Parties agree as follows:

1. Contract Documents and Scope of Services

This Agreement consists of the following documents:

- **a.** Invitation to Bid for the FY27 Lateral Repair, emailed by OLWS on August 6, 2026, including all addenda (the "ITB").
- **b.** All detailed specifications and requirements, drawings, and special conditions and modifications in conditions issued by OLWS to Contractor for this project.
- **c.** The Bid submitted by Contractor on August 26, 2026.
- **d.** This Agreement, including all exhibits.
- **e.** Notice to Proceed issued by OLWS to Contractor.
- **f.** Authorized Change Orders issued by OLWs under this Agreement.

The terms of this Agreement shall control over any conflict in terms with the Bid. Contractor shall perform the Work in accordance with the terms and conditions set forth herein, and as provided in the ITB and the Bid. Contractor is required to furnish all materials, labor, tools, power, equipment, transportation, and resources needed to complete the Work. Contractor warrants that its Work will be performed in accordance with generally accepted professional practices and standards and all requirements of the applicable state, federal, and local laws.

OLWS may, at any time and without notice, issue a written Change Order requiring additional Work of Contractor within the general Scope of Services, or any amendment thereto, or directing the omission of or variation in the Work. If such Change Order results in a material change in the amount or character of the Work, an equitable adjustment in the price and other provisions of this Agreement as may be affected may be made. Any claim by Contractor for and adjustment under this Section shall be asserted in writing within thirty (30) days from the date of receipt by Contractor of the notification of change or the claim will not be allowed. Whether made pursuant to this section or by mutual agreement, no change shall be binding upon OLWS until a Change Order is executed by an authorized OLWS Representative and expressly states that it constitutes a Change Order to this Agreement. The issuance of information, advice, approvals, or instructions by OLWS's Representative or other OLWS personnel shall not constitute an authorized change pursuant to this Section. Nothing contained in this Section shall excuse the Contractor from proceeding with the performance of the Work in accordance with the Agreement, as changed pursuant to this Section.

2. **Effective Date and Duration**

This Agreement shall become effective when signed by both Parties and Contractor has submitted the required certificates of insurance and satisfactory performance and payment bonds required, which shall be in the full amount of the value of the Agreement (the "Effective Date"). This Agreement shall remain in effect until the Work has been completed, OLWS has accepted the Work, and the warranty period has expired. The termination of this Agreement shall have no effect on any right of the Parties that arose prior to termination. Contractor shall begin the Work when date indicated in the Notice to Proceed issued by OLWS to Contractor under this Agreement. The Work must be completed by May 28, 2027.

3. **Compensation and Payment Terms**

a. **Payments:** OLWS agrees to pay Contractor One Hundred Nineteen Thousand Three Hundred Fifty dollars ($119,350) for the satisfactory performance of the Services, which payment shall be based upon the following applicable terms:

Payment shall be based upon the schedules and unit prices bid by the Contractor as identified in **Exhibit A**, attached hereto and incorporated herein by this reference. Contractor shall prepare and submit each month to the OLWS Representative, 14611 SE River Road, Oak Grove, Oregon 97267, a Statement of Services rendered, indicating the description of each Service performed or used in the bid and the dollar amount of each Service completed through the stated date, together with a request for payment duly verified by the Contractor's Representative.

Payment by OLWS shall release OLWS from any further obligation for payment to Contractor for Services performed or expenses incurred as of the date of the statement of services. Payment of installments shall not be considered acceptance or approval of any Work or waiver of any defects therein. OLWS certifies that sufficient funds are available and authorized for expenditure to finance costs of this Contract.

Contractor shall include proof of payment to all subcontractors and suppliers with each statement submitted to OLWS. OLWS shall retain the right to withhold payments if required proof of payment to subcontractor and suppliers is not included with a statement, in addition to any other authorized withholding of retainage.

In no event shall the fees incurred by OLWS under this Agreement exceed USD$119,350 without the prior written consent of OLWS.

b. **Timing of Payments:** OLWS shall make progress payments, less a five percent retainage as authorized by ORS 279C.555 and ORS 701.420, to Contractor within thirty (30) days of the OLWS receipt of the statement of Services.

c. **Liquidated Damages**: Contractor and OLWS agree that OLWS will suffer significant damages each day that the Work remains uncompleted after the specified Final Completion date of May 28, 2027, and that the amounts of those damages are difficult to calculate. Contractor and OLWS agree that a reasonable amount of damages for delays in completion is 0.5% of the total contract amount (USD$119,350) per calendar day of delay past the designated Final Completion date, and Contractor agrees to pay such amounts as liquidated damages if the Work is not completed by the date of Final Completion. Contractor agrees that the liquidated damages specified herein is a fair way of ascertaining damages to OLWS and is not a penalty for late completion. OLWS shall deduct the amount of liquidated damages from any amounts due, and the Contractor and its Surety shall be liable for any excess. If the Agreement is terminated due to default by Contractor or public convenience, and the Work has not by other persons or means been completed before the Final Completion date, liquidated damages shall be assessed against the Contractor for the duration of the time reasonably required to complete the Work.

d. **Final Payment:** Contractor shall notify OLWS in writing when the Contractor considers the Work to be complete, and OLWS shall, within 15 days after receiving the written notice, either accept the Work or notify the Contractor of Work yet to be performed under the Contract.

If accepted by OLWS, the remaining balance due to the Contractor, including the retained percentage, shall be paid to the Contractor by OLWS. OLWS shall not make final payment unless the prevailing wage rate certifications are received.

OLWS shall pay to Contractor interest at the rate of one and one-half percent per month on the final payment due the Contractor, to commence 30 days after the Work has been completed and accepted and all verifications and certifications have been received by OLWS, and to run until the date when final payment is tendered to the Contractor. If OLWS does not, within 15 days after receiving written notice of completion, notify the Contractor of Work yet to be performed to fulfill contractual obligations, the interest provided by this subsection shall commence to run 30 days after the end of the 15-day period and shall be suspended if OLWS thereafter notifies Contractor of the remaining obligations.

As a condition of final acceptance, OLWS may require Contractor to submit evidence, satisfactory to the OLWS Representative, that all payrolls, material bills, and other indebtedness connected with the project have been paid. If any indebtedness or liens are in dispute, the Contractor may submit a surety bond satisfactory to OLWS guaranteeing payment of all such disputed amounts if such payment has not already been guaranteed by surety bond.

g. Contractor agrees that no person shall be employed for more than ten (10) hours in any one day, or forty (40) hours in any one week, except in cases of necessity, emergency, or when public policy absolutely requires it, and in such cases the laborer shall be paid at least time and a half pay for all overtime in excess of eight (8) hours in any one day or forty (40) hours in any one week when the workweek is five consecutive days, Monday through Friday, or ten (10) hours in any one day and or forty (40) hours in any one week when the workweek is four consecutive days, Monday through Friday and for all work performed on Saturday and on any legal holiday as specified in ORS 279C.540. No OLWS employee shall be required to work overtime or on a Saturday, Sunday, or holiday in the fulfillment of this Agreement, except where the Contractor agrees to reimburse OLWS in the amount of money paid the employee for such work as determined by state law, OLWS's personnel rules, or union agreement. The Contractor shall require every Subcontractor to comply with this requirement.

4. **Prevailing Wages**

a. Contractor and subcontractors shall comply with all provisions required under ORS 279C.800 through 279C.875 regarding prevailing wage rates and fringe benefits. Contractors and subcontractors shall pay to all workers the current, applicable state prevailing rate of wage as established by the Oregon State Bureau of Labor and Industries ("BOLI"). Contractor and subcontractors must comply with all laws and regulations relating to prevailing wages, whether or not set out in this contract. Further information regarding prevailing wages is available by contacting BOLI at 971-673-0839 or at the BOLI web site: https://www.oregon.gov/boli/employers/Pages/prevailing-wage.aspx.

b. Before starting Work on the project, Contractor must have a public works bond filed with the Oregon Construction Contractors Board with a corporate surety authorized to do business in the State of Oregon, in the amount of $30,000.

c. Contractor and subcontractors shall prepare weekly certified payroll reports and statements and submit them to OLWS by the fifth business day of each month. Reports shall be submitted to OLWS, Attention: Tessie Prentice, Project Manager, on a form prescribed by the Commissioner of the Bureau of Labor, certifying: (a) the hourly rate of wage paid each worker who the Contractor or the subcontractor has employed to do the Work under this Agreement; and (b) that no worker has been paid less than the prevailing rate of wage or less than the minimum hourly rate of wage specified in their contract. OLWS shall retain five percent of any amount earned by Contractor until the Contractor has complied with this provision. OLWS shall not make final payment unless the prevailing wage rate certifications have been received.

d. Contractor shall allow BOLI to enter the office or business establishment of Contractor at any reasonable time to determine whether the prevailing rate of wage is actually being paid and shall make payment records available to BOLI on request. Contractor shall require subcontractors to provide the same right of entry and inspection.

5. <u>Public Improvement Contract Requirements</u>

a. Contractor shall faithfully complete and perform all of its obligations under this Agreement, and shall make payment promptly as due to all subcontractors and to all persons supplying to the Contractor or his or her subcontractors equipment, supplies, labor, or materials for the performance of the Work provided for in this Agreement and any party thereof; and shall demonstrate that an employee drug testing program is in place; and shall pay all contributions or amounts due the State Industrial Accident Fund and the State Unemployment Compensation Trust Fund from the Contractor or subcontractors incurred in the performance of this Agreement; and shall pay all sums of money withheld from the employees of said Contractor and payable to the Department of Revenue pursuant to ORS 279C.505; and shall not permit any lien or claim to be filed or prosecuted against OLWS on account of any labor or material furnished.

b. If the Contractor fails, neglects, or refuses to pay promptly a person's claim for labor or services that the person provides to the Contractor or a subcontractor in connection with this Agreement as the claim becomes due, OLWS may pay the amount of the claim to the person that provides the labor or services and charge the amount of the payment against funds due or to become due to the Contractor under this Agreement.

c. If the Contractor or a first-tier subcontractor fails, neglects, or refuses to pay a person that provides labor or materials in connection with this Agreement within 30 days after receiving payment from OLWS or the Contractor (as applicable), the Contractor or first-tier subcontractor owes the person the amount due plus interest charges, which begin at the end of the 10-day period within which payment is due under ORS 279C.580 and which ends upon final payment, unless payment is subject to a good faith dispute as defined in ORS 279C.580(5)(b). The rate of interest on the amount due is nine percent per annum and may not be waived.

d. If the Contractor or a subcontractor fails, neglects, or refuses to pay a person that provides labor or materials in connection with this Agreement, the person may file a complaint with the Construction Contractors Board, unless payment is subject to a good faith dispute as defined in ORS 279C.580(5)(b).

e. Contractor shall comply with all federal, state, and local laws, regulations, executive orders, and ordinances applicable to the Work under this Agreement, including without limitation, ORS 279C.520 (labor hours).

f. Contractor shall promptly, as due, make payment to any person, co-partnership, association, or corporation furnishing medical, surgical, and hospital care or other needed care and attention incident to sickness or injury to the employees of Contractor, of all sums that Contractor has agreed to pay for such services and all monies and sums that Contractor collected or deducted from the wages of his or her employees pursuant to any law, contract, or agreement for the purpose of providing or paying for such service, pursuant to 279C.530.

6. <u>Ownership of Documents: Records</u>

A. OLWS shall be furnished, at no cost to OLWS, copies of all draft and final documents related to the Work. OLWS shall have unlimited authority to use final materials received from Contractor in any way OLWS deems necessary.

B. Upon request by Contractor, OLWS shall make copies of OLWS records pertinent to the Work to be performed by Contractor pursuant to this Agreement, for use by Contractor and without cost to Contractor.

C. All Work performed by Contractor under this Agreement shall be the property of OLWS.

7. <u>Subcontracts; Assignment; Delegation</u>

Contractor shall submit a list of Subcontractors for approval by OLWS, and Contractor shall be fully responsible for the acts or omissions of any Subcontractors and of all persons employed by them, and neither the approval by OLWS of any Subcontractor nor anything contained herein shall be deemed to create any contractual relationship between any Subcontractor and OLWS.

This Agreement, and all of the covenants and conditions hereof, shall inure to the benefit of and be binding upon OLWS and the Contractor respectively and their legal representatives. Contractor shall not assign any rights nor delegate any duties incurred by this Agreement, or any part hereof without the written consent of OLWS, which shall be in OLWS's sole discretion, and any assignment or delegation in violation hereof shall be void. If OLWS agrees to assignment of Work to a subcontract, Contractor shall remain fully responsible for the negligent acts or omissions of any subcontractors and of all persons employed by them.

8. <u>Contractor is an Independent Contractor</u>

A. OLWS shall be entitled to provide input to Contractor with respect to the Work, but Contractor is not subject to the direction and control of OLWS. Contractor is an independent contractor for all purposes and shall be entitled to no compensation other than the compensation provided for under Section 3 of this Agreement.

B. Contractor is not an employee of OLWS. Contractor acknowledges Contractor's status as an independent contractor and acknowledges that Contractor is not an employee of OLWS for purposes of any law. All persons retained by Contractor to provide Services under this Agreement are employees or agents of Contractor and not of OLWS. Contractor acknowledges that it is not entitled to benefits of any kind to which a OLWS employee is entitled, and that it shall be solely responsible for workers compensation coverage for its employees and all other payments and taxes required by law. Furthermore, in the event that Contractor is found by a court of law or an administrative agency to be an employee of OLWS for any purpose, OLWS shall be entitled to offset compensation due, or to demand repayment of any amounts paid to Contractor under the terms of the Agreement, to the full extent of any benefits or other remuneration Contractor receives (from OLWS or third party) as a result of said finding, and to the full extent of any payments that OLWS is required to make (to Contractor or to a third party) as a result of said finding.

C. Contractor hereby represents that no employee of OLWS or any partnership or corporation in which an OLWS employee has an interest, has or will receive any remuneration of any type from Contractor, either directly or indirectly, in connection with the performance of this Agreement, except as specifically declared in writing.

D. Contractor and its employees, if any, are not active members of the Oregon Public Employees Retirement System, and are not employed for a total of 600 hours or more in the calendar year by any public employer participating in the Retirement System.

E. Contractor certifies that it currently has an appropriate business license or will obtain one prior to delivering Services under this Agreement.

F. Contractor is not an officer, employee, or agent of OLWS as those terms are used in ORS 30.265.

9. Indemnity

A. OLWS has relied upon the professional ability and training of the Contractor as a material inducement to enter into this Agreement. Contractor represents to OLWS that the Services under this Agreement will be performed in accordance with the professional standards of skill and care ordinarily exercised by members of the Contractor's profession under similar conditions and circumstances, as well as the requirements of applicable federal, state, and local laws. Acceptance of Contractor's Work by OLWS shall not operate as a waiver or release of any right or remedy that may be available by OLWS under law. Acceptance of documents by OLWS does not relieve Contractor of any responsibility for negligent or wrongful design, replacement, and/or repair deficiencies, errors, or omissions.

B. Contractor shall fully defend, indemnify, and hold harmless OLWS, its employees, board members, officers, volunteers, and agents, from any and all claims, lawsuits, demands, causes of action, liability, loss, damage, equitable relief, personal injury and/ or wrongful death, whether brought by an individual or any other entity, or imposed by a court of law or by administrative action of any federal, state, or local governmental body or agency, arising out of, in any way whatsoever, this Agreement, including any acts, omissions, negligence, or willful misconduct on the part of the Contractor, its employees, subcontractors, board members, volunteers, or agents. This indemnification applies to and includes, without limitation, the payment of all penalties, fines, judgements, awards, decrees, attorney's fees, and related costs and expenses, and any reimbursements to OLWS for any and all legal fees, expenses, and costs incurred by OLWS in connection therewith.

10. Insurance

Contractor and its subcontractors shall maintain insurance acceptable to OLWS in full force and effect throughout the term of this contract. Such insurance shall cover all risks arising directly or indirectly out of Contractor's activities or work hereunder, including the operations of its subcontractors of any tier. Such insurance shall include provisions that such insurance is primary insurance with respect to the interests of OLWS and that any other insurance maintained by OLWS is excess and not contributory insurance with the insurance required hereunder. The policy or policies of insurance maintained by the Contractor and its subcontractors shall provide at least the following limits and coverages:

A. Commercial General Liability Insurance: Contractor and its subcontractors shall obtain, at contractor's or subcontractor's expense, and keep in effect during the term of this contract, Commercial General Liability Insurance including all Liability including all major divisions of coverage, including, but not limited to, Premises/Operations, Completed Operations, Independent Contractors' Protective, Products-Completed Operations, Contractual Liability (including coverage for the Contractor's indemnity obligations and other contractual indemnity obligations assumed by the Contractor), Personal Injury, and Broad Form Property Damage (including coverage for Explosion, Collapse, and Underground Hazards). The following insurance will be carried:

Employer's Liability Insurance

$ 2,000,000.00	Each Occurrence
$ 2,000,000.00	Disease Each Employee
$ 2,000,000.00	Disease – Policy

Commercial General Liability insurance

$ 2,000,000.00	Each Occurrence Limit
$ 3,000,000.00	General Aggregate
$ 3,000,000.00	Products/Completed Operations Aggregate
$ 3,000,000.00	Personal and Advertising Injury
$ 2,000,000.00	Limited Job Site Pollution Occurrence Sub-Limit

Comprehensive Automobile Liability Insurance including coverage for all owned, hired and non-owned vehicles

$ 2,000,000.00	Each Occurrence Combined Single Limit
$ 3,000,000.00	Aggregate Bodily Injury & Property Damage
	or
$ 2,000,000.00	Each Person Bodily Injury
$ 2,000,000.00	Each Occurrence Bodily Injury
$ 2,000,000.00	Each Occurrence Property Damage
$ 2,000,000.00	Each Occurrence Pollution Occurrence Sub-Limit

"All risk" Builder's Risk Insurance (including earthquake and flood) covering the real and personal property of others in the care, custody, and control of the contractor. Coverage shall include theft and damage to building interiors, exterior, in transit and offsite storage. The minimum amount of coverage to be carried shall be equal to the full amount of this Agreement. Contractor shall be financially responsible for any deductible applied to loss. This insurance shall include Owner, the contractor and its sub-contractors as their interests may appear and may not be cancelled or terminated until such time as OLWS's final acceptance of the project.
The policy shall be endorsed to have the General Aggregate apply to this project only.

B. Insurance Carrier Rating: Coverage provided by the Contractor must be underwritten by an insurance company deemed acceptable by OLWS. OLWS reserves the right to reject all or any insurance carrier(s) with an unacceptable financial rating.

C. Certificates of Insurance: As evidence of the insurance coverage required by the contract, the contractor shall furnish a Certificate of Insurance to OLWS. No contract shall be effective until the required certificates have been received and approved by OLWS. The certificate will specify and document all provisions within this contract. A renewal certificate will be sent to the above address 10 days prior to coverage expiration. Certificates of Insurance should read "Insurance certificate pertaining to the Agreement for FY27 Lateral Repair". OLWS, its officers, directors, and employees shall be added as additional insurers with respects to this contract. All Liability Insurance policies will be endorsed to show this additional coverage. Insured coverage must be noted as primary in the description portion of the certificate.

D. Primary Coverage Clarification: All parties to this contract hereby agree that the contractor's coverage will be primary in the event of a loss.

E. Cross-Liability Clause: A cross-liability clause or separation of insureds clause will be included in general liability, policy.
Contractor's insurance policy shall contain provisions that such policies shall not be canceled or their limits of liability reduced without thirty (30) days prior notice to OLWS. A copy of each insurance policy, certified as a true copy by an authorized representative of the issuing insurance company, or at the discretion of OLWS, in lieu thereof, a certificate in form satisfactory to OLWS certifying to the issuance of such insurance shall be forwarded to:

OLWS
Attn: Tessie Prentice
14611 SE River Road
Oak Grove, Oregon 97267

Business Phone: 503-353-4226
Business Email: Tessie.Prentice@olws.org

Such policies or certificates must be delivered prior to commencement of the Work. Ten days cancellation notice shall be provided OLWS by certified mail to the name at the address listed above in event of cancellation or non-renewal of the insurance. The procuring of such required insurance shall not be construed to limit contractor's liability hereunder. Notwithstanding said insurance, Contractor shall be obligated for the total amount of any damage, injury, or loss caused by negligence or neglect connected with this Agreement.

11. Termination Without Cause

a. Termination for Public Convenience. At any time, OLWS shall have the right, in its sole discretion, to terminate this Agreement, in whole or in part, if OLWS determines that termination is in the best interest of the public. If OLWS terminates the Agreement pursuant to this paragraph, it shall pay Contractor for Services rendered through the effective date of termination. Payment shall be prorated to and include the day of termination and shall be in full satisfaction of all claims by Contractor against OLWS under this Agreement. OLWS shall provide the Contractor and Contractor's Surety seven calendar days' written notice of termination for public convenience. On the termination date stated in the notice, Contractor shall provide to OLWS immediate and peaceful possession of the project area, and of all of the materials and equipment to be incorporated into the Work for which Contractor received progress payments, regardless of the location of the materials and equipment at the time of termination.

b. Termination by Mutual Agreement. This Agreement may be terminated without cause prior to the expiration of the agreed upon term by the mutual written consent of both parties. In such event, payment of Contractor shall be as provided by ORS 279C.660 and shall be prorated to and include the day of termination and shall be in full satisfaction of all claims by Contractor against OLWS under this Agreement.

c. Other Termination without Cause. This Agreement may be terminated if the Work under this Agreement is suspended by an order of a public agency for any reason considered to be in the public interest other than by a labor dispute or by reason of any third party judicial proceeding relating to the Work other than a suit or action filed in regard to a labor dispute; or if the circumstances or conditions are such that it is impracticable within a reasonable time to proceed with a substantial portion of the Agreement. In such event, payment of Contractor shall be as provided by ORS 279C.660 and shall be prorated to and include the day of termination and shall be in full satisfaction of all claims by Contractor against OLWS under this Agreement.

d. Termination under any provision of this Section 11 shall not affect any right, obligation, or liability of Contractor or OLWS which accrued prior to such termination.

12. Termination for Cause

a. OLWS may terminate this Agreement effective upon delivery of written notice to Contractor, or at such later date as may be established by OLWS, under any of the following conditions:

i If OLWS funding from federal, state, local, or other sources is not obtained and continued at levels sufficient to allow for the purchase of the indicated quantity of Services. This Agreement may also be modified to accommodate a reduction in funds;

ii If Federal or State regulations or guidelines are modified, changed, or interpreted in such a way that the Services are no longer allowable or appropriate for purchase under this Agreement;

iii If any license or certificate required by law or regulation to be held by Contractor, its subcontractors, agents, and employees to provide the Services required by this Agreement is for any reason denied, revoked, or not renewed;

iv If Contractor becomes insolvent, if voluntary, or if an involuntary petition in bankruptcy is filed by or against Contractor, if a receiver or trustee is appointed for Contractor, or if there is an assignment for the benefit of creditors of Contractor; or

v If Contractor fails to maintain reasonable relations with the public. Verbal abuse, threats, or other inappropriate behavior toward members of the public constitute grounds for termination.

Any such termination of this Agreement under this Section shall be without prejudice to any obligations or liabilities of either Party already accrued prior to such termination.

b. OLWS, by written notice of default (including breach of contract) to Contractor, may terminate the whole or any part of this Agreement:

i If Contractor fails to provide the Services called for by this Agreement within the time specified herein or any extension thereof; or

ii If Contractor fails to perform any of the other provisions of this Agreement, or so fails to pursue the Work as to endanger performance of this Agreement in accordance with its terms, and after receipt of written notice from OLWS, fails to correct such failures within ten (10) days or such other period as OLWS may authorize.

The rights and remedies of OLWS provided in the above clause related to defaults (including breach of contract) by Contractor shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

If OLWS terminates this Agreement under this Section, Contractor shall be entitled to receive as full payment for all Services satisfactorily rendered and expenses incurred, an amount which bears the same ratio to the total fees specified in this Agreement as the Services satisfactorily rendered by Contractor bear to the total services otherwise required to be performed for such total fee; provided, that there shall be deducted from such amount the amount of damages, if any, sustained by OLWS due to breach of contract by Contractor. Damages for breach of contract shall be those allowed by Oregon law, reasonable and necessary attorney fees, and other costs of litigation at trial and upon appeal.

13. Breach and Remedy

Upon breach of this Agreement, the parties shall have all rights and remedies provided by law or under this Agreement. In addition, in the event of a breach of this Agreement by Contractor, OLWS may complete the work or remedy the issue either itself, by agreement with another contractor, or by a combination thereof. OLWS may deduct the cost of completing the work or remedying the issue identified in the notice of breach from the remaining unpaid balance of the fee(s) owed to Contractor under this or other Agreements, if any.

14. Non-Waiver

The failure of either party to insist upon or enforce strict performance by the other party of any of the terms of this Agreement, or to exercise any rights hereunder, shall not be construed as a waiver or relinquishment of its rights to assert or rely upon such terms or rights on a future occasion.

15. Method and Place of Giving Notice, Submitting Bills, and Making Payments

All notices, bills, and payments shall be made in writing and may be given by personal delivery, mail, or email. Payments may be made by personal delivery, mail, or electronic transfer. The following addresses shall be used to transmit notices, bills, payments, and other information:

OLWS	Contractor
Attn: Tessie Prentice, Assistant District Engineer	Attn: Myke Landis, CFO
14496 SE River Road Oak Grove, Oregon 97267	Address: PO Box 50 Marylhurst, OR 97036
Phone: 503-353-4226	Phone: 925-788-5857
Email Address: Tessie.Prentice@olws.org and AP@olws.org	Email Address: mlandis@llconstruction.com

and when so addressed, shall be deemed given upon deposit in the United States mail, postage prepaid, or when emailed, shall be deemed given upon receipt by the recipient's servers. In all other instances, notices, bills, and payments shall be deemed given at the time of actual delivery. Changes may be made in the names and addresses of the person to whom notices, bills, and payments are to be given, by giving written notice pursuant to this paragraph.

16. Merger

This writing is intended both as a final expression of the Agreement between the parties with respect to the included terms, and as a complete and exclusive statement of the terms of the Agreement. There are no understandings, agreements, or representations, oral or written, that are not specified herein regarding this Agreement. No modification of this Agreement shall be effective unless and until it is made in writing and signed by an authorized representative of both parties.

17. Force Majeure

Neither OLWS nor Contractor shall be considered in default because of any delays in completion and responsibilities hereunder due to causes beyond the control and without fault or negligence on the part of the parties so disenabled, including but not restricted to, an act of God or of a public enemy, civil unrest, volcano, earthquake, fire, flood, epidemic, quarantine restriction, area-wide strike, freight embargo, unusually severe weather, or delay of subcontractor or supplies due to such cause; provided that the parties so disenabled shall within ten (10) days from the beginning of such delay, notify the other party in writing of the cause of delay and its probable extent. Such notification shall not be the basis for a claim for additional compensation. Each party shall, however, make all reasonable efforts to remove or eliminate such a cause of delay or default and shall, upon cessation of the cause, diligently pursue performance of its obligations under the Agreement.

18. Non-Discrimination

Contractor agrees to comply with all applicable requirements of federal and state civil rights and rehabilitation statues, rules, and regulations. Contractor also shall comply with the Americans with Disabilities Act of 1990, as amended, ORS 659A.142, and all regulations and administrative rules established pursuant to those laws.

19. Errors

If requested by OLWS, Contractor shall perform such additional work as may be deemed necessary by OLWS, to correct errors in the Work required under this Agreement, without undue delays and without additional cost.

20. Hazardous Materials and Waste

If, as part of the performance of this Agreement, Contractor generates or uses any hazardous wastes, hazardous substances, or hazardous materials, Contractor shall be responsible for the disposal of such wastes, substances, and materials in compliance with all applicable federal and state requirements. Contractors shall provide OLWS with documentation, including all required manifests, surveys, and material safety data sheets, demonstrating proper transportation, control, and disposal of hazardous wastes, substances, and materials. Contractor shall defend, indemnify, and hold harmless OLWS for any and all claims related in any way to the disposal, control, or storage of hazardous wastes, substances, or materials generated, transported, or disposed of pursuant to this Agreement, and in any way related to any release or discharge of hazardous wastes, substances, or materials.

21. Governing Law

The provisions of this Agreement shall be construed in accordance with the provisions of the laws of the State of Oregon. Any action or suits involving any question arising under this Agreement must be brought in the appropriate court of the State of Oregon.

22. Conflict Between Terms

Should there be a conflict between the terms of this Agreement and any bid submitted by Contractor in connection with this Agreement, the terms of this Agreement shall control and nothing herein shall be considered as an acceptance of the terms of any conflicting bid.

23. Nonwaiver

The failure of OLWS to insist upon or enforce strict performance by Contractor of any of the terms of this Agreement, or to exercise any rights hereunder, shall not be construed as a waiver or relinquishment to any extent of its right to assert or rely upon such terms or rights in the future.

24. Access to Records

OLWS shall have access to such books, documents, papers, and records of Contractor that are pertinent to this Agreement for the purpose of making an audit, examination, copies, excerpts, and transcripts.

25. Audit

Contractor shall maintain records to help ensure conformance with the terms and conditions of this Agreement, and to help ensure adequate performance and accurate expenditures within the contract period. Contractor agrees to permit OLWS, the State of Oregon, the federal government, and their duly authorized representatives, to audit all records pertaining to this Agreement for such purpose.

26. Warranties

All Work shall be guaranteed by the Contractor for a period of one year after the date of final acceptance of the Work by OLWS. Contractor warrants that all practices and procedures, workmanship, and materials shall be the best available unless otherwise specified in the profession. Neither acceptance of the Work nor payment therefore by OLWS shall relieve Contractor from liability under warranties contained in or implied in this Agreement.

27. Attorneys Fees

In the event an action, suit of proceeding, including appeal, is brought for failure to observe any of the terms of this Agreement, the parties agree that the losing party shall pay such sums as the Court may adjudge reasonable attorney's fees and court costs, including attorney's fees and court costs upon appeal. The provisions of this Agreement shall be construed in accordance with the provisions of the laws of the State of Oregon. All disputes relating to the Agreement, the Work under this Agreement, or the interpretation of any contract document not resolved by negotiation or mediation may be brought only in the Clackamas County Circuit Court.

28. Severability

In the event any provision or portion of this Agreement is held to be unenforceable or invalid by a court of competent jurisdiction, the validity of the remaining terms and provisions of the Agreement shall not be affected, and the remaining terms and provisions of the Agreement shall be in full force and effect.

29. Complete Agreement

This Agreement and the attached exhibits constitute the entire Agreement between the parties. No waiver, consent, modification, or change of terms of this Agreement shall bind either party, unless in writing and signed by both parties. Such waiver, consent, modification, or change, if made, shall be effective only in the specific instances and for the specific purpose given. There are no other understandings, agreements, or representations, oral or written, regarding the subject matter of this Agreement. Contractor, by the signature of its authorized representative, hereby acknowledges that Contractor has read this Agreement, understands it, and agrees to be bound by its terms and conditions.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by the undersigned duly authorized representatives of each party, effective as of the Effective Date.

OAK LODGE WATER SERVICES AUTHORITY	**LANDIS AND LANDIS CONSTRUCTION, LLC**
______________________________	______________________________
Signature	Signature
Brad Albert, General Manager	Myke Landis, CFO
Print Name & Title	Print Name & Title
______________________________	______________________________
Date	Date

Oak Lodge Water Services

Oak Lodge Water Services Sewer Repair Project – Oak Grove, OR

August 26, 2026

LANDIS & LANDIS CONSTRUCTION

COVER LETTER

August 26, 2026
Oak Lodge Water Services
ATTN: Tessie Prentice, RLA, PE and Alex Roller AE
14611 SE River Rd.
Oak Grove, OR 97267

RE: **PROPOSAL / Bid FOR THE Oak Lodge Services Lateral Sewer Repair Project**

Dear Tessie, Alex and Oak Lodge Public Works Department:

We at Landis & Landis Construction, LLC are pleased to submit our proposal for the Oak Lodge Lateral Sewer Repair Project in response to the request for bid.

Landis & Landis Construction, LLC is uniquely qualified to meet the needs of the Public Works Department due to our extensive experience in sewer construction, emergency repairs, and infrastructure inspections. We have successfully completed projects involving sanitary sewer mainlines and laterals, storm sewer systems, manhole installation and rehabilitation, catch basin installation and repair, utility structure adjustments, curb and sidewalk replacement, street restoration, and related underground utility work.

In addition to our inspection capabilities, our team has significant experience in replacing and rehabilitating utility infrastructure through open-cut excavation, pipe bursting, and trenchless boring. This practical field experience gives us a comprehensive understanding of utility system construction, maintenance requirements, defect identification, and long-term infrastructure performance. Our knowledge of both inspection and construction enables us to accurately assess system conditions and provide effective repair and replacement solutions.

We maintain the necessary equipment, personnel, and resources for routine and emergency utility projects. Our capabilities include excavation equipment, hydro-excavation, utility locating, shoring systems, traffic control implementation, sewer cleaning equipment, and specialized tools required to safely perform work within public rights-of-way and active utility systems.

Our crew members have experience working within public utility systems while adhering to applicable safety regulations, municipal standards, and industry best practices. We understand the importance of protecting public infrastructure, minimizing disruptions to residents, maintaining safe work zones, and delivering high-quality workmanship on every project.

Thank you for considering our proposal. We appreciate the opportunity to serve Oak Lodge Water Services and look forward to providing dependable repair services.

Sincerely,
Michael Landis
CFO
Landis & Landis Construction, LLC
P.O. Box 50
Marylhurst, OR 97036
(503) 466-9043

Landis & Landis Construction, LLC

Oak Lodge – FY27 Lateral Repairs

August 26, 2026

Addendum 1: Email With Bid Schedule

Addendum 2: Clarifying Questions on River Drive

Item	Description	Unit	QTY	Amount
1	1117 SE River Forest Rd	LS	1	$ 16,500.00
2	2928 SE Vineyard Rd	LS	1	$ 9,400.00
3	5750 SE Crystal Ln	LS	1	$ 19,150.00
4	14222 SE Laurie Ave	LS	1	$ 13,950.00
5	14312 SE Oatfield Rd	LS	1	$ 20,600.00
6	15332 SE Olive Ave	LS	1	$ 15,150.00
7	16666 SE Blanton St	LS	1	$ 15,800.00
8	16754 SE Austin St	LS	1	$ 8,800.00
			Total:	$ 119,350.00
Additional Work				
A-1	5527 SE Colony Circle	LS	1	$ 18,950.00
A-2	17644 SE Crystal Ln	LS	1	$ 13,550.00
A-3	4228 SE River Dr	LS	1	$ 16,700.00
A-4	17520 SE Scrutton Ln - Quoting Replacement	LS	1	$ 19,400.00
A-5	5805 SE Clayson Ave	LS	1	$ 15,750.00
			Total:	$ 84,350.00

FY 27 Lateral Repair Project Descriptions

1117 SE River Forest Rd - Replace the 4" AC lateral from the sanitary main line to a block wall near the property line, a distance of approximately 18'. The tap on the 21" main is root intruded and so must be abandoned, and a new Inserta Tee installed nearby. OLWS records indicate the tap is 11' deep, and the lateral at the property line is 9' deep, though these are best estimates. A 2-way PVC cleanout in a traffic-rated box is required at the property line.

2928 SE Vineyard Rd – Make a spot repair on a 4" AC lateral. The area to be repaired is in an easement on the edge of a common driveway serving multiple flag lots. The pipe depth is estimated to be approximately 3' deep, and the repair area is approximately 6' long. A 2-way PVC cleanout in a traffic-rated box is required as part of the repair.

5750 SE Crystal Ln - Replace the 4" AC lateral from the sanitary main line to the property line, a distance of approximately 23'. OLWS records indicate that the tap on the main is 8' deep, and the lateral at the property line is 6' deep, though these are best estimates. A 2-way PVC cleanout in a traffic-rated box is required at the property line.

14222 SE Laurie Ave - Replace the 4" AC lateral from the sanitary main line to the property line, a distance of approximately 18'. OLWS records indicate that the tap on the main is 8' deep, and the lateral at the property line is 5' deep, though these are best estimates. A 2-way PVC cleanout in a traffic-rated box is required at the property line.

14312 SE Oatfield Rd - Replace the 4" AC lateral from the sanitary main line to the property line, a distance of approximately 30'. OLWS records indicate that the tap on the main is 13' deep, and the lateral at the property line is 5' deep, though these are best estimates. A 2-way PVC cleanout in a traffic-rated box is required at the property line.

15332 SE Olive Ave – Replace the 4" AC lateral from the sanitary main line to the property line, a distance of approximately 25'. OLWS records indicate that the tap on the main is 7' deep, and the lateral at the property line is 5' deep, though these are best estimates. A 2-way PVC cleanout in a traffic-rated box is required at the property line.

16666 SE Blanton St - Replace the 4" AC lateral from the sanitary main line to the property line, a distance of approximately 21'. OLWS records indicate that the tap on the main is 9' deep, and the lateral at the property line is 5' deep, though these are best estimates. A 2-way PVC cleanout in a traffic-rated box is required at the property line.

16754 SE Austin St - Make a spot repair 2 to 3' long on an existing 4" PVC lateral with structural damage in the road right of way. Install a 2-way PVC cleanout in a traffic-rated box on the spot repair. The lateral is believed to be approximately 4.5' deep at the repair site.

FY 27 Lateral Repair Project Descriptions

Additional needing repairs but less immediate repairs:

5527 SE Colony Circle: This was identified by OLWS crew as a lateral with a small belly from the tap for approx. 15 feet. Options include a long spot repair, complete replacement of the 27’ lateral with cleanout at property line, or no work at this time. OLWS records indicate that the tap on the main is 8’ deep, and the lateral at the property line is 5’ deep, though these are best estimates. Colony Circle is to be repaved by Clackamas County in May 2027.

17644 SE Crystal Ln: This was identified by OLWS crew as a lateral with an offset test tee. Options include a spot repair, complete replacement of the 22’ lateral with cleanout at property line, or no work at this time. OLWS records indicate that the tap on the main is 10’ deep, and the lateral at the property line is 7’ deep, though these are best estimates. Crystal Lane is to be repaved by Clackamas County in May of 2027.

4228 SE River Dr: This home had experienced a blockage due to roots in a 6” OLWS main line located in an easement. The main serves a total of 3 homes. The roots are currently being monitored and can be controlled by periodic hydro cleaning thru a nearby 6” cleanout. Options to address the issue include continuing the routine monitoring and cleaning, applying poison and monitoring, or excavation for spot repairs, though access and a large tree would make spot repairs very difficult.

5032 and 5048 SE La Mesa Way: These homes share a common 6” lateral owned by OLWS. The lateral is flat and has a large sag, so the field crew must hydro clean it monthly to ensure proper operation. A long spot repair or complete replacement of the 44’ lateral would save field crew resources by ending the need for monthly maintenance.

17520 SE Scrutton Ln: This home had experienced a blockage due to root intrusion located at the transition between the private 3” building sewer and OLWS’s 6” lateral. This transition is assumed to be on the property line and is located under a very steep concrete driveway. The only maintenance access is thru a cleanout located within the attached garage. The roots were mostly removed by a plumber with a hydro cleaner in March of 2024, but this had to be coordinated with the OLWS crew launching a camera from the main to monitor the process. Options would be to hydroclean the line again, poison the roots and monitor them, or excavate in the driveway to perform a spot repair to remove the roots. This lateral is probably due for some type of maintenance soon to stop a second blockage from occurring.

5805 SE Clayson Ave: This was identified by OLWS crew as a lateral with an offset test tee. Options include a spot repair, complete replacement of the 26’ lateral with cleanout at property line, or no work at this time. OLWS records indicate that the tap on the main is 6’ deep, and the lateral at the property line is 5’ deep, though these are best estimates. Clayson Ave is to be repaved by Clackamas County in May of 2027.

AGENDA ITEM

Title	Business from the Board
Item No.	6.
Date	September 8, 2026

Summary

The Board of Directors appoints representatives to serve as OLWS liaisons or representatives to committees or community groups.

Directors assigned specific roles as OLWS representatives are placed on the agenda to report to the board on the activities, issues, and policy matters related to their assignment.

Business from the Board may include:

a. Individual Director Reports

b. Tabled Agenda Items

Paul Gornick's Liaison Report – August 2026

August 6, 2026 – C4 Meeting

- **Paul Scarlett of ODOT presented a summer construction update of ODOT Region 1 projects. These included the Abernethy Bridge, an I-5 sign bridge at the Rose Quarter, preliminary geotechnical work for a future Boone Bridge replacement (no actual funding for the replacement yet), and the eastbound I-84 McCord Creek bridge replacement (currently under construction). There is also an additional rapid flashing beacon pedestrian crossing of McLoughlin between Glen Echo and Arlington to be constructed this year.**
- **Kevin McGrane of Happy Valley and Chief Oddis Rollins of West Linn presented case studies in enforcement of E-Bike regulations. It appears the two municipalities are taking different approaches. See slide deck in meeting packet regarding e-bike issues: 7a41a0c4-7cc7-459a-8c06-30c8a83850fd**
- **Happy Valley held an open house in April (approx. 120 attendees), as well as surveys in February and July. In May, HV City Council passed an ordinance that tacks on additional regulations on e-bike usage, such as prohibited use on boardwalks and recreational paths. The ordinance defines "Reckless or Careless Operation" and sets a $500 fine for same. There is also a $250 fine for general operating regulations set out in the state statute. The fines double for a 2nd incident within one year. There has been an issue of reckless users traveling from HV into Gresham where enforcement is not as robust.**
- **West Linn has chosen to prioritize education of users (and parents of young users) before it passed their ordinance. There are both online and in-person safety courses. West Linn police have developed single page graphics with statutory requirements and training/safety opportunities. These are handed out at community events, posted on local bulletin boards, and linked to printable copies on social media. There's also been training of police officer with an emphasis on education before citations. Contact between police and young riders has been positive ("yeah, my mom gave me a copy of that"). Chief Oddis also noted that Clackamas County has applied for a regional grant to develop plans for training/safety courses to be offered county-wide.**
- **C4 staff did a recap of the June retreat and continued group discussion of prioritizing topics of interest for the coming year.**

August 26, 2026 – Sunrise Water Board Meeting (hybrid meeting)

- **Board held Public Hearing (first reading) on Ordinance 2026-01, "Amending Rules and Regulations for Water Service". Second reading will be held in September. The changes are related to separate fire service connections, which under recently adopted ORS 223.301(5) does not require an SDC for the fire connection.**
- **Board approved consent agenda, including annexation of additional service territory into the district.**
- **Executive Director's update included the precipitation deficit in the Clackamas River Basin. Sunrise, along with other members of the Clackamas River Water Providers, met with the Oregon Water Resource Department's Water Master for the Clackamas River to discuss declining instream flows in the river. See attached Agenda Item 3.1 from the SWA meeting for additional info, including a handy, color coded chart of the Water Right Holders on the Clackamas River.**

Sunrise Water Authority

Agenda Item – 3.1

Regular Board Meeting

August 26, 2026

Subject Director's Update

Board Action Requested For Informational & Discussion Purposes Only

Principal Staff Person Jamey Pietzold, Executive Director

Attachments Priority Dates of Lower Clackamas River Municipal and Instream Water Rights

Summary

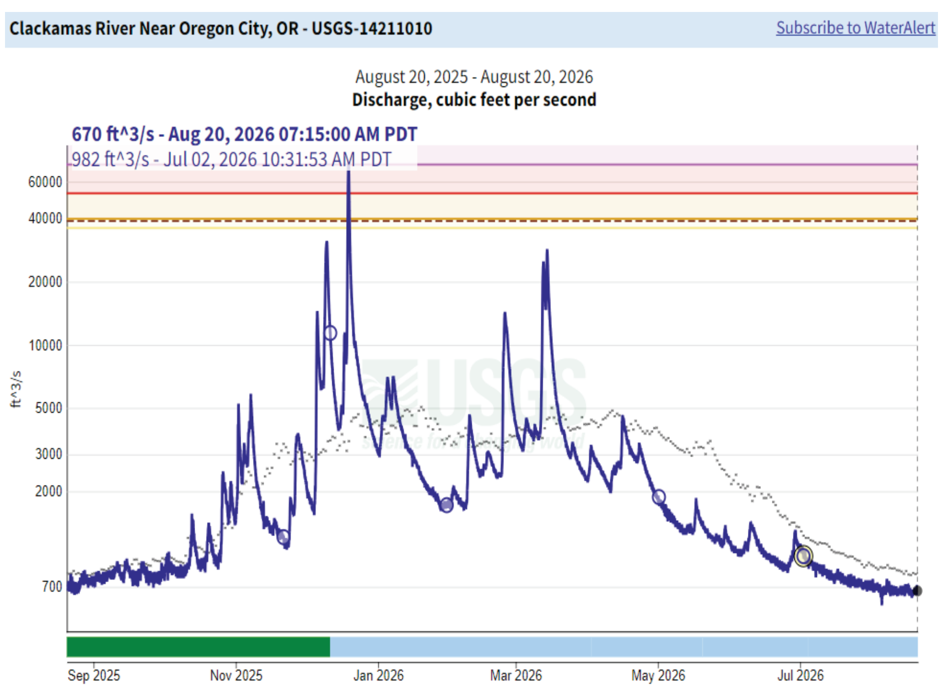
Source Water Streamflow

Streamflow on August 20, 2026 is 670 ft^3/s. Streamflow a year ago on August 20, 2025 was 699 ft^3/s. This is 29 ft^3/s less than the prior year or ≈19 MGD. For comparison to 2015, this day reported 680 ft^3/s.

Fish Persistence Requirements: Separate from the certificated instream water right described below, certain municipal water-right permits are subject to fish-persistence conditions established pursuant to ORS 537.230 and OAR 690-315-0080. The current minimum fish-persistence flow is 650 ft^3/s, increasing to 800 ft^3/s in September.

OWRD's instream Water Right Cert. 59491 Priority Date 26 August 1968 regulates instream flows to 400 ft^3/s (July 1 to Sept 15) and 640 ft^3/s (Sept 16 to June 30).

Streamflow Chart:



CONSERVATION, CURTAILMENT & PUBLIC MESSAGING

Sunrise, along with other members of the Clackamas River Water Providers (CRWP) met with Oregon Water Resources Department's Water Master for the Clackamas River to discuss the declining instream flows in the Clackamas River and what we're doing to conserve water and support instream flow requirements.

During our meeting we learned more about OWRD's instream Water Right Cert. 59491 Priority Date 26 August 1968 which regulates instream flows to 400 ft^3/s (July 1 to Sept 15) and 640 ft^3/s (Sept 16 to June 30). Please refer to the attachment, Priority Dates of Lower Clackamas River Municipal and Instream Water Rights. NCCWC has approx. 2.59 MGD in rights senior to the OWRD instream right. All other NCCWC water rights are junior to the OWRD instream right.

Note, OWRD's Cert 59491 includes language that states, "**This instream water right shall not have priority over domestic** or livestock **uses** or waters to be legally stored or legally released from storage." Municipal water use includes domestic water use, although municipal use also encompasses other uses. Staff is continuing to evaluate how the domestic-use provision in Cert. 59491 applies to municipal water deliveries. **(emphasis added)**

Domestic Water Use: Water for household purposes, such as drinking, food preparation, bathing, washing clothes and dishes, flushing toilets, and watering lawns and gardens. Households include single and multi-family dwellings. Also called residential water use. (*Ref. OWRD, 2016 Water Use Data Work Plan for Oregon.*)

OWRD Water Rights Information System (WRIS) codes and definitions per OAR 690-300-0010 include the following (non-exhaustive):

- MU (Municipal Use)
  - (29) "Municipal Water Use" means the delivery and use of water through the water service system of a municipal corporation for all water uses usual and ordinary to such systems. Examples of these water uses shall include but are not limited to: **domestic water use**, irrigation of lawns and gardens, commercial water use, industrial water use, fire protection, irrigation and other water uses in park and recreation facilities, and street washing. Such uses shall not include generation of hydroelectric power. **(emphasis added)**
- DO (Domestic)
  - (14) "Domestic Water Use" means the use of water for human consumption, household purposes, domestic animal consumption that is ancillary to residential use of the property or related accessory uses.

In July & early to mid-August Sunrise has been in Stage 1(Voluntary Conservation) which calls for an overall reduction in outdoor use.

As we've move into later August, Sunrise has moved toward Stage 2 (Public Warning), calling for reduction in overall demand.

Post Labor Day, Sunrise may enter Stage 3 (Initial Public Emergency - Reduced Supply). Outdoor water use should be stopped completely.

There is the potential that by mid-to late September (due to the increase in required Streamflow) Sunrise may enter Stage 4 (Full Public Emergency - Limited Production) however we are actively coordinating efforts to mitigate the impact on the river and our water supply to customers.

Based on forecasts, Sunrise has mobilized to seek additional water resources from Clackamas River Water (CRW) via NCCWC in the amount of 2 to 3 MGD to supplement our current draw of 4 MGD.

Additionally, Sunrise has compiled a list of irrigation-focused water users and is preparing communication requesting discontinuation of irrigation until instream flows improve.

Sunrise is also preparing communication intended for all Sunrise customers to significantly reduce or eliminate outdoor usage following the Labor Day Holiday.

As we message every year at this time, let's be intentional stewards and contribute to protecting our environment.

INTERGOVERNMENTAL ENGAGEMENTS

As you are all aware the City of Happy Valley lost their Public Works Facility to a fire this past month. Fortunately, and thanks to the Clackamas Fire Team, the fire was controlled and extinguished without further spread or damage beyond the Public Works Facility.

Sunrise extends our support to the City of Happy Valley. We've shared with the City that we are available to support them where we are able. Specifically, we've offered space to assist in locating their equipment and materials at our 129th facility and/or Well 5. Effectively, Sunrise is open to supporting how and where we can. Currently, the City has noted they have a plan; however, our offer of support remains open.

The CoHV Public Works Facility fire also highlighted an opportunity to potentially partner with and support the Clackamas Fire District when timely access to heavy equipment (e.g., excavators, backhoes) may be beneficial. We've begun an initial exploration with the Fire District to determine where Sunrise may be able to coordinate emergency access to our equipment.

POLICY REVIEW & MODERNIZATION

A brief note. Staff is coordinating internally to develop a work session associated with our policy refresh plan.

STAFF NEWS

We're acknowledging four staff anniversaries:

- Justin Foreman, Water Distribution Operator – 3 years
- Greg Willson, Water Distribution Operator – 3 years
- Tyler Wubbena, Senior Engineer – 6 years
- Christin Anderson, Customer Services Manager – 27 years

WATER RIGHT HOLDER	PERMIT/ CERTIFICATE	DIVERSION RATE (CUBIC FEET PER SECOND)	PRIORITY DATE
NCCWC & SWA	Permit S-46120	8.0	4/21/1981
NCCWC	Permit S-43170	1.73	3/28/1978
LO	Permit S-37839	9.0	7/5/1973
Estacada	Certificate 50566	2.0	1/19/1973
NCCWC	Permit S-35297	62.0	7/1/1970
CRW	Certificate 84072	6.5	5/23/1969
OWRD	Certificate 59491	400 (Jul 1-Sep 15); 640 (Oct 1-Jun 30 & Sep 16-Sep 30)	8/26/1968
CRW	Certificate 79899	25.0	5/20/1968
LO	Certificate 78332	25.0	3/14/1967
LO	Permit S-32410	25.0	3/13/1967
CRW	Certificate 37794	15.0	4/25/1962
Estacada	Certificate 26471	2.0	5/10/1955
SFWB	Permit S-22581	60.0	8/3/1953
NCCWC	Permit S-20145	4.0	3/15/1951
SFWB	Permit S-9982*	10.0	1/16/1931
SFWB	Permit S-9982*	20.0	8/11/1926
SFWB	Permit S-3778*	20.0	1/16/1918
SFWB	Certificate 80417	6.0	7/17/1914

LEGEND

- Clackamas River Water, CRW
- City of Estacada, Estacada
- City of Lake Oswego, LO
- North Clackamas County Water Commission, NCCWC
- Oregon Water Resources Department, OWRD
- South Fork Water Board, SFWB
- North Clackamas County Water Commission & Sunrise Water Authority, NCCWC & SWA

NOTE

*These water rights are only for upper Clackamas River tributaries.

Priority Dates of Lower Clackamas River Municipal and Instream Water Rights

Clackamas River Water

January 4, 2022

GSI Water Solutions, Inc.

Y:\0244_Clackamas_River_Water\Source_Figures\011_WR_Chart_Research

Information about the "Priority Dates of Lower Clackamas River Municipal and Instream Water Rights" Graphic

This graphic represents:

1. municipal use water rights authorizing diversions from the lower Clackamas River;
2. municipal use water rights held by South Fork Water Board authorizing diversion from tributary streams; and
3. an instream water right that protects flows in the lower Clackamas River held by Oregon Water Resources Department (OWRD)

These water rights are organized chronologically by priority date, with the most senior water right located at the base of the column. Additional details provided for these rights include the names of the water rights holders, water right permit or certificate numbers, and rates of diversions in cubic feet per second (cfs) authorized by the water rights.

The purpose of this graphic is to show the potential magnitude of water use and the relative future reliability of these water rights on the lower Clackamas River based on priority date.

The reliability of a water right can be defined by several factors, but for the purpose of this description, a water right is considered reliable when streamflow is sufficient to meet the needs of all water rights "senior" in priority to your water right. For example, OWRD's instream water right Certificate 59491 protects instream a flow of 400 cfs from July 1 to September 15. When streamflow in the lower Clackamas River is less than this, water rights with priority dates junior to the instream right (8/26/1968) may have their water use curtailed by the OWRD Watermaster.

While annual climatic conditions will dictate whether streamflow levels in the lower Clackamas River are sufficient to meet the instream water right, full development of the water rights senior to the instream right will also be a factor.

OAK LODGE
WATER SERVICES

AGENDA ITEM

Title	Department Reports
Item No.	7.
Date	September 8, 2026

Summary

The board has requested updates during regular meetings regarding the status of OLWS operations.

DEPARTMENT REPORT

To	Board of Directors
From	Brad Albert, General Manager
Title	Administration Monthly Report
Item No	7.a.
Date	September 8, 2026

Summary

The board has requested updates during regular meetings regarding the status of OLWS operations.

Highlights of the Month

- Oregon DEQ is progressing with the Clean Water State Revolving Loan request for the WWTP Clarifier Project.
- The FY24 Audit findings are being presented at the September 2026 meeting. The FY25 Audit is scheduled to start in late September.

General Manager

Audit

The FY24 Authority Audit is complete. Baker Tilly (Moss Adams) presented the audit findings at the September 2026 meeting. The Finance Dept. has scheduled the FY25 audit to start in late September. In the meantime, all audit information is being compiled to start the audit when Baker Tilly arrives in late September. Fiscal year audits have been averaging 4 months to complete, which would target a January 2027 completion and Board presentation.

Attachments

None

STAFF REPORT

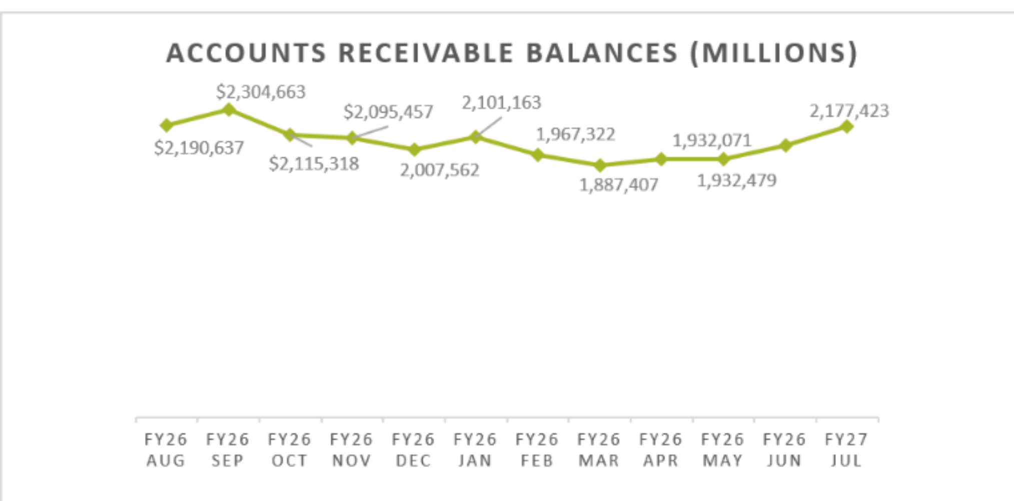
To	Board of Directors
From	Angie Wilson, Finance Director
Title	Finance
Item No	7.b.
Date	September 8, 2026

Summary

The July 2026 financial report outlines key shifts in customer billing and accounts receivable, including improved accounts receivable performance, increased delinquencies, and ongoing support through the FAURRP assistance program.

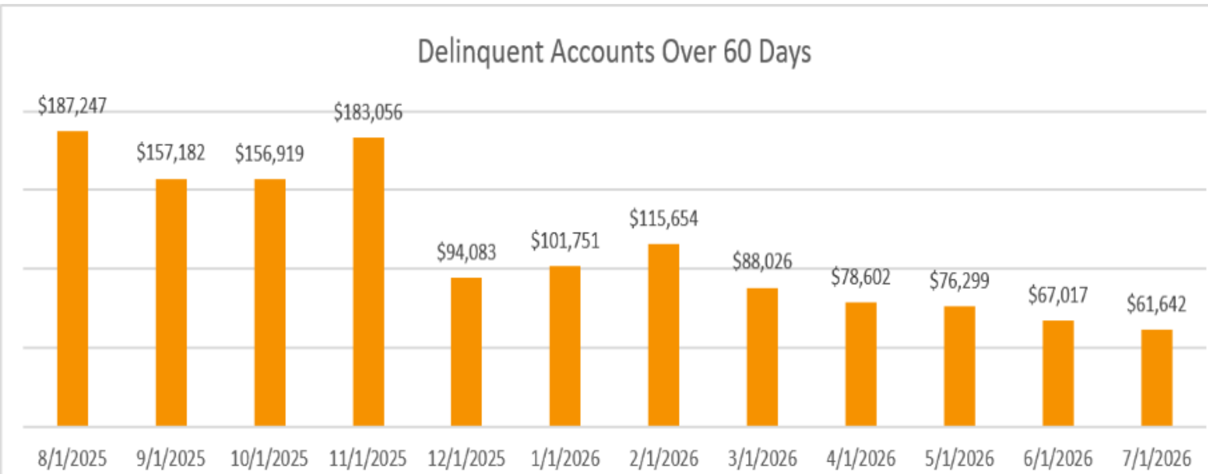
Accounts Receivable (A/R) Overview

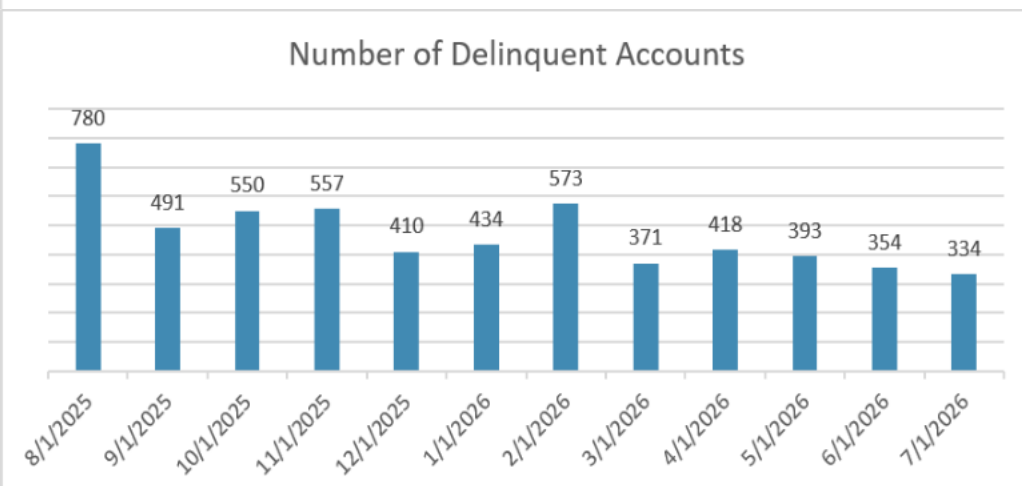
- The **Accounts Receivable Balance Increased by 6.85%** in July compared to June.
- Accounts receivable has increased due to seasonal higher water usage, which results in increased customer billings during this time of year. Higher accounts receivable balances are expected throughout the summer months as water consumption continues to rise.



Delinquent Accounts

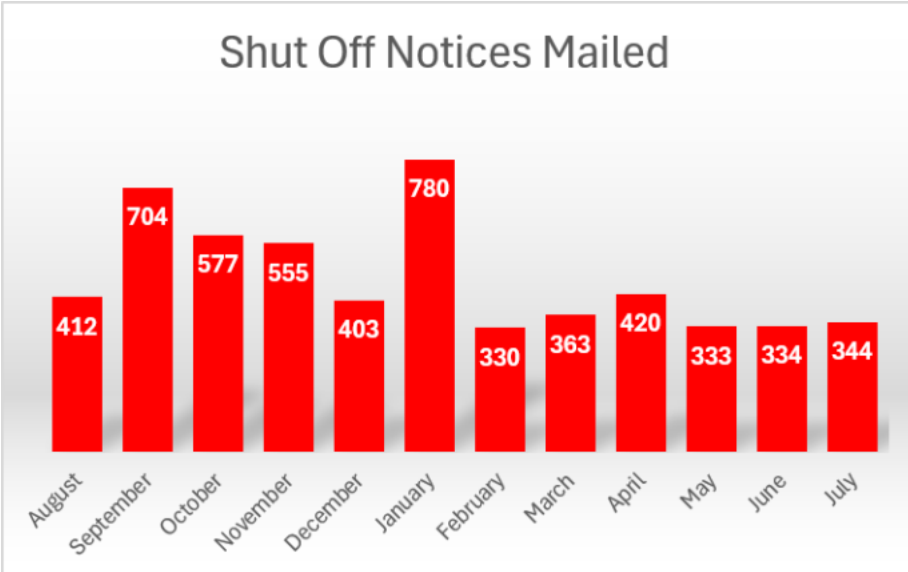
- The **number of delinquent accountsdecreased by 20** from June to July 2026.
- OLWS' current delinquency management process includes:
- Red shut-off notices are mailed on accounts more than 30 days past due, giving customers 7 days to make payment.
- If no payment or plan arrangement occurs, **the automated call system issues a 24-hour shut-off notice**. Shut offs are performed the following day.

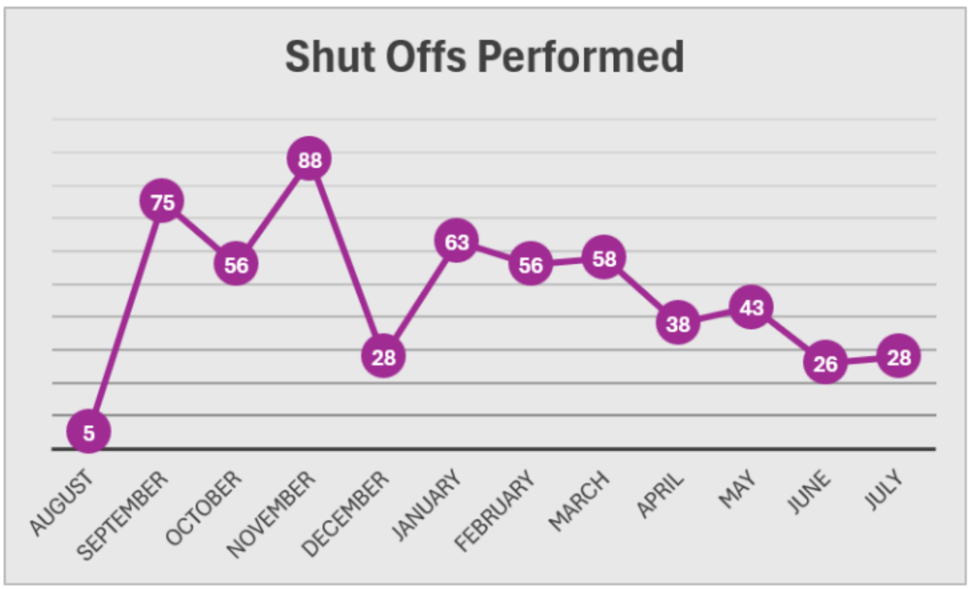




Shut Offs

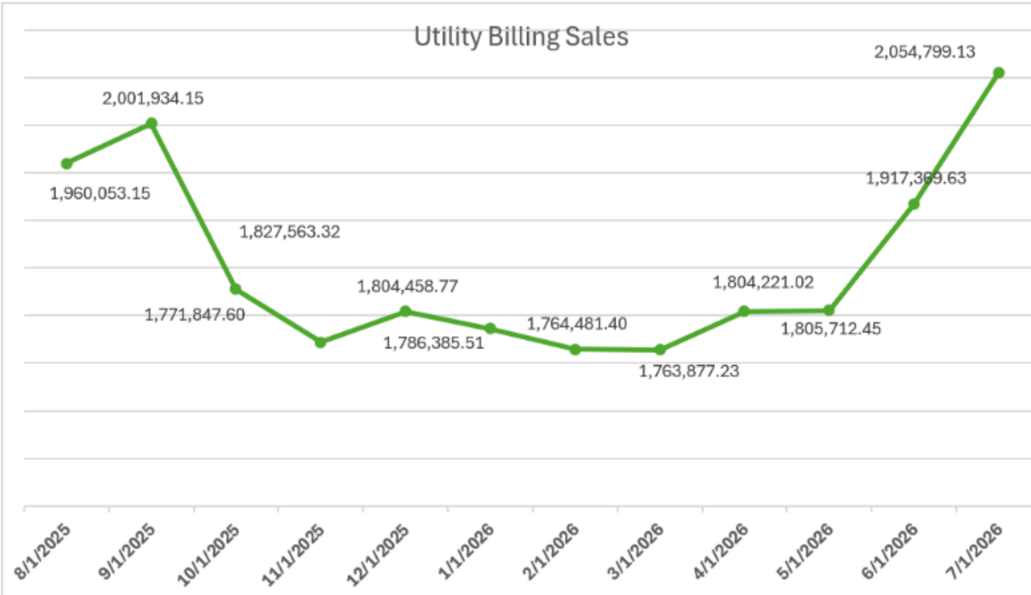
OLWS does not place red tags on accounts that are more than 30 days past due. Instead, we send red shut-off notices, which give customers 7 days to make payment. If payment is not received within that period—and no payment plan has been arranged, then use our automated call system to provide customers with 24-hour shut-off notice





Utility Billing Sales

Following the seasonal slowdown in the prior month, billing sales have increased due to the seasonal higher water usage and will continue to increase for the summer months. Customer activity has increased, reflecting a normalization of demand for this time of year.

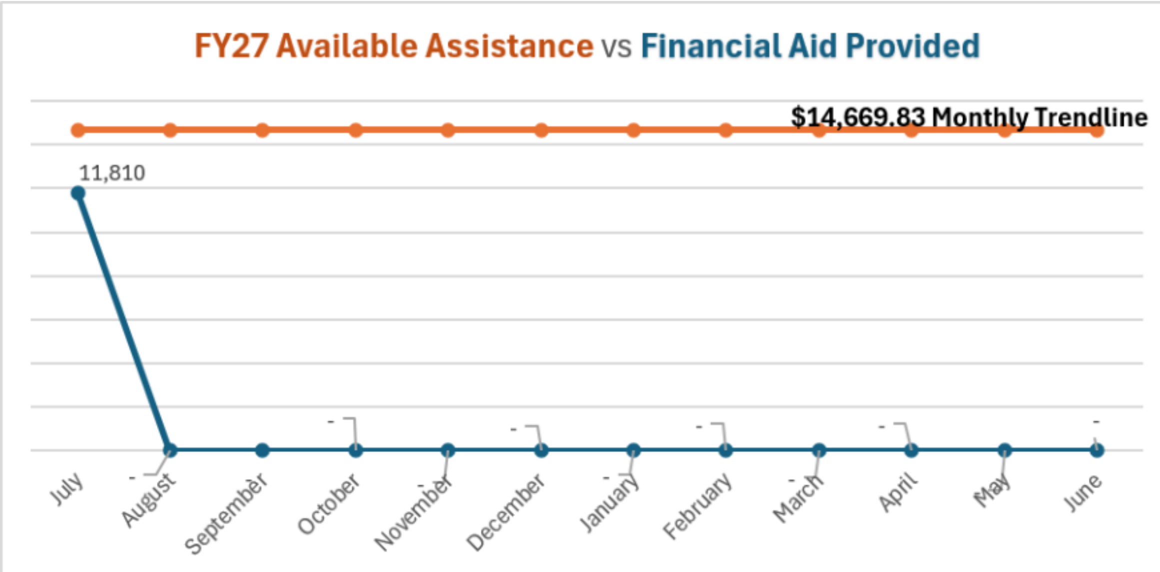


Financial Assistance Utility Rate Relief Program (FAURRP)

Financial Assistance – FAURRP

- The **Financial Assistance Utility Rate Relief Program (FAURRP)** provides discounted utility rates to qualifying customers.
- On **March 19, 2024**, the Board of Directors approved an increase to the program funding cap:
  - **0.75%** of budgeted utility revenues, up from the previous **0.50%.**

This expansion supports a greater number of customers needing rate relief. Currently, we have 194 accounts utilizing this program.



Attachments

1. July 2026 Account Roll Up

General Ledger
Account Roll Up

User: lisa.rowland@olws.org
Printed: 8/19/2026 2:08:37 PM
Period 01 - 01
Fiscal Year 2027

Sort Level	Description	Budget	Period Amt	End Bal	% Expend/Collect
Revenue	**Revenue**				
4210	Water Sales - CRW	$ (41,000.00)	$ -	$ -	0.00%
4211	Water sales	$ (6,950,720.00)	$ (662,155.67)	$ (662,155.67)	9.53%
4212	Wastewater Charges	$ (14,455,000.00)	$ (1,219,810.03)	$ (1,219,810.03)	8.44%
4213	Watershed protection fees	$ (2,066,000.00)	$ (172,312.45)	$ (172,312.45)	8.34%
4215	Penalties & late charges	$ (36,000.00)	$ (5,482.03)	$ (5,482.03)	15.23%
4221	System Development-Reimburse	$ (150,000.00)	$ -	$ -	0.00%
4225	System Development-Improvement	$ (50,000.00)	$ -	$ -	0.00%
4227	System Development-Compliance	$ (1,000.00)	$ -	$ -	0.00%
4230	Contract services	$ (45,000.00)	$ -	$ -	0.00%
4240	Service installations	$ (30,000.00)	$ -	$ -	0.00%
4280	Rents & leases	$ (205,450.00)	$ (10,138.05)	$ (10,138.05)	4.93%
4290	Other charges for services	$ (41,000.00)	$ (300.00)	$ (300.00)	0.73%
4320	State grants	$ (2,000,000.00)	$ -	$ -	0.00%
4610	Investment revenue	$ (674,000.00)	$ -	$ -	0.00%
4630	Miscellaneous revenues	$ (41,000.00)	$ (19,824.66)	$ (19,824.66)	48.35%
4650	Proceeds from borrowing	$ (9,000,000.00)	$ -	$ -	0.00%
4910	Transfer in from Fund 10	$ (4,828,000.00)	$ (402,326.00)	$ (402,326.00)	8.33%
4920	Transfer in from Fund 20	$ (11,248,605.00)	$ (634,316.00)	$ (634,316.00)	5.64%
4930	Transfer in from Fund 30	$ (1,660,000.00)	$ (138,328.00)	$ (138,328.00)	8.33%
Revenue	**Revenue**	**$ 53,522,775.00**	**$ 3,264,992.89**	**$ 3,264,992.89**	**6.10%**
Expense	**Expense**				
5110	Regular employees	$ 4,420,000.00	$ 323,614.91	$ 323,614.91	7.32%
5130	Overtime	$ 175,000.00	$ 3,739.17	$ 3,739.17	2.14%
5210	Employee Ins	$ 818,000.00	$ 54,294.80	$ 54,294.80	6.64%
5230	Social Security	$ 345,000.00	$ 24,530.13	$ 24,530.13	7.11%
5240	Retirement	$ 911,000.00	$ 61,910.59	$ 61,910.59	6.80%
5250	Trimet	$ 71,000.00	$ 4,043.75	$ 4,043.75	5.70%
5270	Workers compensation	$ 60,450.00	$ 40,150.05	$ 40,150.05	66.42%
5290	Other employee benefits	$ 15,000.00	$ -	$ -	0.00%
6110	Legal services	$ 300,000.00	$ -	$ -	0.00%
6120	Accounting & audit services	$ 150,000.00	$ -	$ -	0.00%
6155	Contracted Services	$ 1,158,050.00	$ 2,358.52	$ 2,358.52	0.20%
6175	Records Management	$ 4,500.00	$ -	$ -	0.00%
6180	Dues & subscriptions	$ 40,766.00	$ 135.00	$ 135.00	0.33%
6220	Electricity	$ 563,000.00	$ -	$ -	0.00%
6230	Telephone	$ 66,000.00	$ 1,780.27	$ 1,780.27	2.70%

6240	Natual gas	$	11,200.00	$	-	$	-	0.00%
6250	Solid waste disposal	$	68,250.00	$	575.36	$	575.36	0.84%
6290	Other utilities	$	16,350.00	$	-	$	-	0.00%
6310	Janitorial services	$	42,000.00	$	3,153.87	$	3,153.87	7.51%
6320	Buildings & grounds	$	126,570.00	$	185.25	$	185.25	0.15%
6330	Vehicle & equipment maint.	$	80,000.00	$	2,232.28	$	2,232.28	2.79%
6340	Distribution system maint	$	377,000.00	$	18,589.95	$	18,589.95	4.93%
6342	Collection system maint.	$	275,000.00	$	2,637.70	$	2,637.70	0.96%
6350	Computer maintenance	$	432,980.00	$	110,365.06	$	110,365.06	25.49%
6410	Mileage	$	4,000.00	$	-	$	-	0.00%
6420	Staff training	$	73,500.00	$	2,023.50	$	2,023.50	2.75%
6430	Certifications	$	11,350.00	$	-	$	-	0.00%
6440	Board travel & training	$	5,000.00	$	-	$	-	0.00%
6510	Office supplies	$	26,000.00	$	1,081.85	$	1,081.85	4.16%
6520	Fuel & oils	$	50,000.00	$	599.33	$	599.33	1.20%
6525	Chemicals	$	88,600.00	$	4,577.00	$	4,577.00	5.17%
6530	Small tools & equipment	$	57,000.00	$	1,911.66	$	1,911.66	3.35%
6540	Safety supplies	$	34,750.00	$	2,528.40	$	2,528.40	7.28%
6550	Operational Supplies	$	35,000.00	$	912.59	$	912.59	2.61%
6560	Uniforms	$	40,000.00	$	2,736.77	$	2,736.77	6.84%
6610	Board compensation	$	2,500.00	$	-	$	-	0.00%
6620	Election Costs	$	10,000.00	$	-	$	-	0.00%
6710	Purchased water	$	1,301,625.00	$	-	$	-	0.00%
6715	Water quality program	$	30,000.00	$	84.02	$	84.02	0.28%
6720	Insurance	$	280,000.00	$	-	$	-	0.00%
6730	Communications	$	42,350.00	$	-	$	-	0.00%
6735	Public Outreach & Education	$	115,000.00	$	-	$	-	0.00%
6740	Advertising	$	7,000.00	$	-	$	-	0.00%
6760	Equipment Rental	$	25,299.00	$	778.80	$	778.80	3.08%
6770	Bank charges	$	205,000.00	$	(9,861.31)	$	(9,861.31)	-4.81%
6780	Taxes, Fees & Permits	$	145,100.00	$	1,110.72	$	1,110.72	0.77%
Debt Service and Special Payments								
6810	2010 SRF Loan Principal	$	1,023,579.00	$	509,244.00	$	509,244.00	49.75%
6811	2010 IFA Loan Principal	$	376,889.00	$	-	$	-	0.00%
6813	JPM Bank Loan Principal	$	1,543,000.00	$	-	$	-	0.00%
6820	2010 SRF Loan Interest	$	185,962.00	$	77,754.00	$	77,754.00	41.81%
6822	2010 IFA Loan Interest	$	102,730.00	$	-	$	-	0.00%
6823	JPM Bank Loan Interest	$	158,875.00	$	-	$	-	0.00%
Capital Outlay								
7200	Infrastructure	$	600,000.00	$	-	$	-	0.00%
7300	Buildings & Improvements	$	210,000.00	$	250.00	$	250.00	0.12%
7400	Improvement other than Bldgs	$	60,000.00	$	-	$	-	0.00%
7520	Equipment	$	529,000.00	$	132,421.17	$	132,421.17	25.03%
7530	Information Technology	$	76,000.00	$	-	$	-	0.00%
7540	Vehicles	$	225,000.00	$	-	$	-	0.00%
7600	Capital Improvement Projects	$	18,295,000.00	$	164.47	$	164.47	0.00%

Transfers

8105	Transfers out to Fund 05	$	4,967,605.00	$	413,958.00	$	413,958.00	8.33%
8120	Transfers out to Fund 20	$	182,000.00	$	15,166.00	$	15,166.00	8.33%
8150	Transfers out to Fund 50	$	3,637,000.00	$	-	$	-	0.00%
8171	Transfers out to Fund 71	$	3,600,000.00	$	300,001.00	$	300,001.00	8.33%
8172	Transfers out to Fund 72	$	5,100,000.00	$	425,008.00	$	425,008.00	8.33%
8173	Transfers out to Fund 73	$	250,000.00	$	20,837.00	$	20,837.00	8.33%
9000	Contingency	$	4,434,491.00	$	-	$	-	0.00%
Expense	**Expense**	**$**	**58,673,321.00**	**$**	**2,557,583.63**	**$**	**2,557,583.63**	**4.36%**

Revenue To	**$**	**53,522,775.00**	**$**	**3,264,992.89**	**$**	**3,264,992.89**	**6.10%**
Expense To	**$**	**58,673,321.00**	**$**	**2,557,583.63**	**$**	**2,557,583.63**	**4.36%**
Grand Tota	**$**	**(5,150,546.00)**	**$**	**707,409.26**	**$**	**707,409.26**	**-0.14%**

FY 2027	**Expense Category**		**Budget**		**Period Amt**		**Year to Date**	**Percent**
Period 01	Personnel Services	$	6,815,450	$	512,283	$	512,283	7.5%
	Materials and Services	$	6,300,740	$	150,497	$	150,497	2.4%
	Capital Outlay	$	19,995,000	$	132,836	$	132,836	0.7%
		$	33,111,190	$	795,616	$	795,616	2.4%

DEPARTMENT REPORT

To	Board of Directors
From	Aaron Janicke, Public Works Director, Ryan Hunter, Distribution Field Supervisor, Jason Clifford, Collections Field Supervisor, Lara Christensen, Water Quality Coordinator
Title	Public Works Monthly Report
Item No	7.c.
Date	September 8, 2026

Summary

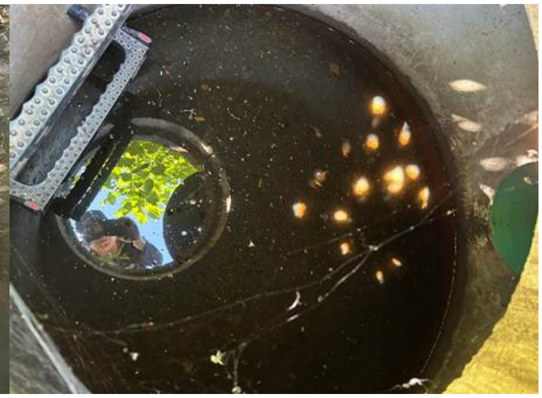
The board has requested updates during regular meetings regarding the status of OLWS operations.

Highlights of the Month

- Pipe bursting in the Lift Station 2 Basin has begun.
- Excavation for the new Tertiary Treatment building continues.
- Valley View reservoir recoating begins

Watershed Protection

Summertime watershed protection programs include inspecting designated catch basins and manholes for illicit discharges or flow of materials when the asset should otherwise be dry or exhibit only signs of typical seasonal groundwater. This summer, the "Dry Weather Field Screening" inspections showed no flow of illicit (polluted) materials. See the photos below for two illustrations of the inspections near 2711 SE Courtney Avenue and SE McLoughlin Boulevard, and near 13750 SE Renton Avenue:



OLWS staff posted the Request for Qualifications (RFQ) to clean Zone 5 catch basins and record the cubic yards of debris for our annual reporting. The bidding process closes in early September, and the drain cleaning will be completed before December 31, 2026.

This month features the OLWS partnership with Ecology in Classrooms and Outdoors (ECO) as part of the requirements for Outreach and Education in the Municipal Separate Storm Sewer (MS4) Permit. Please direct any questions about this information to lara.christensen@olws.org.

Ecology in Classrooms & Outdoors

OLWS ECO FINAL REPORT 2025-2026

This year, Ecology in Classrooms & Outdoors (ECO) engaged approximately 540 students across Oak Grove, View Acres, Candy Lane, and Riverside Elementary Schools, as well as Rex Putnam High School. We delivered 55 indoor and 18 outdoor lessons covering a broad range of ecological topics, including watershed health, wetland habitats, wildlife, and plant identification, totaling 1,941 contact hours of student learning.

In the non-Dual-Language Immersion (DLI) classrooms at Riverside, we planted 180 native plants in their new garden space, while the DLI classrooms monitored the health of last year's plantings. Oak Grove students went on a nature hike at Tryon Creek State Park, and View Acres students spent time outdoors exploring their rain garden. Rex Putnam students learned how native and introduced plants impact the watershed during their in-class lesson and their field trip to Carver Park. Candy Lane students walked to Boardman Wetlands Nature Park and used binoculars to get a closer look at their local wetland birds.

ECO has continued refining our evaluation methods by piloting focus groups and post-lesson assessments in place of quantitative surveys. This shift has helped us gather thoughtful feedback, as surveys often do not fully capture program impact and can be difficult for students to complete. The new assessments are showing strong results; for example, 89% of 5th-grade students at View Acres Elementary demonstrated full or partial understanding of grade-level science concepts after ECO lessons. At Oak Grove, 95% of 4th-grade students could name at least one specific step they could take to protect their local watershed.

Teachers have continued to share positive feedback. One teacher wrote, "My students and I love ECO... ECO has amazing classroom management and always brings hands-on, relevant activities that students remember."

Long-form student assessments showed that students value ECO programming for its hands-on learning, sense of fun, and meaningful moments of connection with nature. Students wrote about gratitude for trees, flowers, food, natural resources, and the opportunity to explore the outdoors. In DLI classrooms, student reflections showed that the letter exchange helped deepen their understanding of migratory birds, habitat conservation, and their connection to students in Mexico.

Riverside students plant native species in their school habitat garden.

Candy Lane 4th grade students observe birds at Boardman Wetlands

Riverside students in the Aves program monitor the health of last year's plantings

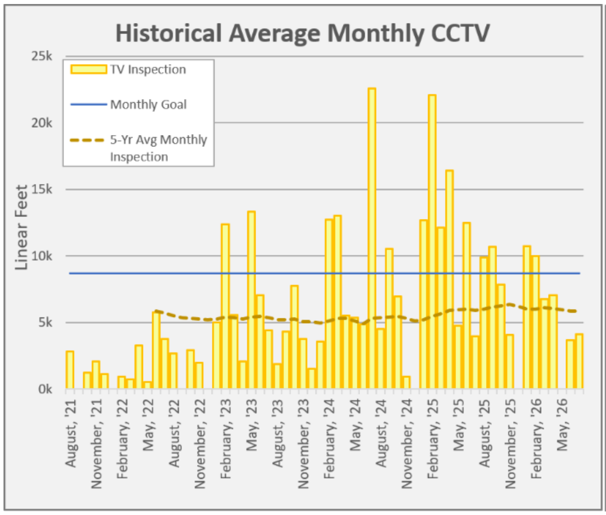
View Acres students record observations at Tryon Creek

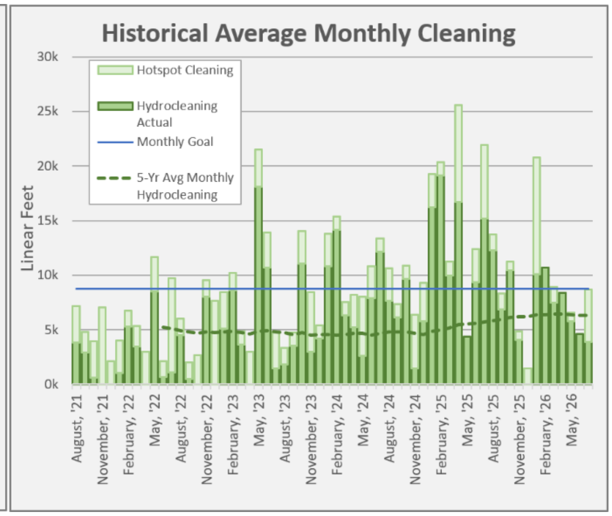
View Acres students learn about producers in wetland ecosystems

Rex Putnam Students investigate macroinvertebrates

Wastewater Collection System Work

During the month, Collections staff continued completing utility locates and lateral launches in anticipation of the County Clayson repaving project. They continued with scheduled basin cleaning in Basin B, completing several nighttime cleaning shifts along McLoughlin Blvd. Last month, routine vehicle inspections revealed damage to the camera cable on the TV van. With the new cable delivered this month, staff installed the new TV cable. The repair left the van out of service for a few days, but is back in working order. The crew began reviewing and updating SOPs for the Collections Department. Outside of routine cleaning, collections staff assisted Plant Maintenance with installation of the second plant drain pump and supported the Water Department during a water line break on River Road.





Water Distribution System Work

In August, the Water Team continued its ongoing efforts in meter maintenance, replacing a total of 141 meters during the month. Meter replacements were driven by communication issues, mechanical failures, and radio replacements. After each meter reading cycle, the meter reading software generates a meter service request report that identifies issues such as no-flow or stuck meters, customer-side leaks, and communication problems. These reports guide field verification efforts and help determine when meter repairs or replacements are necessary to ensure accurate billing and system monitoring.

- 141 Meter Replacements
- 3 New Meter Installations
- 1 Service Leak on SE River Rd
- System Leak Detection
- 2 Fire Flow Tests

Non-Revenue Water

The total water purchased in August was 136.029 million gallons. Non-revenue water totaled 32.053 million gallons with 2.191 million gallons in apparent losses, 29.393 million gallons in real losses, and 469,000 gallons for unbilled authorized consumption. The trailing twelve month (TTM) non-revenue water trend indicates the average non-revenue water over the past 12 months is 16.833 million gallons.

Permit Activity

	August 2026 Development Activity				
FY2026-2027	*This Month*	*Last Month*	*Fiscal Year-to-Date*	*This Month Last Year*	*Last Year-to-Date*
Pre-applications Conferences	0	1	1	2	3
New Erosion Control Permits	13	1	14	5	8
New Development Permits	0	0	0	2	2
New Utility Permits	16	7	23	5	7
Wastewater Connections	12	0	12	8	9
Sanitary SDC Fees Received	$61,965	$0	$61,965.00	$41,320	$46,485
Water SDC Fees Received	$238,766	$32,565	$271,331.00	$63,610	$69,933
Plan Review Fees Received	$12,660	$2,868	$15,527.75	$3,286	$4,451
Inspection Fees Received	$8,094	$3,240	$11,334.05	$7,788	$10,906

Attachments

1. August Development Tracker

Project Status	***Address***	***Type of Development***	***Notes***	***Last Updated***
Approved for Construction	16305 SE Oatfield Rd.	Residential: 28-Lot Middle Housing	OLWS Utility Permits issued.	August 28, 2026
Approved for Construction	18521 SE River Rd	Park Redevelopment	OLWS Permits Issued.	August 28, 2026
Approved for Construction	13506 SE Briggs St	Residential: 18-unit Cottages	OLWS permits issued.	August 28, 2026
Approved for Construction	13515 SE Briggs St	Residential: 10-unit Cottages	OLWS permits issued.	August 28, 2026
Approved for Construction	6320 SE Roethe Rd	Residential: 43 Unit Subdivision	OLWS permits issued.	August 28, 2026
Approved for Construction	12705 SE River Rd	Residential: Wilamette View Plaza	OLWS permits issued (pending fee payment)	August 28, 2026
Approved for Construction	14018 SE Linden Ln	Residential: Triplex	OLWS permits ready to issue (pending fee payment)	August 28, 2026
Approved for Construction	5901 SE Hull Ave	Commercial: Candy Lane Elementary Addition	OLWS permits issued.	August 28, 2026
Plan Review	5033 SE Allan Rd	Commercial: 15 Bed Care Facility	Plan changes under new review.	August 28, 2026
Under Construction	16305 SE Oatfield Rd.	Residential: 12-lot Subdivision	OLWS inspections occuring	August 28, 2026
Under Construction	17025 SE Oatfield Rd	Residential: 2-lot subdivision	OLWS inspections occuring	August 28, 2026
Under Construction	18900 SE Mildred	Residential: Multi-Unit	OLWS inspections occuring	August 28, 2026
Under Construction	14014 SE Linden Ln	Commercial: Senior Living	OLWS inspections occuring	August 28, 2026
Under Construction	4202 SE View Acres	Residential: 6-unit Cottages	OLWS inspections occuring	August 28, 2026
Warranty Period	3421 SE Vineyard Rd.	Residential: Two tri-plexes and one duplex	Public utilities constructed. Permit closing out.	August 28, 2026
Warranty Period	3811 SE Concord Rd.	Concord School Library	Public utilities constructed, As-builts approved.	August 28, 2026
Warranty Period	15510 SE Wallace Rd.	Residential: 15-lot Partition	Public utilities constructed. As-builts approved. Under warranty bond.	August 28, 2026
Warranty Period	13822 SE Oatfield Rd	Residential: 26-unit Cottages	Public utilities constructed. As-builts approved. Under warranty bond.	August 28, 2026
Warranty Period	13100 SE River Rd	Residential: 5-lot duplex; Willamette View Phase I	Public utilities constructed. As-builts approved.	August 28, 2026
Warranty Period	4809 SE Ina Ave.	Residential: 4-lot Subdivision (Middle Housing)	Public utilities constructed. Under warranty bond.	August 28, 2026
Warranty Period	1404 SE River Forest Rd.	Residential: 3-lot Partition	Public utilities constructed.	August 28, 2026
Warranty Period	15609 SE Meadowlark Ln	Residential: Quadplex	Public utilities constructed, final inspection complete. Permit closing out.	August 28, 2026
Warranty Period	13000 SE River Rd	Residential: 5-lot duplex Wilamette View Phase II	Public utilities constructed, final inspection complete. As-builts under review.	August 28, 2026

OAK LODGE WATER SERVICES

DEPARTMENT REPORT

To	Board of Directors
From	David Hawkins, Plant Superintendent
Title	Plant Operations Monthly Report
Item No	7.d.
Date	September 8, 2026

Summary

The board has requested updates during regular meetings regarding the status of OLWS operations.

Highlights of the Month

- Headworks Electrical Room HVAC
- Fence Installation along Northeastern Border of WWTP
- Blower Installation for Aeration Basins

Wastewater Treatment Plant

The HVAC system serving the Headworks electrical room recently experienced a significant failure, requiring immediate attention from staff and outside service providers. Reliable heating, ventilation, and air conditioning is critical in this space due to the concentration of sensitive and high-value electrical equipment, including variable frequency drives (VFDs), harmonic correction units, and 480-volt electrical distribution equipment. This equipment naturally generates a substantial amount of heat during normal operation, making adequate ventilation and cooling essential to maintaining appropriate operating temperatures. Excessive temperatures can shorten the service life of electrical components, cause VFDs and other equipment to fault or shut down, and potentially result in costly equipment failures and interruptions to critical Headworks processes.

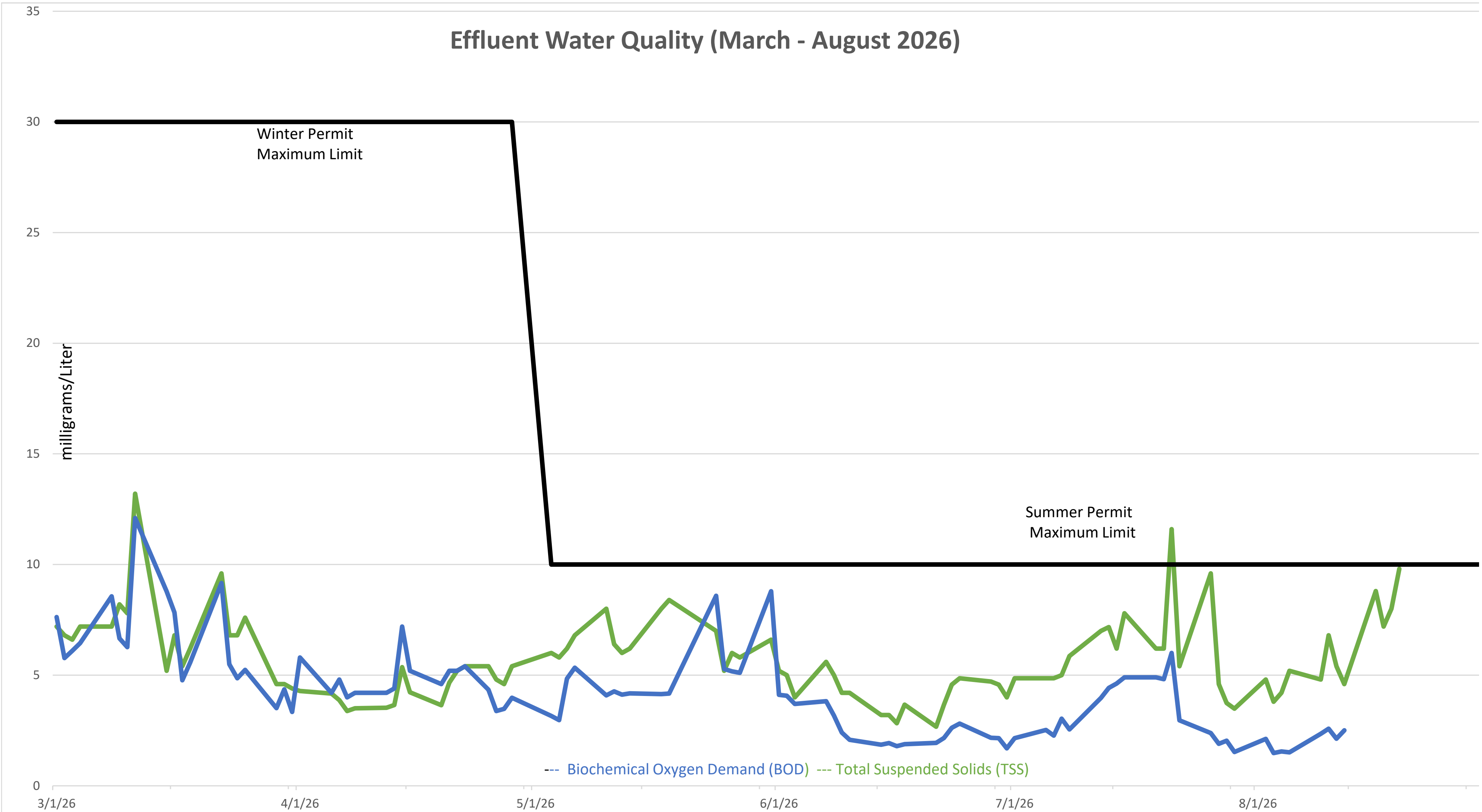
Due to the complexity of the HVAC system and the difficulty in diagnosing the failure, multiple HVAC service providers were brought onsite to troubleshoot and repair the equipment. The system is currently operational and maintaining appropriate temperatures within the electrical room; however, additional troubleshooting and repair work remains ongoing to ensure the system can provide dependable long-term operation. Staff will continue monitoring room temperatures and HVAC performance closely while the remaining issues are addressed. This HVAC failure is unrelated to the harmonic correction unit fire reported to the Board last month. That incident occurred in a separate electrical room and involved different equipment, and there is no indication that the two events are connected.

The planning phase for installation of new security fencing along the northeast corner of the Wastewater Treatment Plant (WWTP) property has been completed, and construction is underway as of this writing. In preparation for installation, approximately four-foot-tall blackberries and other dense vegetation were cleared for fence alignment, and utility locates and layout work for fence post placement have been completed. Installation of the fence posts has now begun, marking the transition from site preparation into active construction. The new fence will improve overall site security while also bringing the remaining OLWS-owned property within the secured perimeter of the WWTP. In addition to providing a clearer and more secure property boundary, the completed fence will create an additional physical deterrent to unauthorized access, trespassing, and vandalism. This is particularly important following the 2024 trestle fire, which demonstrated the potential risks that unauthorized activity near OLWS property can pose to critical infrastructure and surrounding areas. Once completed, the project will provide a more consistent and secure perimeter around the facility and further protect OLWS property, infrastructure, and operations from unauthorized access.

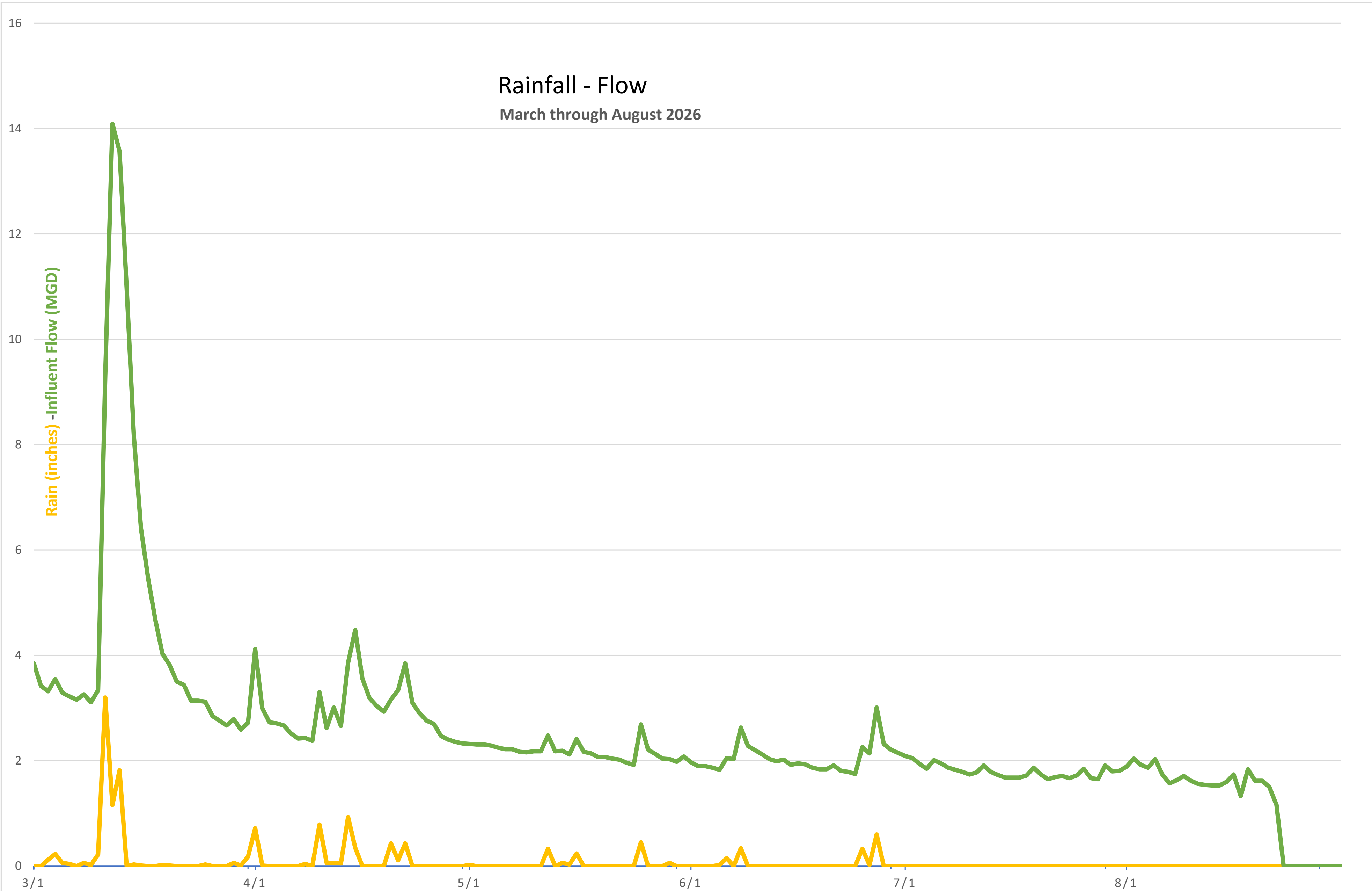
Work has begun on the final aeration blower replacement, with demolition and removal of the last remaining K-Turbo blower currently underway. This project marks the final phase of a significant equipment replacement effort that has spanned nearly five years and involved the replacement of six blowers. The K-Turbo units were originally installed as part of the 2013 WWTP upgrade; however, over time it became apparent that the turbo blower technology was not well suited to the Plant's specific operating conditions and treatment demands. Compounding these operational challenges, K-Turbo blowers are no longer in production, making replacement parts increasingly difficult to obtain and major repairs impractical. Beginning in 2021, OLWS began replacing the K-Turbo units with Aerzen hybrid blowers, which have proven to be a much better fit for the application. The Aerzen units have been considerably easier for staff to operate and maintain and have provided reliable performance since their installation. Completion of this final replacement will eliminate the remaining obsolete K-Turbo equipment and conclude a multi-year effort to improve the reliability, maintainability, and long-term resiliency of the WWTP aeration system.

Attachments

1. Plant Performance February - July 2026
2. Rainfall Vs. Flow February - July 2026



Effluent Water Quality (March - August 2026)
milligrams/Liter
35
30
25
20
15
10
5
0
Winter Permit
Maximum Limit
Summer Permit
Maximum Limit
--- Biochemical Oxygen Demand (BOD) --- Total Suspended Solids (TSS)
3/1/26
4/1/26
5/1/26
6/1/26
7/1/26
8/1/26



Rainfall - Flow
March through August 2026
Rain (inches) -Influent Flow (MGD)
16
14
12
10
8
6
4
2
0
3/1
4/1
5/1
6/1
7/1
8/1

AGENDA ITEM

Title Recess to Executive Session
Convene Executive Session under ORS 192.660(2)(f) to consider information or records that are exempt by law from public inspection.

Item No. 8.

Date September 8, 2026

Summary

Convene an executive session under ORS 192.660(2)(f) to consider information or records that are exempt by law from public inspection.

OAK LODGE
WATER SERVICES

AGENDA ITEM

Title	Adjourn Executive Session If necessary, Board may take action on items discussed in Executive Session.
Item No.	9.
Date	September 8, 2026

Summary

Adjourn the executive session and make any necessary motions as a result of the confidential discussions.

OAK LODGE
WATER SERVICES

AGENDA ITEM

Title Other Items

Item No. 10.

Date September 8, 2026

Summary

The Board of Directors may discuss new or tabled agenda items.

OAK LODGE
WATER SERVICES

AGENDA ITEM

Title Adjourn Meeting

Item No. 11.

Date September 8, 2026

Summary

If there is no further business to be discussed, the Chair will note the time and adjourn the meeting.