

DEVILS LAKE WATER IMPROVEMENT DISTRICT
Lincoln City, Oregon

REVIEWED FINANCIAL STATEMENTS

JUNE 30, 2021

Prepared by
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Certified Public Accountant
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PO Box 1930
Newport, Oregon 97365

DEVILS LAKE WATER IMPROVEMENT DISTRICT
Lincoln City, Oregon

BOARD OF DIRECTORS

<u>Title</u>	<u>Name</u>
Chair	Tina French
Vice Chair	Kathy Kremer Resigned 1/14/21
Secretary/Treasurer	Steve Brown
Director	Mitch Moore
Director	Bill Sexton Resigned 7/9/20
Director	Rob Ellis
Director	Keith Fowler

STAFF

Lake Manager/Registered Agent Josh Brainerd

Registered Agent

Keith Fowler

DEVILS LAKE WATER IMPROVEMENT DISTRICT
Lincoln City, Oregon

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Devils Lake Water Improvement District
PO Box 974
Lincoln City, Oregon

I have reviewed the accompanying financial statements of the governmental activities and each major fund of Devils Lake Water Improvement District (District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Management has omitted the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

The budget and actual schedule of the Combined General Fund has been subjected to the review procedures applied in my review of the basic financial statements. I am not aware of any material modifications that should be made to the required supplementary information.

Supplemental Information

The budget and actual schedule of the Improvement Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in my review of the basic financial statements. I am not aware of any material modifications that should be made to the supplementary information.

Management Representation of Fiscal Affairs Required by Oregon Regulation

The Management Representation of Fiscal Affairs Required by Oregon Regulations, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. I have not audited or reviewed such information, and accordingly, I do not express an opinion, a conclusion, nor provide any assurance on it.



Signe Grimstad
Certified Public Accountant
Newport, Oregon
February 25, 2022

DEVILS LAKE WATER IMPROVEMENT DISTRICT
Lincoln City, Oregon

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
as of June 30, 2021

	Combined General Fund	Improvement Fund	Total	Adjustment (Note 2)	Statement of Net Position
ASSETS					
Cash and cash equivalents	\$ 485,465	\$ 294,839	\$ 780,304	\$ 0	\$ 780,304
Receivables	12,854	0	12,854	0	12,854
Prepaid expenses	2,667	0	2,667	0	2,667
Deposit	10,000	0	10,000	0	10,000
Capital assets, net of accum. depreciation	<u>0</u>	<u>0</u>	<u>0</u>	<u>261,785</u>	<u>261,785</u>
Total assets	<u>\$ 510,986</u>	<u>\$ 294,839</u>	<u>\$ 805,825</u>	<u>261,785</u>	<u>1,067,610</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 3,719	\$ 0	\$ 3,719	0	3,719
Payroll Taxes payable	<u>4,103</u>	<u>0</u>	<u>4,103</u>	<u>0</u>	<u>4,103</u>
Total liabilities	7,822	0	7,822	0	7,822
Deferred Inflows of Resources					
Property taxes	<u>6,066</u>	<u>0</u>	<u>6,066</u>	<u>(6,066)</u>	<u>0</u>
Total liabilities and deferred inflows of resources	<u>13,888</u>	<u>0</u>	<u>13,888</u>	<u>(6,066)</u>	<u>7,822</u>
Fund Balances					
Committed - lake improvements	0	294,839	294,839	(294,839)	
Unassigned	<u>497,098</u>	<u>0</u>	<u>497,098</u>	<u>(497,098)</u>	
Total fund balance	<u>497,098</u>	<u>294,839</u>	<u>791,937</u>	<u>(791,937)</u>	
Total liabilities and fund balances	<u>\$ 510,986</u>	<u>\$ 294,839</u>	<u>\$ 805,825</u>		
Net position					
Net investment in capital assets					261,785
Unrestricted					<u>798,003</u>
Total net position					<u>\$ 1,059,788</u>

See accompanying notes and independent accountant's review report.

DEVILS LAKE WATER IMPROVEMENT DISTRICT
Lincoln City, Oregon

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENSES
AND CHANGES IN FUND BALANCE for the Year Ended June 30, 2021**

	Combined General Fund	Improvement Fund	Total	Adjustment (Note 2)	Statement of Activities
FUNCTIONS/PROGRAMS					
Expenditures/expenses					
Current					
Water improvements and protection - operations	\$ 280,215	\$ 0	\$ 280,215	\$ 105	\$ 280,320
Total expenditures/expenses	<u>280,215</u>	<u>0</u>	<u>280,215</u>	<u>105</u>	<u>280,320</u>
Program revenues					
Grants	42,779	0	42,779	0	42,779
Net program loss	<u>(237,436)</u>	<u>0</u>	<u>(237,436)</u>	<u>(105)</u>	<u>(237,541)</u>
General revenues					
Property taxes	288,062	0	288,062	0	288,062
Grants	4,000	0	4,000	0	4,000
Investment earnings	3,453	2,329	5,782	0	5,782
Asset disposal	0	0	0	(309)	(309)
Miscellaneous Income	<u>4,000</u>	<u>0</u>	<u>4,000</u>	<u>0</u>	<u>4,000</u>
Total general revenues	<u>299,515</u>	<u>2,329</u>	<u>301,844</u>	<u>(309)</u>	<u>301,535</u>
Excess (def) of revenues over expenditures	<u>62,079</u>	<u>2,329</u>	<u>64,408</u>	<u>(414)</u>	<u>63,994</u>
Fund Balance/Net Position - Beg. of year	441,551	285,979	727,530	268,264	995,794
Prior Period Adjustment	<u>(6,531)</u>	<u>6,531</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE - Beginning of year (revised)	<u>435,020</u>	<u>292,510</u>	<u>727,530</u>	<u>268,264</u>	<u>995,794</u>
Fund Balance/Net Position - End of year	<u>\$ 497,099</u>	<u>\$ 294,839</u>	<u>\$ 791,938</u>	<u>\$ 267,850</u>	<u>\$ 1,059,788</u>

DEVILS LAKE WATER IMPROVEMENT DISTRICT
Lincoln City, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The District is a municipal corporation and therefore is exempt from federal taxes. It operates under the provisions of a special district, authorized by Oregon Revised Statute 552, for the purpose of maintenance and improvement of Devils Lake. The District was formed in 1984 by order of the Lincoln County Commissioners and ratified by voters.

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been adjusted from these statements. Governmental activities are financed primarily through property taxes and proceeds from borrowings. Major individual governmental funds are reported as separate columns in the fund financial statements. A fund is a separate accounting entity with a self-balancing set of accounts.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The District has no indirect expense.

Government-wide Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue as soon as all eligibility requirements have been met.

DEVILS LAKE WATER IMPROVEMENT DISTRICT
Lincoln City, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Government-Wide and Fund Financial Statements

Government Fund Financial Statements

The government fund financial statements use a flow of *current financial resources measurement focus*. With this measurement focus, generally only current assets and current liabilities are included in the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financial uses) in net current position. The governmental fund types are maintained using the *modified accrual basis of accounting* whereby revenues are recorded in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures are recorded at the time the related fund liabilities are incurred, except for: interest expenses on long-term debt, which is recorded as due, and insurance premiums benefitting more than one fiscal year are recorded when paid.

Revenue is determined to be measurable when the transaction amount is determinable and available when it is collectible within the current fiscal year or soon enough thereafter to pay liabilities of the current fiscal year. The District considers revenues available if they are collected within 60 days of year-end with the exception of investment interest, which is recognized when earned. Significant revenues, which are measurable and available under the modified accrual basis of accounting are property tax revenues.

The financial activities of the District is conducted within the following major funds:

GOVERNMENTAL FUNDS

General Fund - This is the general operating fund of the District. The expenditures cover the normal operations.

Transportation Fund - This fund was created to hold in reserve funds for the purpose of replacing the District's capital assets such as the vehicle, boat, motor and trailer. For presentation it is combined with the General fund.

Improvement Fund - The Improvement fund is to provide resources for watershed management, vegetation management, capital improvements, and other improvements deemed necessary by the Board of Directors. The primary funding sources are grants, transfers from the General Fund, and interest income.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial information.

Restricted Assets

Assets whose use is restricted for construction, debt service or by other agreement are segregated on the statement of net position and governmental fund balance sheet. Restricted resources are expended first to fund appropriations for which those restrictions are to be utilized.

DEVILS LAKE WATER IMPROVEMENT DISTRICT
Lincoln City, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows/Inflows of Resources

The Governmental Accounting Standards Board (GASB) issued Statement 65, Items Previously Reported as Assets and Liabilities, clarifying the reporting of deferred outflows and inflows of resources. The statement is effective for periods beginning after December 15, 2012.

Deferred inflows of resources represents an acquisition of net position applying to a future(s) and so will not be recognized as revenue (inflow of resources) until that time. There is one item under modified accrual basis of accounting in the governmental funds balance sheet that qualified for reporting in this category. This source under governmental funds: property taxes. The amount is deferred and recognized as an inflow of resources in the period the amount becomes available.

Deferred outflows of resources represents a consumption of net position applying to a future period(s) and so will not be recognized as expense/expenditures until then. The District has no items qualifying for reporting in this category.

Property Taxes

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

Uncollected property taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. Taxes collected within approximately sixty days of the fiscal year end are recognized as revenue, and the remaining balance of property taxes receivable is recorded as deferred revenue as it is not considered available to financial operations of the current period.

Deposits and Investments

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

The District's investment policy is governed by Oregon statutes. The statutes authorize the District to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, high-grade commercial paper and the State Treasurer's Local Government Investment Pool (LGIP). See Note 4A.

Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

DEVILS LAKE WATER IMPROVEMENT DISTRICT
Lincoln City, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets

Capital assets are defined in the District's capitalization policy as having a historic cost or fair value in excess of \$500 and an estimated useful life in excess of one year. Donated assets are valued at their estimated fair value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

	<u>Years</u>
Control Structure	31
Equipment	5 - 10

Compensated Absences

As management is on a contract salary basis, there is no accumulated vacation leave liability to recognize at year end.

Fund Equity

In the government-wide statement of net position, fund equity is referred to as net position and is segregated into the following three components: 1) amount invested in capital assets, net of related debt, 2) legally restricted by outside parties for a specific purpose, and 3) unrestricted.

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance is categorized as follows:

Nonspendable fund balance - represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.

Restricted fund balance - represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).

Committed fund balance - represents funds formally set aside by the governing body for a particular purpose. The Board may commit a fund balance by resolution. The Board may also modify or rescind commitments by resolution.

Assigned fund balance - represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.

DEVILS LAKE WATER IMPROVEMENT DISTRICT
Lincoln City, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Equity

Unassigned fund balance - is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

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

The Board has committed funds for lake improvements.

Use of Estimates

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

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund balance sheet includes a reconciliation of differences between fund balances and net position. The elements are as follows:

	<u>Balance</u>
Capital assets, net of accumulated depreciation are not reported in the governmental funds	\$ 261,785
Receivables deferred under modified accrual basis is revenue under the accrual basis	<u>6,066</u>
Net adjustment to reconcile fund balance - governmental funds to arrive at net position	<u>\$ 267,851</u>

The governmental fund statement of revenues, expenses, and changes in fund balance includes a reconciliation of differences between fund balances and statement of activities. The elements are as follows:

	<u>Balance</u>
Depreciation expense amortizes the cost of acquired capital assets over the life of the asset	\$ (18,334)
Asset disposal	(310)
Acquisition of capital assets are not treated as an expense in governmental activities	<u>18,230</u>
Net adjustment to reconcile fund balance - governmental funds to arrive at net position	<u>\$ (414)</u>

DEVILS LAKE WATER IMPROVEMENT DISTRICT
Lincoln City, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

Budget Law and Practice

The District legally adopts an annual budget for each governmental fund prior to July 1 through passage of a resolution in accordance with the legal requirements set forth in the Oregon Local Budget Law. The resolution authorizes fund appropriations at the following control levels: personnel services, materials and services, capital outlay, debt service, interfund transactions, operating contingency, and all other requirement levels. Expenditures cannot legally exceed appropriations at these control levels.

Budgets are prepared using a modified accrual basis of accounting. The legally adopted budget may be amended when unexpected modifications are required in estimated revenues and appropriations. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

Unexpected additional resources may be added to the original budget through the use of a supplemental budget and appropriation resolution. The supplemental budget, greater than 10% of the fund's original budget, requires hearings before the public, publications in newspapers, and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Board. Budget appropriation amounts shown in the financial statements include the original and revised budget appropriations as approved by the Board of Directors. Appropriations are limited to a single fiscal year; therefore, all spending authority of the District lapse at year end.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	<u>Balance</u>
Cash and cash equivalents	<u>\$ 780,304</u>

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

	<u>Balance</u>
Deposits with financial institutions	\$ 74,148
Investments - external pool	<u>706,156</u>
Total cash and investments	<u>\$ 780,304</u>

Deposits

At the end of the fiscal year, the District's total deposits with financial institutions have a bank value of \$74,817, all covered under NCUSIF.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at qualified depositories for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result the District has no exposure to custodial credit risk for deposits with financial institutions. The District does not have a formally adopted deposit policy for custodial credit risk.

DEVILS LAKE WATER IMPROVEMENT DISTRICT
Lincoln City, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 4 - DETAILED NOTES ON ALL FUNDS - Continued

Investments

As of June 30, the District held the following investment:

	Fair Value
Local Government Investment Pool	<u>\$ 706.156</u>

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

Interest rate risk

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

Credit risk

Oregon Statutes limit investments to general obligations of U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, high-grade commercial paper and the State Treasurer's Local Government Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of credit risk

At June 30, the District had 100% of total investments in the LGIP. The District places no limit on the amount the District may invest in any one issuer.

B. RECEIVABLES

Receivables at June 30, consist of the following:

	<u>Balance</u>
Property taxes	\$ 8,854
City of Lincoln City	<u>4,000</u>
	<u><u>12,854</u></u>

DEVILS LAKE WATER IMPROVEMENT DISTRICT
Lincoln City, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 4 - DETAILED NOTES ON ALL FUNDS - Continued

C. CAPITAL ASSETS

Capital asset activity for the year ended June 30, was as follows:

	<u>7/01</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30</u> <u>Balance</u>
Capital assets not being depreciated				
Land easement	\$ 25,000	\$ 0	\$ 0	\$ 25,000
Work in progress	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>20,000</u>
Total capital assets not being dep.	<u>45,000</u>	<u>0</u>	<u>0</u>	<u>45,000</u>
Capital assets being depreciated				
Control structure	25,856	0	0	25,856
Equipment	<u>271,778</u>	<u>18,230</u>	<u>(8,901)</u>	<u>281,107</u>
Total depreciable at historical cost	<u>297,634</u>	<u>18,230</u>	<u>(8,901)</u>	<u>306,963</u>
Accumulated depreciation				
Control structure	(25,856)	0	0	(25,856)
Equipment	<u>(54,580)</u>	<u>(18,334)</u>	<u>8,592</u>	<u>(64,322)</u>
Total accumulated depreciation	<u>(80,436)</u>	<u>(18,334)</u>	<u>8,592</u>	<u>(90,178)</u>
Total depreciable, net	<u>217,198</u>	<u>(104)</u>	<u>(309)</u>	<u>216,785</u>
Capital assets, net	<u>\$ 262,198</u>	<u>\$ (104)</u>	<u>\$ (309)</u>	<u>\$ 261,785</u>

Total depreciation expenses for the year is \$18,334.

D. DEFERRED COMPENSATION

Employees of the District over 21 years of age and who have worked at least 30 days are included in a Simplified Employee Pension Plan. Under this plan, each eligible employee establishes an Individual Retirement Account. The District contributes 5% of employee's payroll, and the employee can contribute up to an additional 5%. The total contribution for the year was \$3,874.

E. POST EMPLOYMENT BENEFITS

Post Employment Benefits

For the year ended June 30, 2018, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* became effective. This statement provides guidance for accounting for liabilities related to retiree healthcare and other non-pension postemployment benefits (OPEB). For the current year the District's net OPEB liability/(asset) and deferred inflows and outflows were determined by Management not to be material to the financial statements taken as a whole. Accordingly, no assets or liabilities relating to OPEB have been reported on the government-wide statements.

DEVILS LAKE WATER IMPROVEMENT DISTRICT
Lincoln City, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2021

NOTE 4 - DETAILED NOTES ON ALL FUNDS - Continued

F. TAX ABATEMENT

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

G. PRIOR PERIOD ADJUSTMENT

In the prior year, an interfund loan was budgeted and paid of \$6,531 was not recognized on the governmental balance sheet. This has no impact on the revenue or expenditures.

H. OTHER INFORMATION

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which it carries commercial insurance. Annual premiums are paid for its property, liability, automobile physical damage, and employee bond.

Evaluation of Subsequent Events

In the beginning of March 2020, the COVID-19 virus was declared a global pandemic and later in the same month the Oregon governor issued Executive Order No. 20-12 which directed Oregonians to "Stay Home, Save Lives". In June 2021, the Governor lifted most COVID-19 restrictions and reopened the state for business activities. However, effective August 27, 2021, a new statewide outdoor masks requirement was required to help stop the spread of the highly contagious Delta Variant. In November, Oregon Health Authority lifted the outdoor mask requirement. This is an evolving virus.

In June of 2021 the District put a deposit down of \$10,000 for acquiring real estate. The transaction closed in November 2021 for \$875,000, with a seller note of \$615,000.

Management has evaluated subsequent events through February 25, 2022, the date on which the financial statements were available to be issued.

DEVILS LAKE WATER IMPROVEMENT DISTRICT
Lincoln City, Oregon

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

GENERAL FUND

	Original and Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 288,062	\$ 288,062	\$ 0
Interest	10,300	2,811	(7,489)
Grant	0	46,779	46,779
Miscellaneous	<u>102,000</u>	<u>4,000</u>	<u>(98,000)</u>
 Total revenues	 <u>400,362</u>	 <u>341,652</u>	 <u>(58,710)</u>
EXPENDITURES			
Personnel Services	141,250		141,250
Materials Services	182,280		182,280
District operations	323,530	280,215	43,315
Contingency	<u>5,000</u>	<u>0</u>	<u>5,000</u>
 Total expenditures	 <u>328,530</u>	 <u>280,215</u>	 <u>48,315</u>
Excess (def) of revenues over expenditures	 <u>71,832</u>	 <u>61,437</u>	 <u>(10,395)</u>
 Unappropriated ending fund balance	 (100,000)	 0	 100,000
Reserved for future expenditure	(220,000)	0	220,000
 FUND BALANCE - Beginning of year	 271,168	 360,952	 89,784
Prior Period Adjustment	<u>0</u>	<u>6,531</u>	<u>(6,531)</u>
FUND BALANCE - Beginning of year (revised)	<u>271,168</u>	<u>354,421</u>	<u>83,253</u>
 FUND BALANCE - End of year	 <u>\$ 23,000</u>	 <u>\$ 415,858</u>	 <u>\$ 392,858</u>

DEVILS LAKE WATER IMPROVEMENT DISTRICT
Lincoln City, Oregon

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

TRANSPORTATION FUND

	Original and Final Budget	Actual	Variance
REVENUES			
Interest	\$ 0	\$ 642	\$ 642
Total revenues	0	642	642
EXPENDITURES	0	0	0
Excess (def) of revenues over expenditures	0	642	642
 FUND BALANCE - Beginning of year	 0	 80,599	 80,599
FUND BALANCE - End of year	\$ 0	\$ 81,241	\$ 81,241

DEVILS LAKE WATER IMPROVEMENT DISTRICT
Lincoln County, Oregon

RECONCILIATION OF REVENUES AND EXPENDITURES (BUDGETARY
BASIS) TO THE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
for the Year Ended June 30, 2021

COMBINED GENERAL FUND

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Net</u>
Budgetary Basis			
General Fund	\$ 341,652	\$ 280,215	\$ 61,437
Transportation Fund	<u>642</u>	<u>0</u>	<u>642</u>
Total budgetary basis	<u>\$ 342,294</u>	<u>\$ 280,215</u>	<u>62,079</u>
FUND BALANCE - Beginning of year			441,550
Prior Period Adjustment			<u>(6,531)</u>
FUND BALANCE - Beginning of year (revised)			<u>435,019</u>
FUND BALANCE - End of year			<u>\$ 497,099</u>

DEVILS LAKE WATER IMPROVEMENT DISTRICT

Lincoln City, Oregon

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

IMPROVEMENT FUND

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 0	\$ 2,329	\$ 2,329
EXPENDITURES	<u>0</u>	<u>0</u>	<u>0</u>
Excess (def) of revenues over expenditures	<u>0</u>	<u>2,329</u>	<u>2,329</u>
FUND BALANCE - Beginning of year	0	285,979	285,979
Prior Period Adjustment	<u>0</u>	<u>6,531</u>	<u>(6,531)</u>
FUND BALANCE - Beginning of year (revised)	<u>0</u>	<u>292,510</u>	<u>292,510</u>
FUND BALANCE - End of year	<u>\$ 0</u>	<u>\$ 294,839</u>	<u>\$ 294,839</u>

DEVILS LAKE WATER IMPROVEMENT DISTRICT
Lincoln City, Oregon

**MANAGEMENT REPRESENTATION OF FISCAL AFFAIRS
REQUIRED BY OREGON STATE REGULATIONS**

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

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

The management of the Devils Lake Water Improvement District is aware of the requirements of Oregon laws and administrative rules concerning each of the above requirements and has complied, in all material respects, with such requirements except for the following:

Adopting the resolution understating the unappropriations by \$59,027 for the year end June 30,2022. For June 30, 2021 the District did not prepare completed LB Forms representing the columns of Approved by Budget Committee and Adopted by Governing. The appropriations for this same year did not represent the LBs.

The District is late in filing with the State of Oregon Division of Audits for June 30, 2021.

We are not aware of any violations or possible violations of laws, rules, or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

Statement Required by ORS 297.435(3)(c)

The Board Members and the District was covered the entire year ended June 30 by a \$100,000 bond.

DocuSigned by:
Tina French
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Board Chair

3/23/2022
Date