

**OTTER ROCK WATER DISTRICT**  
Otter Rock, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2022



**OTTER ROCK WATER DISTRICT  
Otter Rock, Oregon**

DISTRICT OFFICIALS

June 30, 2022

**BOARD OF DIRECTORS**

Lisa Hall, Vice President  
6740 Gladys Avenue  
Otter Rock, Oregon 97369

Eileen Goldhammer, Treasurer  
6640 Gladys Avenue  
Otter Rock, Oregon 97369

Beth Elliker, Secretary  
6865 Ellie Avenue  
Otter Rock, Oregon 97365

**ADMINISTRATION**

Whitney Erskine, Office Manager  
6625 Ellie Avenue  
Otter Rock, Oregon 97369

**OTTER ROCK WATER DISTRICT**  
**Otter Rock, Oregon**

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## **FINANCIAL SECTION**

**KOONTZ, BLASQUEZ**  
ASSOCIATES, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Otter Rock Water District  
Otter Rock, Oregon 97369

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying cash basis financial statements of the governmental activities and the major fund of Otter Rock Water District, Otter Rock, Oregon as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and the major fund of Otter Rock Water District as of June 30, 2022, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note I-C.

***Basis for Opinions***

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 Otter Rock Water District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis of Accounting***

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

***Responsibilities of Management for the Financial Statements***

Otter Rock Water District's management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note I-C; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Otter Rock Water District'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 opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 Otter Rock Water District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Otter Rock Water District's basic financial statements. The management's discussion and analysis and budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

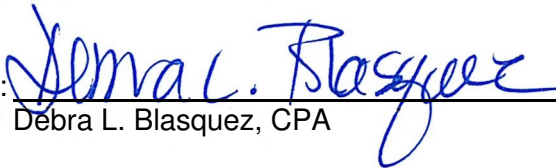
The budgetary comparison information presented on page 21 is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note I-C.

The management's discussion and analysis on pages 4 through 8 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated May 28, 2023 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

Koontz, Blasquez & Associates, P.C.

By:   
Debra L. Blasquez, CPA

Albany, Oregon  
May 28, 2023

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



# **OTTER ROCK WATER DISTRICT**

## **Otter Rock, Oregon**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

#### **INTRODUCTION**

As management of Otter Rock Water District, Otter Rock, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022, within the limitations of the District's cash basis of accounting. It should be read in conjunction with the District's financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

- At June 30, 2022, total net position of Otter Rock Water District amounted to \$207,978. Of this amount, \$23,446 was restricted for system development charges and \$19,170 was restricted for chlorination. The remaining balance of \$165,362 was unrestricted.
- The District's total net position increased by \$56,784 during the current fiscal year.
- As recorded on the cash basis of accounting, overall revenues were \$142,575, which exceeded total expenses of \$85,791 by \$56,784.

#### **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to Otter Rock Water District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Basis of Accounting**

The District has elected to present its financial statements on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the District's cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

#### **Government-Wide Financial Statements**

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

**OTTER ROCK WATER DISTRICT**  
**Otter Rock, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The statement of net position presents information on all of the District's assets and liabilities resulting from the use of the cash basis of accounting, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the cash flow related to the underlying event is received or expended.

Both of the government-wide financial statements present functions of the District that are principally supported by charges for services (governmental activities). The governmental activities of the District include water utilities.

The government-wide financial statements can be found on pages 9 through 10 of this report.

**Fund Financial Statements**

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The only fund of Otter Rock Water District is a governmental fund.

□ **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions.

The District maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, which is considered to be a major governmental fund.

Otter Rock Water District adopts an annual appropriated budget for the fund. A budgetary comparison statement has been provided for the fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 11 through 12 of this report.

**OTTER ROCK WATER DISTRICT**  
**Otter Rock, Oregon**

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 13 through 20 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information, which includes budgetary comparison information for the General Fund. This supplementary information can be found on page 21 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the District’s financial position. At June 30, 2022, the District’s assets exceeded liabilities by \$207,978.

The District’s net position is comprised entirely of cash and cash equivalents.

**District’s Net Position – Cash Basis**

At the end of the current fiscal year, the District was able to report positive balances in all categories of net position. The District’s net position increased by \$56,784 during the current fiscal year.

Condensed statement of net position information is shown below.

**Condensed Statement of Net Position - Cash Basis**

	<b>Governmental Activities</b>	
	2022	2021
<b>Assets</b>		
Current assets	\$ 165,362	\$ 110,534
Restricted assets	42,616	40,660
Total assets	207,978	151,194
<b>Liabilities</b>	-	-
<b>Net position</b>		
Restricted for system development charges	23,446	-
Restricted for chlorination	19,170	40,660
Unrestricted	165,362	110,534
Total net position	\$ 207,978	\$ 151,194

**OTTER ROCK WATER DISTRICT**  
**Otter Rock, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

**District's Changes in Net Position – Cash Basis**

The condensed statement of activities information shown below explains changes in net position resulting from cash basis transactions.

**Condensed Statement of Activities - Cash Basis**

	<b>Governmental Activities</b>	
	<u>2022</u>	<u>2021</u>
<b>Program revenues</b>		
Charges for services	\$ 118,721	\$ 94,589
Capital grants and contributions	<u>23,446</u>	<u>40,660</u>
Total program revenues	142,167	135,249
<b>General revenues</b>		
Investment earnings	<u>408</u>	<u>541</u>
Total revenues	142,575	135,790
<b>Program expenses</b>		
Water utilities	<u>85,791</u>	<u>63,982</u>
<b>Change in net position</b>	56,784	71,808
<b>Net position - beginning of year</b>	<u>151,194</u>	<u>79,386</u>
<b>Net position - end of year</b>	<u>\$ 207,978</u>	<u>\$ 151,194</u>

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUND**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Fund**

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the District's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental fund reported a fund balance of \$207,978. This amount included \$23,446 restricted for system development charges, \$19,170 restricted for chlorination, and \$11,864 committed to customer deposits. The remaining \$153,498 constitutes unassigned fund balance available for spending at the District's discretion.

**OTTER ROCK WATER DISTRICT**  
**Otter Rock, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Significant Changes in Governmental Fund Balance

- General Fund: The total fund balance increase of 37.6% can be attributed to unexpected increases in revenue, such as water sales and system development funds, as well as unspent funds due to project delays.

**BUDGETARY HIGHLIGHTS: GENERAL FUND**

Significant variances between budgeted and actual amounts in the General Fund for the year ended June 30, 2022 include:

- Unbudgeted system development charges amounted to \$23,446 due to new construction in the District.
- Materials and services expenditures were budgeted for \$160,320. Actual expenditures were \$74,882 (53.3% under budget) due to a combination of COVID-related delays, a new water operator, staffing issues, and board changes, which resulted in delayed project completion.

**KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE**

At the time these financial statements were prepared and audited, the District was not aware of any circumstances that could significantly affect its future financial health.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be directed to the following address: Otter Rock Water District, 6515 Gladys Avenue, Otter Rock, Oregon 97369.

## **BASIC FINANCIAL STATEMENTS**

**OTTER ROCK WATER DISTRICT**  
**Otter Rock, Oregon**

STATEMENT OF NET POSITION - CASH BASIS

June 30, 2022

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 165,362
Restricted assets	
Cash and cash equivalents	<u>42,616</u>
Total assets	<u>207,978</u>
<b>LIABILITIES</b>	-
<b>NET POSITION</b>	
Restricted for system development charges	23,446
Restricted for chlorination	19,170
Unrestricted	<u>165,362</u>
Total net position	<u>\$ 207,978</u>

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

**OTTER ROCK WATER DISTRICT**  
**Otter Rock, Oregon**

STATEMENT OF ACTIVITIES - CASH BASIS

For the Year Ended June 30, 2022

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities				
Water utilities	\$ 85,791	\$ 118,721	\$ -	\$ 56,376
General revenues				
Investment earnings				408
Change in net position				56,784
Net position - beginning				151,194
Net position - ending				<u>\$ 207,978</u>

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



**OTTER ROCK WATER DISTRICT**  
**Otter Rock, Oregon**

BALANCE SHEET - CASH BASIS

GOVERNMENTAL FUND

June 30, 2022

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 207,978</u>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	<u>\$ -</u>
Fund balance	
Restricted for:	
System development charges	23,446
Chlorination	19,170
Committed to customer deposits	11,864
Unassigned	<u>153,498</u>
Total fund balance	<u>207,978</u>
Total liabilities and fund balance	<u>\$ 207,978</u>

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

**OTTER ROCK WATER DISTRICT**  
**Otter Rock, Oregon**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
CASH BASIS

GOVERNMENTAL FUND

For the Year Ended June 30, 2022

	General Fund
<b>REVENUES</b>	
Charges for services	\$ 118,721
System development charges	23,446
Investment earnings	<u>408</u>
Total revenues	<u>142,575</u>
<b>EXPENDITURES</b>	
Current	
Personnel services	10,909
Materials and services	<u>74,882</u>
Total expenditures	<u>85,791</u>
Excess (deficiency) of revenues over (under) expenditures	56,784
Fund balance - beginning	<u>151,194</u>
Fund balance - ending	<u>\$ 207,978</u>

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

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**OTTER ROCK WATER DISTRICT**  
**Otter Rock, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Otter Rock Water District have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

Otter Rock Water District is an Oregon municipal corporation, established in the 1930s to provide water to the unincorporated coastal community of Otter Rock, Oregon. The District is governed by a five-member board of directors elected from the District at large. Each director is elected to a four-year term.

**B. 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 all of the activities of the District.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**1. Measurement Focus**

The government-wide financial statements are reported using the economic resources measurement focus within the limitations of the cash basis of accounting, as described below.

Governmental fund financial statements are reported using the current financial resources measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statements present sources and uses of available expendable financial resources during a given period.

**2. Basis of Accounting**

In the government-wide financial statements and the fund financial statements, governmental activities are presented using a cash basis of accounting. This basis recognizes assets, liabilities, net position/fund balance, revenues, and expenditures when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements.

**OTTER ROCK WATER DISTRICT**  
**Otter Rock, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**2. Basis of Accounting (Continued)**

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for the governmental fund would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

**3. Financial Statement Presentation**

The District reports the following major governmental fund:

General Fund – The General Fund accounts for all financial resources of the District. The primary sources of revenue are water rates and fees, investment earnings, grants, and reimbursements. Primary expenditures are for repairs and maintenance.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

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

**D. Assets, Liabilities, and Equity**

**1. 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.

State statutes authorize the District to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

**OTTER ROCK WATER DISTRICT**  
**Otter Rock, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Equity (Continued)**

**2. Fund Equity**

The District reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.
- Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The District has not formally adopted a policy for commitment or assignment of unrestricted fund balance.

The District has not formally adopted a minimum fund balance policy.

**E. Use of Estimates**

The preparation of financial statements in accordance with the cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

**OTTER ROCK WATER DISTRICT**  
**Otter Rock, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

The District budgets its fund in accordance with the requirements of state law. An annual appropriated budget is adopted for the General Fund. The fund is budgeted on the cash basis of accounting.

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The board of directors legally adopts the budget by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line-item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and/or appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the board of directors at a regular board meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there were no supplemental budgets. The District does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts and one approved appropriation transfer.

**III. DETAILED NOTES ON THE FUND AND ALL ACCOUNT GROUPS**

**A. Deposits and Investments**

Otter Rock Water District maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents.

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

**OTTER ROCK WATER DISTRICT**  
**Otter Rock, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

**III. DETAILED NOTES ON THE FUND AND ALL ACCOUNT GROUPS (Continued)**

**A. Deposits and Investments (Continued)**

The Oregon State Treasury administers the LGIP. The LGIP is an open-ended, no-load, diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the District's position in the LGIP is the same as the value of the pool shares.

Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The District has not adopted an investment policy regarding credit risk; however, investments comply with state statutes.

Investments

As of June 30, 2022, the District had the following investments:

	<u>Credit Quality Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Oregon Local Government Investment Pool	Unrated	-	<u>\$ 68,049</u>

Interest Rate Risk

The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

The District does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100 percent of the District's investments are in the Oregon Local Government Investment Pool.

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a policy that limits the amount of investments that can be held by counterparties.



**OTTER ROCK WATER DISTRICT**  
**Otter Rock, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

**III. DETAILED NOTES ON THE FUND AND ALL ACCOUNT GROUPS (Continued)**

**A. Deposits and Investments (Continued)**

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The District holds accounts at Columbia Bank, for which the FDIC provides insurance coverage of \$250,000 for demand deposit accounts and an additional \$250,000 for time and savings accounts. At June 30, 2022, the District's total deposits of \$136,729 were fully insured by the FDIC.

Deposits

The District's deposits and investments at June 30, 2022 are as follows:

Cash on hand	\$ 3,300
Checking accounts	136,629
Total investments	<u>68,049</u>
Total deposits and investments	<u>\$ 207,978</u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 165,362
Governmental activities - restricted	
General Fund	<u>42,616</u>
Total cash and investments	<u>\$ 207,978</u>

**OTTER ROCK WATER DISTRICT**  
**Otter Rock, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

**IV. OTHER INFORMATION**

**A. 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 the District carries commercial insurance. There were no insurance settlements exceeding insurance coverage in any of the past three years.

**B. Contingency**

Otter Rock Water District's water comes from three springs. Operations could be affected by fluctuations, contaminations, or other factors that may require expensive and/or time-consuming efforts to resolve. The District factors in some contingency to help manage any scenarios that may occur.

**C. New Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements that have future effective dates that will impact future financial presentations. Management has not currently determined what impact implementation of the following statements will have on future financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will be effective for the District beginning with its fiscal year ending June 30, 2023. The requirements of this statement will improve financial reporting by establishing the definitions of public-private and public-public arrangements (PPPs) and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, will be effective for the District beginning with its fiscal year ending June 30, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments.

GASB Statement No. 99, *Omnibus 2022*, will be effective for the District beginning with its fiscal year ending June 30, 2023. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation of certain GASB statements and accounting and financial reporting for financial guarantees.

**OTTER ROCK WATER DISTRICT**  
**Otter Rock, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

**IV. OTHER INFORMATION (Continued)**

**C. New Pronouncements (Continued)**

GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*, will be effective for the District beginning with its fiscal year ending June 30, 2024. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or accessing accountability.

GASB Statement No. 101, *Compensated Absences*, will be effective for the District beginning with its fiscal year ending June 30, 2025. This statement updates the recognition and measurement guidance for compensated absences and amends previously required disclosures.

**D. Subsequent Events**

Management has evaluated subsequent events through May 28, 2023, which was the date that the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

**OTTER ROCK WATER DISTRICT**  
**Otter Rock, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual Cash Basis</u>
<b>REVENUES</b>				
Charges for services	\$ 97,530	\$ 97,530	\$ 21,191	\$ 118,721
System development charges	-	-	23,446	23,446
Investment earnings	<u>450</u>	<u>450</u>	<u>(42)</u>	<u>408</u>
Total revenues	<u>97,980</u>	<u>97,980</u>	<u>44,595</u>	<u>142,575</u>
<b>EXPENDITURES</b>				
Current				
Personnel services	8,708	11,208	(299)	10,909
Materials and services	162,820	160,320	(85,438)	74,882
Contingency	<u>10,117</u>	<u>10,117</u>	<u>(10,117)</u>	<u>-</u>
Total expenditures	<u>181,645</u>	<u>181,645</u>	<u>(95,854)</u>	<u>85,791</u>
Excess (deficiency) of revenues over (under) expenditures	(83,665)	(83,665)	140,449	56,784
Fund balance - beginning	<u>91,665</u>	<u>91,665</u>	<u>59,529</u>	<u>151,194</u>
Fund balance - ending	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 199,978</u>	<u>\$ 207,978</u>

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY  
STATE REGULATIONS**

**KOONTZ, BLASQUEZ**  
ASSOCIATES, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY OREGON STATE REGULATIONS**

Board of Directors  
Otter Rock Water District  
Otter Rock, Oregon 97369

We have audited the basic financial statements of Otter Rock Water District as of and for the year ended June 30, 2022, and have issued our report thereon dated May 28, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Compliance**

As part of obtaining reasonable assurance about whether Otter Rock Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

**Accounting records**

**Deposit of public funds with financial institutions (ORS Chapter 295)**

**Budgets legally required (ORS Chapter 294)**

**Insurance and fidelity bonds in force or required by law**

**Programs funded from outside sources**

**Authorized investment of surplus funds (ORS Chapter 294)**

**Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)**

**Accountability for collecting or receiving money by elected officials**

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

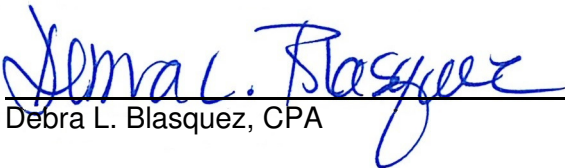
The District does not have any elected officials collecting or receiving money.

**OAR 162-010-0230 Internal Control**

In planning and performing our audit, we considered Otter Rock Water District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Otter Rock Water District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Otter Rock Water District's internal control over financial reporting. However, we noted certain matters that we have reported to management of the District in a separate letter dated May 28, 2023.

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

Koontz, Blasquez & Associates, P.C.

By:   
Debra L. Blasquez, CPA

Albany, Oregon  
May 28, 2023