

**CHRISTMAS VALLEY DOMESTIC WATER SUPPLY DISTRICT
LAKE COUNTY, OREGON**

**ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022**

**CHRISTMAS VALLEY DOMESTIC WATER SUPPLY DISTRICT
LAKE COUNTY, OREGON**

**DISTRICT OFFICIALS
JUNE 30, 2022**

Chairman

Ione Maple
P.O. Box 711
Christmas Valley, Oregon 97641

Vice Chairman

Kenny Morehouse
P.O. Box 271
Christmas Valley, Oregon 97641

Secretary-Treasurer

Jim Strong
P.O. Box 1031
Christmas Valley, Oregon 97641

Board Members

Dave Uran
P.O. Box 1002
Christmas Valley, Oregon 97641

Steve Hilger
P.O. Box 814
Christmas Valley, Oregon 97641

Registered Agent and Office

Erica Anderson
87393 Holly Lane
Christmas Valley, Oregon 97641

CHRISTMAS VALLEY DOMESTIC WATER SUPPLY DISTRICT
LAKE COUNTY, OREGON

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YEAR ENDED JUNE 30, 2022

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Christmas Valley Domestic Water Supply District
Lake County, Oregon

We have reviewed the accompanying modified cash basis financial statements of the governmental activities and each major fund of Christmas Valley Domestic Water Supply District (the District) as of and for the year ended June 30, 2022, which collectively comprise the District's modified cash basis basic financial statements as listed in the table of contents, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the District. 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, we 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 the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our 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 American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting.

Emphasis of Matter — Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Supplementary Information

The accompanying other supplementary information 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. 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 other supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the other supplementary information in order for it to be in accordance with the modified cash basis of accounting. We have not audited the other supplementary information and do not express an opinion on such information.

Report on 2021 Financial Statements

We previously reviewed the District's 2021 financial statements and in our report dated December 22, 2021, stated that we were not aware of any material modifications that should be made to those statements in order for them to be in conformity with the modified cash basis of accounting as described in Note 1. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2022, for it to be consistent with the reviewed financial statements from which it has been derived.

Price Fronk & Co.
Certified Public Accountants & Consultants

By: 
Heather A McMeekin – a partner

December 21, 2022

BASIC FINANCIAL STATEMENTS

CHRISTMAS VALLEY DOMESTIC WATER SUPPLY DISTRICT
LAKE COUNTY, OREGON

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	Primary Government	
	Governmental Activities	
	2022	2021
ASSETS		
Cash and investments	\$ 368,350	\$ 308,680
Inventory	2,800	2,800
Property and equipment		
Land	600	600
Construction in process	36,234	10,000
Buildings	109,193	109,193
Equipment	690,104	690,104
Water system	1,313,263	1,308,504
Other assets	21,547	21,547
Accumulated depreciation	(860,651)	(794,448)
TOTAL ASSETS	\$ 1,681,440	\$ 1,656,980
LIABILITIES		
Long-term debt		
OECD loan payable in less than one year	\$ 36,745	\$ 36,381
OECD loan payable in more than one year	728,129	764,874
TOTAL LIABILITIES	\$ 764,874	\$ 801,255
NET POSITION		
Net investment in capital assets	\$ 545,416	\$ 544,245
Unrestricted	371,150	311,480
TOTAL NET POSITION	\$ 916,566	\$ 855,725

See accompanying notes and independent accountants' review report

CHRISTMAS VALLEY DOMESTIC WATER SUPPLY DISTRICT
LAKE COUNTY, OREGON

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021
Expenses Paid		
Water services	\$ 375,047	\$ 359,280
Program Revenues Received		
Grants and contributions	32,650	10,000
Charges for services	352,482	282,085
Total program revenues	385,132	292,085
Net program revenue (expense)	10,085	(67,195)
General Revenues Received		
Property taxes	43,696	43,434
Investment earnings	18	20
Miscellaneous	7,042	4,471
Total general revenues	50,756	47,925
Change in net position	60,841	(19,270)
Net Position - Beginning of year	855,725	874,995
Net Position - End of year	\$ 916,566	\$ 855,725

See accompanying notes and independent accountants' review report

CHRISTMAS VALLEY DOMESTIC WATER SUPPLY DISTRICT
LAKE COUNTY, OREGON

BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS

JUNE 30, 2022

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	Major Funds			Totals	
	General	Water System Reserve	Capital Projects	2022	2021
ASSETS					
Cash and investments	\$ 113,363	\$ 164,780	\$ 90,207	\$ 368,350	\$308,680
Inventory	2,800			2,800	2,800
TOTAL ASSETS	<u>\$ 116,163</u>	<u>\$ 164,780</u>	<u>\$ 90,207</u>	<u>\$ 371,150</u>	<u>\$ 311,480</u>
FUND BALANCES					
Nonspendable inventory	\$ 2,800			\$ 2,800	\$ 2,800
Assigned for capital improvements			90,207	90,207	89,595
Assigned for future expenditures		164,780		164,780	149,527
Unassigned	113,363			113,363	69,558
TOTAL FUND BALANCES	<u>\$ 116,163</u>	<u>\$ 164,780</u>	<u>\$ 90,207</u>	<u>\$ 371,150</u>	<u>\$ 311,480</u>
Fund Balances, above				\$ 371,150	\$ 311,480
Amounts reported for governmental activities in the Statement of Net Position are different because:					
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the fund.				1,310,290	1,345,500
Some liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.				<u>(764,874)</u>	<u>(801,255)</u>
Net position of governmental activities, page 3.				<u>\$ 916,566</u>	<u>\$ 855,725</u>

See accompanying notes and independent accountants' review report

CHRISTMAS VALLEY DOMESTIC WATER SUPPLY DISTRICT
LAKE COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	Major Funds			Totals	
	General	Water System Reserve	Capital Projects	2022	2021
Revenues received					
Water sales	\$ 335,689	\$	\$	\$ 335,689	\$ 270,476
Property taxes	43,696			43,696	43,434
Charges for services	16,793			16,793	11,609
Interest		12	6	18	20
Grant Income	32,650			32,650	10,000
Other	7,042			7,042	4,471
Total Revenues	<u>\$ 435,870</u>	<u>\$ 12</u>	<u>\$ 6</u>	<u>\$ 435,888</u>	<u>\$ 340,010</u>
Expenditures paid					
Current					
Domestic water	\$ 327,065	\$	\$	\$ 327,065	\$ 293,865
Capital outlay		4,759		4,759	21,804
Debt service					
Principal			36,381	36,381	36,021
Interest			8,013	8,013	8,373
Total Expenditures	<u>327,065</u>	<u>4,759</u>	<u>44,394</u>	<u>376,218</u>	<u>360,063</u>
Excess of revenues over (under) expenditures	<u>108,805</u>	<u>(4,747)</u>	<u>(44,388)</u>	<u>59,670</u>	<u>(20,053)</u>
Other financing sources (uses)					
Operating transfers in		20,000	45,000	65,000	50,000
Operating transfers out	<u>(65,000)</u>			<u>(65,000)</u>	<u>(50,000)</u>
Total other financing sources (uses)	<u>(65,000)</u>	<u>20,000</u>	<u>45,000</u>		
Net change in fund balances	43,805	15,253	612	59,670	(20,053)
Fund Balances - Beginning of year	<u>72,358</u>	<u>149,527</u>	<u>89,595</u>	<u>311,480</u>	<u>331,533</u>
Fund Balances - End of year	<u>\$ 116,163</u>	<u>\$ 164,780</u>	<u>\$ 90,207</u>	<u>\$ 371,150</u>	<u>\$ 311,480</u>

Net change in funds balances - governmental funds, above \$ 59,670 \$ (20,053)

Amounts reported for governmental activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset additions	30,993	31,804
Depreciation expense	(66,203)	(67,042)

Current payments of long-term debt reduce the liability on the Statement of Net Position but are recorded as an expenditure in the governmental fund.

	<u>36,381</u>	<u>36,021</u>
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Change in net position of governmental activities, page 4. \$ 60,841 \$ (19,270)

See accompanying notes and independent accountants' review report

CHRISTMAS VALLEY DOMESTIC WATER SUPPLY DISTRICT
LAKE COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District

The District was formed July 1, 1973, under provision ORS Chapter 264. The District acquired the assets of an existing water system from the developer. The governing body is a board of five directors elected by the voters of the District to provide domestic water for the residents.

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 government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities or fiduciary funds.

The Statement of Activities demonstrates the degree to which the direct expenses 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 provided 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 instead as general revenues.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide Statement of Net Position and the Statement of Activities utilize the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income and changes in net assets and financial position. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported.

The fund financial statements utilize the current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable resources during a given period. These funds use fund balance as their measure of available spendable resources at the end of the period.

The government-wide Statement of Net Position and Statement of Activities and the General Fund financial statements are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities,

CHRISTMAS VALLEY DOMESTIC WATER SUPPLY DISTRICT
LAKE COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

net position/fund equity, revenues and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Inventory

Inventories are valued at cost using the specific identification method.

Property and Equipment

Capital assets are reported in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures as purchased. Additions since formation of the District are shown at cost. Donated assets are recorded at estimated fair market value as of the date of the donation. The District does not have a formal capitalization policy. Items that are purchased from the reserve fund are considered capital items.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is calculated on the straight-line basis over the estimated useful lives of the assets of five to forty years.

Fund Balance Reporting

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54)* which defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. *Nonspendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable and property held for resale (unless the proceeds are restricted, committed or assigned),
2. *Restricted* fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation,

CHRISTMAS VALLEY DOMESTIC WATER SUPPLY DISTRICT
LAKE COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance Reporting – Continued

3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's governing board (the District's highest level of decision-making authority),
4. Assigned fund balance classification is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed and
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The District reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available. The District reduces committed amounts first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classification could be used.

Property Taxes

Property taxes are assessed on a July 1 – June 30 fiscal year basis. The taxes are levied July 1 and property owners have the option of paying the full amount November 15 or February 15 less a discount, or paying in three installments, November 15, February 15 and May 15. Property taxes attach as an enforceable lien July 1 and are considered delinquent if not paid by the following May 15. The County Assessor is the tax collection agent for all taxing entities within the County.

Tax revenue is recorded when received by the County as the intermediary collecting agency. Uncollected property taxes at June 30, 2022, were \$3,903 in the General Fund.

Long-term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the statement of net position. In the fund financial statements, payment of the Revenue Bond series 2010 payment is recorded in the Capital Projects Fund.

CHRISTMAS VALLEY DOMESTIC WATER SUPPLY DISTRICT
LAKE COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Reporting Entity

The District's financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of Government Accounting Standards Board's (GASB's) *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name).
- The District holds the corporate powers of the organization.
- The District appoints a voting majority of the organization's board.
- The District is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the District.
- There is fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units and is not a component unit of any other entity.

Appropriations and Budgetary Controls

The District is subject to provisions of the Oregon Revised Statutes which set forth local budget law procedures. A budget is prepared for each fund on the modified cash basis of accounting. Expenditure budgets are appropriated by major category in the fund. Budgeted expenditures at appropriation level may not be legally overspent. Appropriations expire at June 30 each year. Encumbrances are not recorded.

Cash and Investments

For financial reporting purposes, the District considers all high liquid investments with a maturity of three months or less when purchased to be cash equivalents. Investments in the statement of net position are carried at cost, which approximates fair value.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CHRISTMAS VALLEY DOMESTIC WATER SUPPLY DISTRICT
LAKE COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition of those assets. Net position is reported as restricted when there are limitations imposed on the use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District does not have restricted assets as of the year ended June 30, 2022.

Comparative Information

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

NOTE 2 – ORGANIZATION AND FUND STRUCTURE

The District operates using the following governmental funds, each of which is considered to be a major fund.

General Fund

The General Fund is utilized to account for the operation of the District. Property taxes and water sales are its principal sources of revenue. Personal services and materials and supplies are the major expenditures of the District.

Water System Reserve

The Water System Reserve accounts for transfers from the General Fund which are designated by the Board to finance the replacement of equipment.

Capital Projects

The Capital Projects fund accounts for debt proceeds and the construction of major capital improvement projects.

CHRISTMAS VALLEY DOMESTIC WATER SUPPLY DISTRICT
LAKE COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 – CASH AND INVESTMENTS

The District’s investment of cash funds is regulated by Oregon Revised Statutes. Under these guidelines, cash funds may be invested in bank accounts, general obligation issues of the United States, its agencies, certain states and certain guaranteed investments issued by banks. The statutes require that all bank deposits in excess of the FDIC or FSLIC insurance amounts be collateralized with securities held by the bank.

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. State statutes require that all bank deposits in excess of the FDIC or FSLIC insurance amounts be collateralized through the Oregon State Treasurer’s Public Funds Collateralization Program. This program provides a structure for specified depositories to participate in a shared liability collateral pool. Securities pledged by individual institutions may range from 10% to 110% of public fund deposits depending on the financial institution’s level of capitalization as determined by its federal regulatory authority. The aggregate, Oregon public fund collateral pledged at June 30, 2022, was \$2,280,145,984 for reported public funds of \$3,459,521,324. The custodian, Federal Home Loan Bank of Seattle, is the agent for the depository bank. The securities pledged are designated as subject to the Pledge Agreement between the depository bank, custodian bank and Office of the State Treasurer (OST) and are held for the benefit of OST on behalf of the public depositors. The District’s funds were held by financial institutions that participated in the State Treasurer’s program and were in compliance with statutory requirements.

At June 30, 2022, accounts were substantially insured by FDIC.

Cash and investments at June 30, 2022, consisted of the following:

Petty cash	\$ 90
Demand deposits	<u>368,260</u>
	<u>\$ 368,350</u>

NOTE 4 – CAPITAL ASSETS

Capital assets purchased by the District have been recorded at cost. Capital assets are charged to expenditures in the governmental fund types as purchased and capitalized in the Statement of Net Position. Maintenance and repairs of capital assets are charged to expenditures in the general fund and are not capitalized.

CHRISTMAS VALLEY DOMESTIC WATER SUPPLY DISTRICT
LAKE COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 – CAPITAL ASSETS – CONTINUED

Changes in the District’s capital assets were as follows:

	<u>Balance</u> <u>July 01, 2021</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>June 30, 2022</u>
Capital assets not depreciated				
Land	\$ 600	\$	\$	\$ 600
Construction in process	<u>10,000</u>	<u>26,234</u>		<u>36,234</u>
	<u>10,600</u>	<u>26,234</u>		<u>36,834</u>
Capital assets being depreciated				
Buildings	109,193			109,193
Equipment	690,104			690,104
Water systems	1,308,504	4,759		1,313,263
Other assets	<u>21,547</u>			<u>21,547</u>
Total capital assets being depreciated	<u>2,129,348</u>	<u>4,759</u>		<u>2,134,107</u>
Accumulated depreciation	<u>(794,448)</u>	<u>(66,203)</u>		<u>(860,651)</u>
Net capital assets	<u>\$ 1,345,500</u>	<u>\$ (35,210)</u>	<u>\$ -</u>	<u>\$ 1,310,290</u>

Depreciation expense of \$66,203 was charged to water service expense.

NOTE 5 – LONG-TERM DEBT

Revenue Bond, Series 2010

The District’s Revenue Bond Series 2010 issued through the State of Oregon by its Economic and Community Development Department require payments from December 1, 2010, to December 1, 2040. The bond principal and interest payments are due annually on December 1. The interest rate on the scheduled maturities is at 1% per annum.

**CHRISTMAS VALLEY DOMESTIC WATER SUPPLY DISTRICT
LAKE COUNTY, OREGON**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 – LONG-TERM DEBT – CONTINUED

Changes in long-term debt obligations for the year ended June 30, 2022, are as follows:

<u>Primary Government</u>	<u>July 01, 2021</u>	<u>Interest Matured and Paid</u>	<u>Principal Matured and Paid</u>	<u>June 30, 2022</u>	<u>Due Within One Year</u>
Revenue Bond, Series 2010	\$ 801,255	\$ 8,013	\$ 36,381	\$ 764,874	\$ 36,745

Future maturities of the Revenue Bond, Series 2010 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 36,745	\$ 7,649
2024	37,112	7,281
2025	37,484	6,910
2026	37,858	6,535
2027	38,237	6,157
2028-2032	196,997	24,971
2033-2037	207,046	14,922
Thereafter	173,395	4,359
	<u>\$ 764,874</u>	<u>\$ 78,785</u>

NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for general liability up to \$500,000; excess liability of \$5,000,000; property coverage on its equipment; and fidelity bonding. Settled claims have not exceeded coverage in any of the past three years.

**CHRISTMAS VALLEY DOMESTIC WATER SUPPLY DISTRICT
LAKE COUNTY, OREGON**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The District does not have a formal post-employment benefits (OPEB) plan for any employee groups. The District is required by Oregon Revised Statutes 243.303 to provide retirees with group health insurance from the date of retirement to age 65 at the same rate provided to current employees. For the year ended June 30, 2022, the District did not offer retirement or healthcare benefits to its current employees or retirees.

NOTE 8 – INTERFUND TRANSFERS

The District made the following transfer to set aside funds for future equipment needs and to make the bond payment:

	Transfer Out	Transfer In
General fund	\$ 65,000	\$
Reserve fund		20,000
Capital projects fund		45,000
	\$ 65,000	\$ 65,000

NOTE 9 – SUBSEQUENT EVENTS

The District was awarded Safe Drinking Water Funds which consisted of a total loan amount of \$1,660,761. A portion of that loan, \$530,000, is forgivable if conditions set forth in the funding contract are met. The interest Rate is 1.0% per annum. The District was awarded the contract during the current fiscal year, however, funds are reimbursement basis and construction is not expected to begin until January 2023.

Lake County awarded the District \$920,000 in Grant Funds from their Coronavirus Fiscal Recovery Funds during the current fiscal year. This grant is also reimbursement basis and the District had not received funding prior to June 30, 2022.

During the current fiscal year, the District hired Portland State University to conduct an income survey of their residents. The results of this survey concluded that the District is eligible to apply for a community development block grant, which the application is currently being worked on.

OTHER SUPPLEMENTARY INFORMATION

CHRISTMAS VALLEY DOMESTIC WATER SUPPLY DISTRICT
LAKE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
Revenues received				
Water sales	\$ 330,811	\$ 330,811	\$ 335,689	\$ 4,878
Property taxes	37,925	37,925	43,696	5,771
Grant income	13,997,170	13,997,170	32,650	(13,964,520)
Charges for services	15,700	15,700	16,793	1,093
Other			7,042	7,042
Total Revenues	<u>\$ 14,381,606</u>	<u>\$ 14,381,606</u>	<u>\$ 435,870</u>	<u>\$ (13,945,736)</u>
Expenditures paid				
Personal services				
Bookkeeper/clerk	\$ 31,000	\$ 31,000	\$ 25,623	\$ (5,377)
Operator	43,000	43,000	36,846	(6,154)
Repairmen	100,000	100,000	55,776	(44,224)
Payroll expense and benefits	15,000	15,000	9,148	(5,852)
	<u>\$ 189,000</u>	<u>\$ 189,000</u>	<u>\$ 127,393</u>	<u>\$ (61,607)</u>
Materials and services				
Supplies	\$ 47,000	\$ 47,000	\$ 63,477	\$ 16,477
Travel expense	3,000	3,000	2,071	(929)
Electricity	48,000	48,000	43,609	(4,391)
Insurance	16,000	16,000	12,588	(3,412)
Office expenses	21,000	21,000	14,574	(6,426)
Legal fees, bonding and accounting	45,000	45,000	12,398	(32,602)
Miscellaneous	1,000	1,000		(1,000)
Repairs and vehicle fuel	16,000	16,000	12,602	(3,398)
Water test	5,345	5,345	1,449	(3,896)
Deposit refunds	2,000	2,000	437	(1,563)
Telephone	2,800	2,800	2,855	55
Machine rental and equipment maintenance	8,000	8,000	6,009	(1,991)
Training	3,000	3,000	1,369	(1,631)
Short lived assets	5,000	5,000		(5,000)
	<u>\$ 223,145</u>	<u>\$ 223,145</u>	<u>\$ 173,438</u>	<u>\$ (49,707)</u>
Operating contingency	\$ 5,052	\$ 5,052		\$ (5,052)
Grant expense	13,997,170	13,997,170	26,234	(13,970,936)
Total Expenditures	<u>14,414,367</u>	<u>14,414,367</u>	<u>327,065</u>	<u>(14,087,302)</u>
Excess of revenues over (under) expenditures	<u>(32,761)</u>	<u>(32,761)</u>	<u>108,805</u>	<u>141,566</u>
Other financing uses				
Transfer to Capital Projects Fund	(45,000)	(45,000)	(45,000)	
Transfer to Reserve Fund	(20,000)	(20,000)	(20,000)	
Total financing uses	<u>\$ (65,000)</u>	<u>\$ (65,000)</u>	<u>\$ (65,000)</u>	<u>\$ -</u>
Net change in fund balance	\$ (97,761)	\$ (97,761)	\$ 43,805	\$ 141,566
Fund Balance - Beginning of year	97,761	97,761	72,358	(25,403)
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,163</u>	<u>\$ 116,163</u>

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**CHRISTMAS VALLEY DOMESTIC WATER SUPPLY DISTRICT
LAKE COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS)
WATER SYSTEM RESERVE FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues received				
Interest	\$ 400	\$ 400	\$ 12	\$ (388)
Expenditures paid				
Capital outlay	141,400	141,400	4,759	(136,641)
Excess of revenues over (under) expenditures	(141,000)	(141,000)	(4,747)	136,253
Other financing sources				
Transfer from General Fund	20,000	20,000	20,000	
Net change in fund balance	(121,000)	(121,000)	15,253	136,253
Fund Balance - Beginning of year	161,200	161,200	149,527	(11,673)
Fund Balance - End of year	\$ 40,200	\$ 40,200	\$ 164,780	\$ 124,580

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CHRISTMAS VALLEY DOMESTIC WATER SUPPLY DISTRICT
LAKE COUNTY, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS)**

CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues received				
Interest	\$	\$	6	6
Total revenues			6	6
Expenditures paid				
Debt service				
Principal	44,394	44,394	36,381	(8,013)
Interest			8,013	8,013
Reserved for future expenditures	83,574	83,574		(83,574)
Total expenditures	127,968	127,968	44,394	(83,574)
Excess of revenues over (under) expenditures	(127,968)	(127,968)	(44,388)	83,580
Other financing sources				
Transfer from General Fund	45,000	45,000	45,000	
	45,000	45,000	45,000	
Net change in fund balance	(82,968)	(82,968)	612	83,580
Fund Balance - Beginning of year	82,968	82,968	89,595	6,627
Fund Balance - End of year	\$ -	\$ -	\$ 90,207	\$ 90,207

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CHRISTMAS VALLEY DOMESTIC WATER SUPPLY DISTRICT
LAKE COUNTY, OREGON

SCHEDULE OF EXPENDITURES AND APPROPRIATIONS
ALL FUNDS
YEAR ENDED JUNE 30, 2022

	<u>Actual</u>	<u>Appropriations</u>	<u>Over (Under) Final Budget</u>
General Fund			
Personal services	\$ 127,393	\$ 189,000	\$ (61,607)
Materials and services	173,438	223,145	(49,707)
Transfers out	65,000	65,000	
Contingency		5,052	(5,052)
Grant	26,234	13,997,170	(13,970,936)
	<u>\$ 392,065</u>	<u>\$ 14,479,367</u>	<u>\$ (14,087,302)</u>
 Water System Reserve			
Capital outlay	<u>\$ 4,759</u>	<u>\$ 141,400</u>	<u>\$ (136,641)</u>
 Capital Projects			
Debt service	\$ 44,394	\$ 44,394	\$
Reserved for future expenditures		83,574	(83,574)
	<u>\$ 44,394</u>	<u>\$ 127,968</u>	<u>\$ (83,574)</u>

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MANAGEMENT REPRESENTATION

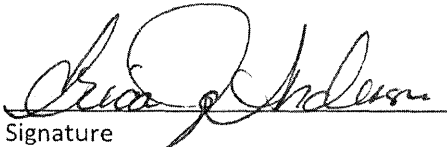
OF FISCAL AFFAIRS

MANAGEMENT REPRESENTATION OF FISCAL AFFAIRS

The Christmas Valley Water 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) Highway revenues used for public highways and roads (ORS Chapters 294, 368 and 373).
- (g) Authorized investment of surplus funds (ORS Chapter 294).
- (h) Public contracts, purchasing and improvements (ORS Chapters 279A, 279B and 279C).

The management of Christmas Valley Water 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. Further, 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.


Signature

manager/operator
Title

12-29-22
Date