

**LAKE GROVE
RURAL FIRE PROTECTION DISTRICT #57
Lake Oswego, Oregon**

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2021

LAKE GROVE
RURAL FIRE PROTECTION DISTRICT #57
LAKE OSWEGO, OREGON
YEAR ENDED JUNE 30, 2021
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**LAKE GROVE
RURAL FIRE PROTECTION DISTRICT #57
LAKE OSWEGO, OREGON**

JUNE 30, 2021

BOARD OF DIRECTORS

PRESIDENT

Bretley Hanson

VICE PRESIDENT

Jonathan Harrell

TREASURER

Allen Patterson

MEMBER

Sherry Patterson

MEMBER

Grant Howell

REGISTERED AGENT

Jonathan Harrell

DISTRICT OFFICE

**17665 SW Pilkington Road, Suite B
Lake Oswego, Oregon 97035**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lake Grove Rural Fire Protection District #57
Lake Oswego, Oregon

We have audited the accompanying modified cash basis financial statements of the governmental activities and major fund of the Lake Grove Rural Fire Protection District #57 (the "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.

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 described in Note A; this includes determining that the modified 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities and major fund of the District as of June 30, 2021, and the respective changes in financial position – modified cash basis, thereof for the year then ended in accordance with the basis of accounting described in Note A.

Basis of Accounting

We draw attention to Note A 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 basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Other Matters

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

The budgetary comparison information and other schedules are the responsibility of management and were derived from and relate 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 and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2021.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The management's discussion and analysis and introductory section, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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 *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated _____, 2021, on our consideration of Lake Grove Rural Fire Protection District #57's 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 consider an opinion on compliance.

JARRARD, SEIBERT, POLLARD & COMPANY, LLC
Certified Public Accountants

West Linn, Oregon
_____, 2021

By _____
Russell T. Ries, Partner

**LAKE GROVE
RURAL FIRE PROTECTION DISTRICT #57
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

This section of the Lake Grove Rural Fire Protection District #57's (the District) annual financial report presents our discussion and analysis of the financial performance during the fiscal year ended June 30, 2021. Please read it in conjunction with the transmittal letter and the financial statements and notes, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position was \$798,337 at June 30, 2021.
- During the year, the District's net position increased by \$12,241.
- The general fund reported a fund balance this year of \$798,337.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report is prepared by the District using the concepts in the Governmental Accounting Standards Board Statement No. 34 (GASB 34), which sets reporting standards for governmental units under generally accepted accounting principles (GAAP). However, the District's statements are not prepared on a GAAP basis, but have been prepared on the modified cash basis of accounting described in Note A to the basic financial statements. Accordingly, the District's financial statements do not include all of the disclosures that would normally be required by GASB 34. Where applicable, the principles in GASB 34 are used.

Management has determined that the modified cash basis of accounting is appropriate for the District due to its lack of complexity and the necessity to account for, and plan for, the resources needed to operate the District.

This annual report consists of three parts: *management's discussion and analysis* (this section), the *basic financial statements*, and *supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *supplementary information* that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

The District only provides "governmental activities" as defined in GASB 34, and has no substantial business-type activities. The District has only one fund (the General Fund), and it is considered to be a major fund under the provisions of GASB 34.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them where necessary.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

GOVERNMENT-WIDE CASH BALANCES

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and investments	\$ 798,337	\$ 786,096
Taxes receivable	33,790	35,483
Total assets	<u>832,127</u>	<u>821,579</u>
DEFERRED INFLOWS		
Deferred tax revenues	33,790	35,483
Total deferred inflows	<u>33,790</u>	<u>35,483</u>
NET POSITION		
Unrestricted	798,337	786,096
Total net position	<u>\$ 798,337</u>	<u>\$ 786,096</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental fund balances totaled \$798,337 at June 30, 2021. A summary of changes in governmental fund balances follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
General receipts	\$ 1,033,362	\$ 1,010,259	\$ 23,103
Total disbursements	<u>1,021,121</u>	<u>987,483</u>	<u>33,638</u>
Changes in net position	12,241	22,776	(10,535)
Fund balance – beginning of year	<u>786,096</u>	<u>763,320</u>	<u>22,776</u>
Fund balance – end of year	<u>\$ 798,337</u>	<u>\$ 786,096</u>	<u>\$ 12,241</u>

CAPITAL ASSETS

See the Notes to Basic Financial Statements for detailed information about capital assets.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our taxpayers, ratepayers, investors and creditors with an overview of the District's finances. If you have any questions about this report or need any clarification of information please contact the Lake Grove Rural Fire Protection District #57. Our address is: P.O. Box 2163, 17665 SW Pilkington Road, Suite B, Lake Oswego, OR 97035.

Jonathan Harrell
Lake Grove Fire District Board Vice President

**LAKE GROVE
RURAL FIRE PROTECTION DISTRICT #57
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
JUNE 30, 2021**

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 798,337
Property tax receivable	<u>33,790</u>
Total assets	832,127
 DEFERRED INFLOW OF RESOURCES	
Unavailable revenue – property taxes	<u>33,790</u>
 NET POSITION	
Unrestricted	<u>\$ 798,337</u>

(See accompanying notes to basic financial statements)

**LAKE GROVE
RURAL FIRE PROTECTION DISTRICT #57
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Position</u>
<u>Governmental Activities</u>		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
Fire Protection Services	\$ 1,021,121	\$ -	\$ -	\$ (1,021,121)
General Revenues				
Taxes:				
Property taxes, levied for general purposes				1,025,514
Investment earnings				7,848
Total				<u>1,033,362</u>
CHANGE IN NET POSITION				12,241
NET POSITION, beginning				<u>786,096</u>
NET POSITION, ending				<u>\$ 798,337</u>

(See accompanying notes to basic financial statements)

**LAKE GROVE
RURAL FIRE PROTECTION DISTRICT #57
GOVERNMENTAL FUND
BALANCE SHEET – MODIFIED CASH BASIS
JUNE 30, 2021**

	<u>General Fund</u>
ASSETS	
Cash and investments	\$ 798,337
Property taxes receivable	33,790
	<u>\$ 832,127</u>
 DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue – property taxes	\$ 33,790
 FUND BALANCE	
Unassigned	<u>798,337</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	 <u>\$ 832,127</u>

(See accompanying notes to basic financial statements)

**LAKE GROVE
RURAL FIRE PROTECTION DISTRICT #57
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	General Fund
REVENUES:	
Taxes	\$ 1,025,514
Interest	7,848
Total Revenues	1,033,362
EXPENDITURES:	
Fire protection services	1,021,121
EXCESS OF REVENUES OVER EXPENDITURES	12,241
FUND BALANCE, beginning	786,096
FUND BALANCE, ending	\$ 798,337

(See accompanying notes to basic financial statements)

**LAKE GROVE
RURAL FIRE PROTECTION DISTRICT #57
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity

The Lake Grove Rural Fire Protection District is a municipal corporation governed by an elected five-member board. It was organized under provisions of Oregon Statutes Chapter 478 for the purpose of providing fire protection and other emergency services.

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 non-fiduciary activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported on the modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions.

Only cash (and cash equivalents) and items that involve the receipt or disbursement of cash (or cash equivalents) during the period are recognized, except for the following modifications:

The property taxes uncollected at year-end are shown as a receivable but are not included in receipts, and are offset by a deferred inflow entitled unavailable revenue-property taxes.

As a result of the use of this method of accounting, certain transactions are not recorded in the financial statements. For example, accounts receivable and revenue for billed or provided services that have not been collected in cash are not accrued as revenue or receivables. Additionally, capital assets such as property and equipment are not reported and liabilities such as compensated absences are also not reported.

General revenues are property taxes and interest.

**LAKE GROVE
RURAL FIRE PROTECTION DISTRICT #57
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period. Expenditures generally are recorded when paid.

Fund Accounting

Fund financial information of the reporting entity is organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: government, proprietary and fiduciary. The District has no proprietary or fiduciary funds. An emphasis is placed on major funds within the governmental category.

The funds of the financial reporting entity are described below:

The *General Fund* is the primary operating fund of the District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Property Taxes Receivable

Ad valorem property taxes are a lien on all taxable property as of July 1. Property taxes are payable on November 15. Collection dates are 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 by management.

Uncollected property taxes are shown in the statement of net position and balance sheet. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

Capital Assets

Capital assets are usually recorded as capital outlay expenditures. The original historical cost of such assets has been estimated or tracked and is recorded by the District, but, under the modified cash basis of accounting, are not required to be displayed in the financial statements. The costs of significant betterments to capital assets are similarly recorded as expenditures and not capitalized. Depreciation is not recorded. When assets are donated, the estimated value is used to increase the balances of the capital assets. No revenues or expenditures are recorded since no cash was received or used when assets are donated. When property is retired or sold, any related proceeds are recorded as revenues.

**LAKE GROVE
RURAL FIRE PROTECTION DISTRICT #57
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues for property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Fund Balance

As of these financial statements, the District has adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by Board of Directors.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Net Position

Net position presents the difference between assets and liabilities in the Statement of Net Position. Net position are reported as restricted when there are legal limitations imposed on their use by legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

**LAKE GROVE
RURAL FIRE PROTECTION DISTRICT #57
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE B – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

	<u>Fair Value</u>	<u>Percent of Portfolio</u>	<u>Weighted Average Maturity (Years)</u>
Cash and Investments as of June 30 consisted of:			
Demand deposit with financial institution	\$ 68,045	8.53%	-
State of Oregon local government investment pool	<u>730,292</u>	91.47%	-
	<u>\$ 798,337</u>		

Oregon Revised Statutes (ORS) authorize the District to invest in obligations of the U.S. Treasury, U.S. government agencies and instrumentalities, bankers' acceptances guaranteed by an Oregon Financial institution, repurchase agreements, State of Oregon Treasury Local Government Investment Pool, various interest bearing bonds of Oregon municipalities, certificates of deposit, and certain commercial paper among others.

The District is authorized to invest in the LGIP, an external investment pool, within prescribed limits. The investments are booked at fair value and are the same as the value of the pool shares. The LGIP investments and all other investments are governed by a written investment policy that is reviewed annually by the Oregon Short-Term Fund Board. The Oregon Short-Term Fund Board is comprised of members of local government and private investment professionals, who are appointed by the Governor of the State of Oregon. LGIP is not rated by any national rating service. A copy of the audited financial statements may be obtained at the Oregon Audits Division, 255 Capital St. NE #500, Salem, OR 97210; phone 503-986-2255; internet <http://www.sos.state.or.us/audits/index.html>.

Custodial Credit Risk - Deposits

Deposits with financial institutions are comprised of bank demand deposits. The total bank balance is \$68,045. Of these deposits, \$68,045 was covered by federal depository insurance. Under the Public Funds Collateralization Program, ORS 295 requires, among other requirements that qualified institutions pledge collateral valued at 10% of their quarter-end public fund deposits. The Oregon State Treasurer may at any time require institutions to pledge additional collateral up to 110% of the value of uninsured public fund deposits. The District was in compliance with the Public Funds Collateralization Program.

Interest Rate Risk

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.

**LAKE GROVE
RURAL FIRE PROTECTION DISTRICT #57
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE B – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued):

Credit Risk

State 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, certain commercial papers and the State Treasurer's investment pool, among others. The District has no formal investment policy that further restricts its investment choices. The District does not invest in these securities.

Concentration of Credit Risk

The District places no additional limits on the amount the District may invest in any one issuer. In accordance with GASB 40, the District is required to report all individual non-federal investments, which exceed 5% of total invested funds. As of June 30, 2021 the District did not hold any non-federal investments.

NOTE C – CAPITAL ASSETS:

Capital asset activity for governmental activities for the year ended June 30, 2021 was as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Leasehold improvements	\$ 617	\$ -	\$ -	\$ 617
Equipment	1,724	-	-	1,724
Governmental activities capital assets	<u>\$ 2,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,341</u>

NOTE D – RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District, through its General Fund, purchases commercial insurance. Settled claims have not exceeded commercial coverage for each of the past three fiscal years.

NOTE E – OPERATING LEASE:

Starting October 10, 2010 the District entered into a five-year operating lease for rental of a building. The required monthly lease payments under the terms of the lease are \$850 from November 1, 2010 to October 31, 2014; \$875 from November 1, 2014 to October 31, 2015; and \$901 from November 1, 2015 to October 31, 2016. A lease addendum dated January 27, 2016 extended the lease through October 31, 2021 and includes 3% annual increases. Total lease payments for the year ended June 30, 2021, were \$12,447.

**LAKE GROVE
RURAL FIRE PROTECTION DISTRICT #57
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE E – OPERATING LEASE (Continued):

Future minimum lease payments are scheduled as follows:

Year ended June 30:	
2022	<u>\$ 4,180</u>

NOTE F – INTERGOVERNMENTAL AGREEMENT:

There is a contract for fire protection services with the City of Lake Oswego. The terms of this agreement call for the City to provide fire protection services to the District through June 30, 2022 in exchange for an annual amount equal to \$1.92 per \$1,000 of assessed value as applied to the assessed valuation for the District in the annual tax roll of Clackamas County, Oregon. Installments of the annual tax roll are paid 50% on December 31, 25% on March 31 and 25% on June 15. Total payments for the fiscal year 2020/21 were \$980,482. Late payments are subject to accrued interest at the rate of 9% per annum until paid.

SUPPLEMENTARY INFORMATION

**LAKE GROVE
RURAL FIRE PROTECTION DISTRICT #57
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
MODIFIED CASH BASIS - BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Taxes	\$ 1,057,000	\$ 1,057,000	\$ 1,025,514	\$ (31,486)
Interest	20,000	20,000	7,848	(12,152)
TOTAL REVENUES	<u>1,077,000</u>	<u>1,077,000</u>	<u>1,033,362</u>	<u>(43,638)</u>
EXPENDITURES:				
Current:				
Personal services	15,000	15,000	7,524	7,476
Materials and services	1,048,000	1,048,000	1,013,597	34,403
Contingency	779,000	779,000	0	779,000
TOTAL EXPENDITURES	<u>1,842,000</u>	<u>1,842,000</u>	<u>1,021,121</u>	<u>820,879</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(765,000)	(765,000)	12,241	777,241
FUND BALANCE, Beginning	<u>765,000</u>	<u>765,000</u>	<u>786,096</u>	<u>21,096</u>
FUND BALANCE, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 798,337</u>	<u>\$ 798,337</u>

**LAKE GROVE
RURAL FIRE PROTECTION DISTRICT #57
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary Information

The District prepares its annual operating budget under the provisions of the Oregon Municipal Budget Law. In accordance with those provisions, the following process is used to adopt the annual budget:

Local Budget law process requires that certain, specific actions must happen as a local government prepares its annual budget. The process can be broken down into four phases.

Phase 1 begins the process. The budget officer puts together a proposed budget. The budget officer must prepare the proposed budget in a format designed by the Department of Revenue. The format meets the requirements set out in the statutes.

Phase 2 is when the budget committee approves the budget. The budget committee reviews the proposed budget, listens to comments from citizens, and then approves the budget. Special public notices are required before the budget committee's first meeting.

Phase 3 includes adopting the budget and, when appropriate, certifying property taxes to the county tax assessor. This phase includes a special hearing of the government body and specific public notices, including a summary of the approved budget. Special forms must also be used to notify the county assessor of the local government's property tax levy.

Phase 4 occurs during the fiscal year when the local government is operating under the adopted budget. This phase includes changes to the adopted budget. Changes to the adopted budget must be made before additional money is spent or money is spent for a different purpose than described in the adopted budget.

The level of control at which expenditures may not legally exceed appropriations is the object category level by department within a fund. The Budget Act recognizes the following object categories as the minimum legal level of control by department within a fund:

- Personal Services
- Material and Supplies
- Other Services and Charges
- Capital Outlay
- Debt Service
- Interfund Transfers

All transfers of appropriations between departments and supplemental appropriations require Board approval. The Director may transfer appropriations between object categories within a department without Board approval. Supplemental appropriations must also be filed with the Office of State Auditor and inspector.

Basis of Accounting

The budget is prepared on the modified cash basis of accounting. Revenues and expenditures are reported when they result from cash transactions.

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

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

We have audited the basic financial statements of Lake Grove Rural Fire Protection District #57, as of and for the year ended June 30, 2021, and have issued our report thereon dated _____, 2021. 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 Lake Grove Rural Fire Protection District #57'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 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- Deposit of public funds with financial institutions (ORS Chapter 295).**
- Indebtedness limitations, restrictions and repayment.**
- Budgets legally required (ORS Chapter 294).**
- Insurance and fidelity bonds in force or required by law.**
- Authorized investment of surplus funds (ORS Chapter 294).**
- Public contracts and purchasing (ORS Chapter 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the Lake Grove Rural Fire Protection District #57 was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered Lake Grove Rural Fire Protection District #57's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lake Grove Rural Fire Protection District #57's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lake Grove Rural Fire Protection District #57's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors and management of Lake Grove Rural Fire Protection District #57 and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

JARRARD, SEIBERT, POLLARD & COMPANY, LLC
Certified Public Accountants
West Linn, Oregon

By _____
Russell T. Ries, Partner

_____, 2021