



RTO & COMPANY
Certified Public Accountants

305 E. Fifth Street
The Dalles, OR 97058
phone [541] 296.2000
fax [541] 296.5636
www.rto.cpa

October 25, 2023

Board of Directors
Wasco County Soil & Water Conservation District
2325 River Rd Ste 3
The Dalles, OR 97058

Dear Board of Directors:

We have completed our audit of the District's financial statements for the fiscal year ending June 30, 2023 and our audit report has been issued. The purpose of this letter is to advise you of matters that came to our attention during the audit and to make recommendations to your staff.

- 1) The payroll items as set up in Quickbooks do not always post to the correct payroll accounts in the general ledger, making it difficult to reconcile wages, payroll taxes, and benefits. We would suggest a review of the payroll items set up to be sure the correct general ledger account is identified.
- 2) The June 30, 2023 dividend in the LGIP accounts was posted as of July 3, 2023, which is the settlement date indicated on the statement. The actual trade date was June 30, 2023 and the dividend should have been posted as of that date.

Your staff has been very courteous and cooperative to work with during the audit field work. Feel free to let us know if you have any questions. We appreciate the opportunity to be of service to the District.



RTO & Company
The Dalles, Oregon
October 25, 2023



RTO & COMPANY
Certified Public Accountants

305 E. Fifth Street
The Dalles, OR 97058
phone [541] 296.2000
fax [541] 296.5636
www.rto.cpa

Board of Directors
Wasco County Soil & Water Conservation District
2325 River Rd. Ste 3
The Dalles, OR 97058

In planning and performing our audit of the financial statements of the governmental activities and the major fund information of Wasco County Soil & Water Conservation District as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered Wasco County Soil & Water Conservation District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wasco County Soil & Water Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wasco County Soil & Water Conservation District's internal control.

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

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in internal control to be a significant deficiency:

1. The District's accounting personnel do not possess the advanced training that would provide the expertise necessary to prepare the financial statements and related notes in accordance with the modified cash basis of accounting, and therefore may not be able to prevent or detect a material misstatement in the preparation and disclosure of the financial statements. Misstatements in financial statements may include not only misstated financial amounts, but also the omission of disclosures required by the modified cash basis of accounting. Consequently, they have contracted with our office to prepare those statements. The staff and management of the District has the necessary skills, knowledge and experience to take responsibility for the financial statements.

This communication is intended solely for the information and use of management, the District Board, and others within Wasco County Soil & Water Conservation district, and is not intended to be and should not be used by anyone other than these specified parties.

RTO & Company
The Dalles, OR
October 25, 2023

Wasco County Soil & Water Conservation District

The Dalles, Oregon

Annual Financial Report

For the Year Ended June 30, 2023

**Wasco County Soil & Water Conservation District
Annual Financial Report
Table of Contents
For the Year Ended June 30, 2023**

	<u>PAGE</u>
<u>INTRODUCTORY SECTION</u>	
Table of Contents	2
Elected Officials and Agent of Record	3
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	5
Basic Financial Statements:	
<u>Government-Wide Financial Statements:</u>	
Statement of Net Position- Modified Cash Basis	9
Statement of Activities- Modified Cash Basis	10
<u>Fund Financial Statements:</u>	
Balance Sheet- Modified Cash Basis-Governmental Funds	11
Reconciliation of the Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances- Modified Cash Basis- Governmental Funds	13
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Notes to the Basic Financial Statements	15
Other Matters	
<u>Other Information</u>	29
Major Funds:	30
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Budgetary Basis:	
General Fund	31
Non-major Funds:	32
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Budgetary Basis:	
Building Reserve Fund	33
Vehicle Reserve Fund	34
Other Required Reports:	
Independent Auditor's Report required by Oregon Minimum Standards	35
	36

**Wasco County Soil & Water Conservation District
Principal Officials
For the Year Ended June 30, 2023**

Bill Hammel Chairman	7075 Fifteen Mile Rd The Dalles, OR 97058	December 31, 2024
Bob Krien Vice- Chairman	PO Box 158 Maupin, OR 97037	December 31, 2024
Shawn Sorensen Secretary/Treasurer	80852 South Valley Rd Dufur, OR 97021	December 31, 2026
Larry Powell Director	78305 Woodcock Rd Wamic, OR 97063	December 31, 2024
Phil Kaser Director	4965 Fifteen Mile Rd The Dalles, OR 97058	December 31, 2026
Ken Bailey Director	4055 Skyline Rd The Dalles, OR 97058	December 31, 2024
Stan Shephard Director	80601 Driver Rd Wamic, OR 97063	December 31, 2026
 <u>OTHER:</u>		
Shilah Olson District Manager	2325 River Rd Ste 3 The Dalles, OR 97058	
Jennifer Sampson Office Administrator	2325 River Rd.Ste 3 The Dalles, OR 97058	

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Wasco County Soil & Water Conservation District
The Dalles, Oregon 97058

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and the major fund of Wasco County Soil & Water Conservation District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Wasco County Soil & Water Conservation District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and the major fund of Wasco County Soil & Water Conservation District, as of June 30, 2023, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Wasco County Soil & Water Conservation 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.

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 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

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 1, and for 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 fraud or error.

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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Wasco County Soil & Water Conservation 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wasco County Soil & Water Conservation 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 Wasco County Soil & Water Conservation District's basic financial statements. The budgetary basis fund financial statements are presented for purposes of additional analysis and are 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 basic financial statements. The 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 basis fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matters

Other Information

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

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 25, 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.



RTO & Company
The Dalles, Oregon
October 25, 2023

FINANCIAL STATEMENTS

Wasco County Soil & Water Conservation District
Statement of Net Position - Modified Cash Basis
June 30, 2023
(all amounts are in dollars)

	<u>Primary Governmental Activities</u>
<u>ASSETS:</u>	
Current	
Cash and Investments	906,463
Non-Current	
Note Receivable	389,399
Capital Assets Net:	
Non-depreciable	191,680
Depreciable	1,295,345
	2,782,887
<u>TOTAL ASSETS</u>	2,782,887
<u>LIABILITIES:</u>	
Non-Current	
Due in one year	69,961
Due in more than one year	1,196,201
<u>TOTAL LIABILITIES</u>	1,266,162
<u>NET POSITION</u>	
Net Investment in Capital Assets	612,063
Restricted - Nursery Land	8,180
Unrestricted Net Position	896,482
	1,516,725
<u>TOTAL NET POSITION</u>	1,516,725

See accompanying notes to the basic financial statements

Wasco County Soil & Water Conservation District
Statement of Activities- Modified Cash Basis
For the year ended June 30, 2023
(all amounts are in dollars)

Net (Expense) Revenues and
Changes in Net Position

<u>FUNCTIONS/PROGRAMS:</u>	<u>Expenses</u>	<u>PROGRAM REVENUES</u>			<u>Total Governmental Activities</u>
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<u>Governmental Activities</u>					
Soil & Water Conservation	1,828,867	-	940,075	-	(888,792)
Interest on Long-term Debt	30,293	-	-	-	(30,293)
<u>Total Governmental Activities</u>	<u>1,859,161</u>	<u>-</u>	<u>940,075</u>	<u>-</u>	<u>(919,085)</u>

General Revenues:

Property Taxes	745,956
Investment Income	16,901
Rental Income	102,030
Miscellaneous Income	23,461
Total General Revenues	<u>888,348</u>

Change in Net Position (30,738)

Net Position, Beginning 1,547,463

Net Position, Ending 1,516,725

See accompanying notes to the basic financial statements

Wasco County Soil & Water Conservation District
Balance Sheet - Modified Cash Basis
Governmental Funds
June 30, 2023
(all amounts are in dollars)

	General	Total Governmental Funds
ASSETS:		
Cash and Cash Equivalents	906,463	906,463
<u>TOTAL ASSETS</u>	906,463	906,463
 LIABILITIES		
<u>TOTAL LIABILITIES</u>	-	-
 FUND BALANCES		
Assigned to:		
Capital Reserve	375,506	375,506
Unassigned	530,957	530,957
<u>TOTAL FUND BALANCES</u>	906,463	906,463
 <u>TOTAL LIABILITIES</u>		
<u>AND FUND BALANCES</u>	906,463	906,463

See accompanying notes to the basic financial statements

Wasco County Soil & Water Conservation District
Reconciliation of Balance Sheet to Statement of Net Position
Modified Cash Basis
June 30, 2023
(all amounts are in dollars)

Total Fund Balances - Governmental Funds	906,463
--	---------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets:

Land	191,680	
Depreciable Assets	1,495,752	
Less accumulated depreciation	<u>(200,407)</u>	1,487,025

Long-term receivables are not due and payable in the current period, and, therefore are not reported in the governmental fund basis statements.

Root Receivable	389,399
-----------------	---------

Long-term liabilities are not due and payable in the current period, and, therefore are not reported in the governmental fund basis statements.

DEQ Loan	(399,380)	
Columbia Bank Loan	<u>(866,782)</u>	<u>(1,266,162)</u>

Net Position of Governmental Activities	<u><u>1,516,725</u></u>
---	-------------------------

See accompanying notes to the basic financial statements

Wasco County Soil & Water Conservation District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Modified Cash Basis - Governmental Funds
For the year ended June 30, 2023
(all amounts are in dollars)

	General	Total Governmental Funds
<u>REVENUES</u>		
Property Taxes	745,956	745,956
Operating Grants	876,882	876,882
Federal Grants	74,222	74,222
Other Grants	100,818	100,818
Investment Income	16,901	16,901
Rental Income	102,030	102,030
Miscellaneous	23,461	23,461
<u>TOTAL REVENUES</u>	<u>1,940,269</u>	<u>1,940,269</u>
<u>EXPENDITURES</u>		
Current:		
Personal Services	848,585	848,585
Materials & Services	1,038,334	1,038,334
Capital Outlay	59,389	59,389
Debt Service:		
Principal	54,611	54,611
Interest	30,293	30,293
<u>TOTAL EXPENDITURES</u>	<u>2,031,213</u>	<u>2,031,213</u>
Net Change in Fund Balance	(90,944)	(90,944)
<u>FUND BALANCE- BEGINNING</u>	<u>997,407</u>	<u>997,407</u>
<u>FUND BALANCE- ENDING</u>	<u>906,463</u>	<u>906,463</u>

See accompanying notes to the basic financial statements

Wasco County Soil & Water Conservation District
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Modified Cash Basis
For the year ended June 30, 2023
(all amounts are in dollars)

Net Change in Fund Balances - Total Governmental Funds (90,944)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as disbursements while governmental activities report depreciation expense to allocate those disbursements over the life of the asset:

Expenditures for capital assets	55,380	
Depreciation expense	<u>(39,804)</u>	15,576

Receipt of principal on receivables is income in the governmental funds, but the repayment reduces current assets in the Statement of Net Assets.

Principal payment on note	(9,981)
---------------------------	---------

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Principal payment on debt	<u>54,611</u>
---------------------------	---------------

Change in Net Position of Governmental Activities	<u><u>(30,738)</u></u>
---	------------------------

See accompanying notes to the basic financial statements

Wasco County Soil & Water Conservation District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

As discussed further in Note 1C, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash-basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

A. REPORTING ENTITY:

Wasco County Soil & Water Conservation District is a municipal corporation governed by an elected seven-member Board of Directors. The District is a primary government. Standards require that these financial statements present the District (primary Government) and all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements.

Based upon the application of the above criteria, the District has no potential component units. As a result, all significant activities and organizations have been included in the combined financial statements.

B. BASIS OF PRESENTATION:

Government-Wide Financial Statements:

The Statement of Net Position and Statement of Activities report information on all of the non-fiduciary governmental activities of the District. The Statement of Activities presents a comparison between direct expenses of the District's soil and water conservation programs and revenues for its programs. Direct expenses are those that are specifically associated with the soil and water conservation function and, therefore, are clearly identifiable to that function. Program revenues include: operating grants and contributions. Property taxes, investment earnings, and other items that are not properly classified as program revenues are presented as general revenues. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities.

Fund Financial Statements:

Fund financial statements of the reporting entity are 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, deferred outflows, liabilities, deferred inflows, net position or fund balance, revenues and expenditures or expenses. The District's funds are organized into one major category: governmental. The District has no proprietary or fiduciary funds. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, deferred outflows, liabilities, deferred inflows, revenues, expenditures, or expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, deferred outflows, liabilities, deferred inflows, revenues, expenditures, or expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District currently has no fiduciary funds. Major individual governmental funds are reported in separate columns in the fund financial statements. Currently, the District's only major fund is the General Fund.

The funds of the financial reporting entity are described below:

Governmental Funds:

GENERAL FUND: This is the District's primary operating fund. The general fund has various grants and property tax revenue that the District administers for various approved conservation projects and it accounts for all financial resources of the general government, except for those required to be accounted for in another fund. The general fund is always reported as a major fund in the governmental fund statements.

The remaining funds are presented for Oregon Budget Law purposes and are combined with the General Fund in the Basic Financial Statements. These funds are reserve funds that don't meet the definition of capital project or special revenue funds under GASB 54.

As a rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PREPARATION:

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

Measurement Focus:

The government-wide financial statements are reported using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. Under this measurement focus, all assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or non-financial) associated with the activities are generally reported within the limitations of modified cash basis of accounting.

The governmental fund financial statements are reported using the current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on the balance sheets. The operating statement presents sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting:

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the Statement of Net Position or Balance Sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue 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. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

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

D. FINANCIAL POSITION:

1. *Cash and Cash Equivalents:* For the purpose of financial reporting, "cash and cash equivalents" include all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

2. *Investments:* Investments are carried at cost, which approximates fair value. The District's investments consist of money invested in the State of Oregon Local Government Investment Pool (LGIP).

4. *Loans Receivable:* District loans are recorded as receivables in the government-wide financial statements. The fund financial statement report loans made as expenses and loan payments received as income.

5. *Capital Assets:* The District's modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation, when appropriate.

Government-Wide Statements:

In the government-wide financial statements, capital assets arising from cash transactions or events are accounted for in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. The District defines capital assets as assets with an initial cost of more than \$5,000 and an initial useful life extending beyond a single reporting period. Replacements, which improve or extend the lives of property, are capitalized. Interest incurred during construction is not capitalized on capital assets. Maintenance, repairs, and equipment replacements of a routine nature are charged to expenditures as incurred and are not

capitalized.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets and is provided on the straight line basis over the following estimated useful lives:

Building and Improvements	15 to 50 years
Vehicles	7 to 12 years
Conservation Equipment	10 to 20 years

Fund Financial Statements:

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

6. Long-Term Obligations: All long-term debt arising from cash basis transactions to be repaid from governmental resources are reported as liabilities in the government-wide statements.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources. Principal and interest payments are reported as debt service expenditures when paid.

7. Net Position/Fund Balance Classifications:

Government-Wide Statements:

Net Position is classified and displayed in three components:

Net Investment in Capital Assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted - Consists of restricted assets reduced by liabilities related to those assets, with restriction constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted – Net amount of assets and liabilities that do not meet the definition of “restricted” or “net investment in capital assets.”

It is the District’s policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements:

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance with respective levels of constraint. In the fund financial statements, Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting, and Governmental Fund Type Definitions* (GASB 54) define 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 five fund balance components listed below:

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

Restricted- Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed- Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the District's highest level of decision-making authority.

Assigned- Amounts constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Directors, or their designee as established in the District's Fund Balance Policy.

Unassigned- The residual classification for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

It is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) when both restricted and unrestricted resources are available for use. When unrestricted resources (committed, assigned and unassigned) are available for use it is the District's policy to use committed resources first, then assigned, and then unassigned as they are needed.

The District has no formal minimum fund balance policies or any formal stabilization arrangements in place.

E. REVENUES:

Program Revenues:

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the District's taxpayers are reported as program revenues. All other governmental revenues are reported as general revenues. All taxes are classified as general revenue even if restricted for a specific purpose.

Property Tax Revenues and Receivables:

Property taxes are levied on July 1 pursuant to Oregon Revised Statute 310.030. Taxes are payable in full on November 15 or are payable in installments the last of which is due on May 15 of the year following the year in which payment was imposed. Taxes become delinquent on personal property when any installment is not paid by its due date. Taxes become delinquent on real property if not paid by May 15. On January 1 and July 1 tax liens attach to personal and real property respectively to secure payment of all taxes, penalties and interest ultimately imposed. Personal property is subject to summary seizure and the responsible taxpayer is subject to warrant service 30 days after delinquency date. Foreclosure proceedings begin on real property after three years from the date taxes become delinquent.

F. USE OF ESTIMATES:

The preparation of financial statements in conformity with the modified cash basis of accounting used by the District requires management to make estimates and assumptions that affect certain

reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A. **BUDGETS AND BUDGETARY ACCOUNTING:**

The budget process includes a series of notices and publications culminating with the budget hearing. After the public hearing has been held, the District enacts the resolutions to adopt the budget, make appropriations and declare the ad valorem tax levy for all funds. The budget is prepared on the same modified cash basis of accounting as applied to the governmental funds in the basic financial statements.

Each fund must be appropriated by organizational unit or program, such as administration and public safety. This is the level of control for authorized expenditures. The level of expenditures is monitored throughout the year. Transfers are made from operating contingency or between the major object classifications of the appropriation for each fund as required to prevent overexpenditure. Appropriations for all funds lapse at the end of each fiscal year.

Budgetary to fund financial statement reconciliation

The following schedule reconciles the amount for the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance with Budgetary Comparisons – Budgetary Basis, to the amounts for the General Fund on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance – Modified Cash Basis:

General Fund	
Net change in fund balance - budgetary basis	(319,688)
Net change in fund balance for budgeted funds that do not meet the GASB 54 definition of Capital Project or Special Revenue Funds.	
Building Reserve	260,550
Vehicle Reserve	(31,806)
	<hr/>
Net change in fund balance under GASB 54	<u>(90,944)</u>

Deficit fund balances

The District’s Vehicle Reserve fund had a deficit fund balance of \$8 at June 30, 2023.

Excess of expenditures over appropriations

Expenditures did not exceed appropriations in any fund during the year ending June 30, 2023.

NOTE 3 - DETAILED NOTES- TRANSACTION CLASSES AND ACCOUNTS:

A. **CASH AND INVESTMENTS:**

Cash and Investments are comprised of the following at June 30, 2023:

	<u>Fair Value/Carrying Amount</u>
Cash in Checking Account	90,156
Cash in Savings Account	51,258
Cash in Certificate of Deposit	200,000
Local Government Investment Pool	565,049
Total Deposits and Investments	<u>906,463</u>

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 and its agencies, certain states and certain guaranteed investments issued by banks. The District maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is reported on the combined balance sheet as Cash and Investments. Aside from compliance with state statutes, the District does not have any specific policies for its deposits and investments that address custodial credit risk, or concentration of credit risk.

Custodial Credit Risk-Deposits- Custodial credit risk for deposits is the risk that in the event of a bank failure, the government's deposits may not be returned to it. In order to minimize this risk, state statutes require banks holding public funds to become members of the Public Funds Collateralization Program (PFCP, a multiple financial institution collateral pool created by the Office of the State Treasurer.) To qualify, participating banks must pledge collateral against any public fund deposits in excess of deposit insurance. The amount of collateral is set by the PFCP between 10% and 110% of each bank's public fund deposits based on their net worth and level of capitalization. Although the PFCP creates a shared liability structure for participating bank depositories, it does not guarantee that all funds are 100% protected. At June 30, 2023, all cash bank deposits are covered by FDIC insurance of \$250,000.

Investments – The District's cash management and investment policies are governed by Oregon Revised Statutes. Statutes authorize the District to invest in US Treasury obligations and its agencies and instrumentalities, Oregon Short Term Fund, Corporate Indebtedness, Repurchase Agreements, Municipal Debt, Bankers Acceptances, Qualified Institution – time certificates of deposit – savings accounts – certificates of deposits, and the Oregon State Treasurer's Local Government Investment Pool.

The District participates in an external investment pool (State of Oregon Treasury Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company and is not rated. The State's investment policies are governed by the ORS and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establishes diversification percentages and specifies the types and maturities of investments. That portion of the external investment pool which belongs to local government participants is reported in an investment Trust Fund in the State's Comprehensive Annual Financial Report. A copy of the State's Comprehensive Annual Financial Report may be obtained at the Oregon State Treasury, 340 Winter St. NE., Salem, Oregon 97310-0840. The District's position in the Pool at June 30, 2023 is stated at cost which approximates the fair value.

Foreign Currency Risk – Investments – Oregon Revised Statutes prohibit investments that are not U.S. Dollar-denominated; therefore, the District is not exposed to this risk.

Custodial Credit Risk – Investments - Custodial credit risk for investments is the risk that, in the

event of failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in possession of another party. At June 30, 2023, the District did not have any investments exposed to custodial credit risk.

Credit Risk – Investments - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The State of Oregon Local Government Investment Pool is unrated.

Concentration of Credit Risk – Investments – The District is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The District has no such investments.

Interest Rate Risk – Investments – Interest rate risk is the risk that changes in interest rates demanded by the market will adversely affect the value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its value to changes in market interest rates. The District does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

B. CAPITAL ASSETS:

Capital asset activity, resulting from modified cash basis transactions, for the fiscal year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<i>Capital Assets not being depreciated</i>				
Land	191,680	-	-	191,680
Total Capital Assets not being depreciated	191,680	-	-	191,680
<i>Depreciable Assets</i>				
Buildings and Improvements	1,252,090	-	-	1,252,090
Machinery and Equipment	188,282	55,380	-	243,662
Total Depreciable Assets	1,440,372	55,380	-	1,495,752
Less Accumulated Depreciation:				
Buildings and Improvements	(32,197)	(22,178)	-	(54,375)
Machinery and Equipment	(128,406)	(17,626)	-	(146,032)
Total Accumulated Depreciation	(160,603)	(39,804)	-	(200,407)
Depreciable Assets, net	1,279,769	15,576	-	1,295,345
Governmental activities capital assets, net	1,471,449	15,576	-	1,487,025

All depreciation expense of \$39,804 was charged to Soil & Water Conservation for this fiscal year.

The District owns land that was donated with the restriction that it will be permanently and properly maintained as a plant materials demonstration conservation nursery. Any change in this required usage will require the approval of the original donor or its successors. If the District fails

to meet this restriction, then this land will revert back to the original donor or its successors. The cost of the land is recorded as restricted net position in the Statement of Net Position.

C. LOAN RECEIVABLE:

The District financed a conservation project in which the landowner agreed to borrow the money from the District. The District used financing from the Oregon DEQ for the conservation project. The terms of this loan receivable are equivalent to the loan payable to Oregon DEQ. The original revolving loan was dated October 9, 2020 for up to \$300,000 and was subsequently increased to \$450,000. The interest rate on this loan is 0.95% with an annual fee of 0.5% of the outstanding loan amount. There is a forgiveness clause of up to 50% of the loan. The amount of loan forgiveness will be determined based on the State of Oregon DEQ loan decision when the final loan amount is calculated. The District has a lien in place on the landowner's property which will be removed when the loan is paid in full. The balance on this loan receivable at June 30, 2023 is \$389,399.

D. EMPLOYEE PENSION PLANS:

Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple employer defined benefit plan. Qualified employees of the District are provided with pensions through OPERS. Employees hired before August 29, 2003 belong to the Tier One/Tier Two Retirement Benefit Program (established pursuant to ORS Chapter 238), while employees hired on or after August 29, 2003 belong to the OPSRP Pension Program (established pursuant to ORS Chapter 238A). OPERS issues a publicly available financial report that can be obtained at http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx. Oregon Revised Statutes 238 assigns the authority to establish and amend benefit provisions to the PERS Board of trustees and the State legislature.

Benefits provided under ORS Chapter 238 – Tier One/Tier Two

Pension Benefits: The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Death Benefits: Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest) and employer funds equal to the account balance, provided certain conditions are met.

Disability Benefits: This is available for qualifying employees for both duty and non-duty connected causes.

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

Benefits provided under Chapter 238A – OPSRP Pension Program

Pension Benefits: The Pension Program provides benefits to members hired on or after August 29, 2003. OPSRP provides a life pension funded by employer contributions. Benefits are based upon the number of years of service and the final average salary. A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member

completes 600 hours of service in each five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits: Upon the death of a non-retired member, the beneficiary receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits: This is available for qualifying employees for both duty and non-duty connected causes.

Benefit Changes After Retirement: Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS defined Benefit Plan and Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation. The District’s contribution rates in effect for the fiscal year ended June 30, 2023 were 19.56 percent for Tier1/Tier Two members, and 17.23 percent for OPSRP general service members. For 2022-23 the District’s annual pension cost for PERS was equal to the District’s required and actual contributions.

Members of PERS are required to contribute 6% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program (IAP), a defined contribution plan. At the District’s May 3, 2023 meeting the board approved “picking up” this 6% contribution for the employees effective July 1, 2023.

The District’s contribution information for years ended June 30, 2023, 2022, and 2021 were as follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Required Contributions</u>	<u>Percentage of Contributions Contributed</u>
6/30/2021	77,991	77,991	100%
6/30/2022	107,979	107,979	100%
6/30/2023	110,821	110,821	100%

E. POST-EMPLOYMENT BENEFITS:

Oregon Public Employees Retirement System – Retirement Health Insurance Account (RHIA)

Plan Description: As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing, multiple-employer, defined benefit, other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution (currently \$60 per month) toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.340 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The Plan is closed to

new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

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

Contributions: PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. The District's contribution rates for the period were 0.05% for Tier One/Tier Two members, and 0.00% for OPSRP members. The District's contributions to RHIA, which equaled the required contributions each year, were included with the payments for the retirement plan described in the note above.

F. RETIREMENT PLANS

The District maintains, for the benefit of its employees, a Governmental 457 Plan, a deferred compensation plan under Section 457 (b) of the Internal Revenue Code. To be eligible to participate, an employee must be at least 21 years of age and have completed one year of continuous service. Eligible employees may elect to defer eligible compensation subject to limits established by the Internal Revenue Code. There are no employer contributions. Participants may withdraw all or any portion of their vested account balance upon age 70.5 or the occurrence of an unforeseeable emergency. Balance is also payable upon termination. Employee elective deferrals for the year ended June 30, 2023 were \$4,800. All deposits are held in a fiduciary capacity by Nationwide. The District is the plan administrator and the Board of Directors has the authority to establish or amend the plan's provisions.

G. OPERATING LEASES

In November 2022, the District signed a non-cancellable lease agreement with Pitney Bowes for a postage machine. The lease is for 39 months at \$98 per month, billed quarterly at \$294. During the year ended June 30, 2023 the District recorded \$882 in disbursement for the lease agreement. Future lease obligations are as follows:

FYE	Lease Payment
June 30 2024	1,176
June 30 2025	1,176
June 30 2026	588
	<u>2,940</u>

H. INTERFUND TRANSACTIONS:

Funds are transferred from one fund to finance expenditures of other funds in accordance with the authority established for the individual fund. Transfers between funds during the fiscal year ended June 30, 2023 were:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	-	277,500
Building Reserve	267,500	-
Vehicle Reserve	10,000	-
<u>TOTALS</u>	<u>277,500</u>	<u>277,500</u>

I. LONG TERM DEBT

Columbia Bank Loan

On December 18, 2020, the District borrowed \$1,000,000 from Columbia Bank to facilitate the purchase of a new building. The District pledged its full faith and credit and will use all legally available revenues to pay this loan off as scheduled. The interest rate on the loan is 3.35% and the amount of interest paid during this fiscal year was \$30,293. The District may prepay this loan at any time after January 15, 2025 without penalty. The full term of the loan is 15 years.

Annual debt service requirements to maturity for the Columbia Bank loan are as follows:

<u>30-Jun</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	56,677	28,227	84,904
2025	58,682	26,222	84,904
2026	60,679	24,226	84,905
2027	62,743	22,162	84,905
2028	64,823	20,082	84,905
2029-2033	358,994	65,530	424,523
2034-2036	204,184	17,156	230,278
	<u>866,782</u>	<u>203,605</u>	<u>1,070,386</u>

Oregon DEQ Revolving Loan

On July 30, 2020, the District signed a revolving fund loan agreement of up to \$300,000 subsequently increased to \$450,000 with the State of Oregon Department of Environmental Quality. This loan is to assist with the cost of the Mosier Deep Well #2 Conservation Project. The loan is secured by future revenues of the District. The interest rate on the loan is 0.95% with an annual fee of 0.5% of the outstanding loan balance. There is a forgiveness clause of up to 50% of the loan, and the amount of loan forgiveness will be determined when the final loan amount is calculated. To date the District has drawn \$399,380 on this loan. No payments were required on this loan during the year ended June 30, 2023.

Annual debt service requirements to maturity for the full amount of the Oregon DEQ loan is as follows:

<u>30-Jun</u>	<u>Principal</u>	<u>Interest</u>	<u>Fee</u>	<u>Total</u>
2024	13,284	4,244	2,250	19,778
2025	13,411	4,117	2,184	19,712
2026	13,538	3,990	2,117	19,645
2027	13,668	3,860	2,049	19,577
2028	13,798	3,730	1,980	19,508
2029-2033	70,985	16,655	8,856	96,496
2034-2038	74,431	13,209	7,046	94,686
2039-2043	78,042	9,598	5,150	92,790
2044-2048	81,829	5,811	3,160	90,800
2049-2052	26,394	1,841	1,076	29,311
	<u>399,380</u>	<u>67,055</u>	<u>35,868</u>	<u>502,303</u>

Long-term debt activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due in one year</u>
Columbia Bank Loan	921,393	-	54,611	866,782	56,677
Oregon DEQ	<u>287,534</u>	<u>111,846</u>	<u>-</u>	<u>399,380</u>	<u>13,284</u>
Total Long Term Debt	<u>1,208,927</u>	<u>111,846</u>	<u>54,611</u>	<u>1,266,162</u>	<u>69,961</u>

NOTE 4 – OTHER INFORMATION:

A. RISK MANAGEMENT:

The District purchases commercial insurance policies to insure against most hazards. There have been no significant reductions in the District's insurance coverage, in any risk category, from coverage in the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

B. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the date of this financial statement with management. The date of this financial statement is also the issuance date. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

C. CONTINGENT LIABILITIES:

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District does not expect any such amounts.

D. RELATED PARTY TRANSACTIONS:

During the current fiscal year, in the ordinary course of business, the District had related party transactions with its elected officials and employees. In the opinion of management, these transactions were at arms-length and on substantially the same terms as with any other person. These transactions were part of the cost-share program for conservation projects operated by the District and presented to and approved by the board of directors.

E. TAX ABATEMENTS:

Wasco County has authorized tax-exempt status for two qualified firms within the County: Hix The Dalles and Design LLC. All properties are required to meet State and Federal funding requirements which include annual physical inspections and an annual audit of financial activity and programmatic compliance. The property tax exemption may be removed if the property is no longer eligible under the stated provisions of ORS 307.540 to 307.548. Section E of the renewal application requires the applicant to acknowledge compliance with the requirements annually. For fiscal year ending June 30, 2023, the foregone property tax revenue for the District is \$358,871.

OTHER INFORMATION

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND: This is the District's primary operating fund. It accounts for all resources of the District, except those required to be accounted for in another fund, either legally or by Board direction. The principal revenue sources are grants and property taxes. Primary expenditures are for soil and water conservation programs

Wasco County Soil & Water Conservation District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
General Fund
For the year ended June 30, 2023
(all amounts are in dollars)

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Property Taxes	695,000	695,000	745,956	50,956
ODA Grants	128,567	128,567	224,233	95,666
OWEB Grants	1,417,541	1,417,541	376,554	(1,040,987)
OWRD Grants	110,396	110,396	159,069	48,673
USFS Grants	10,000	10,000	8,438	(1,562)
DEQ Grants	100,666	100,666	117,026	16,360
BPA Grants	75,000	75,000	65,783	(9,217)
Other Grants	1,129,924	1,129,924	100,818	(1,029,106)
Rent	100,380	100,380	102,030	1,650
Interest	3,150	3,150	12,964	9,814
Miscellaneous	54,309	54,309	23,461	(30,848)
<u>TOTAL REVENUES</u>	<u>3,824,933</u>	<u>3,824,933</u>	<u>1,936,331</u>	<u>(1,888,602)</u>
EXPENDITURES				
<u>Current</u>				
Personal Services:	873,024	873,024	848,585	24,439
Materials and Services	3,211,081	3,211,081	1,027,521	2,183,560
Capital Outlay	28,405	28,405	17,509	10,896
Debt Service	114,245	114,245	84,905	29,340
Contingency	60,000	60,000	-	60,000
<u>TOTAL EXPENDITURES</u>	<u>4,286,755</u>	<u>4,286,755</u>	<u>1,978,520</u>	<u>2,308,235</u>
Excess of Revenues Over (Under) Expenditures	(461,822)	(461,822)	(42,188)	419,634
OTHER FINANCING SOURCES AND (USES):				
Transfers Out	(277,500)	(277,500)	(277,500)	-
<u>TOTAL OTHER FINANCING SOURCES AND (USES):</u>	<u>(277,500)</u>	<u>(277,500)</u>	<u>(277,500)</u>	<u>-</u>
<u>Net Changes in Fund Balance</u>	<u>(739,322)</u>	<u>(739,322)</u>	<u>(319,688)</u>	<u>419,634</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>850,653</u>	<u>(149,347)</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>260,678</u>	<u>260,678</u>	<u>530,964</u>	<u>270,286</u>

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS & SCHEDULES

These funds are presented for Oregon Budget Law purposes and are combined with the General Fund in the Basic Financial Statements. These funds are reserve funds that don't meet the definition of special revenue or capital project funds under GASB 54.

Building Reserve Fund: This fund was established to accumulate resources to purchase a building. Now that the building has been purchased, this fund will be used to accumulate resources for expenditures related to the building.

Vehicle Reserve Fund: This fund is used to accumulate resources used to purchase vehicles.

Wasco County Soil & Water Conservation District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
Building Reserve Fund
For the year ended June 30, 2023
(all amounts are in dollars)

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Investment Income	610	610	3,864	3,254
<u>TOTAL REVENUES</u>	<u>610</u>	<u>610</u>	<u>3,864</u>	<u>3,254</u>
<u>EXPENDITURES</u>				
Administration				
<i>Current</i>				
Materials and Services	217,500	217,500	10,813	206,687
<u>TOTAL EXPENDITURES</u>	<u>217,500</u>	<u>217,500</u>	<u>10,813</u>	<u>206,687</u>
Excess of Revenues Over (Under) Expenditures	(216,890)	(216,890)	(6,950)	209,940
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	267,500	267,500	267,500	-
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>267,500</u>	<u>267,500</u>	<u>267,500</u>	<u>-</u>
Net Changes in Fund Balance	50,610	50,610	260,550	209,940
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>97,500</u>	<u>97,500</u>	<u>114,956</u>	<u>17,456</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>148,110</u>	<u>148,110</u>	<u>375,506</u>	<u>227,396</u>

Wasco County Soil & Water Conservation District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
Vehicle Reserve Fund
For the year ended June 30, 2023
(all amounts are in dollars)

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Investment Income	80	80	74	(6)
<u>TOTAL REVENUES</u>	<u>80</u>	<u>80</u>	<u>74</u>	<u>(6)</u>
<u>EXPENDITURES</u>				
<u>Administration</u>				
Capital Outlay	41,880	41,880	41,880	-
<u>Total Capital Outlay</u>	<u>41,880</u>	<u>41,880</u>	<u>41,880</u>	<u>-</u>
<u>TOTAL EXPENDITURES</u>	<u>41,880</u>	<u>41,880</u>	<u>41,880</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(41,800)	(41,800)	(41,806)	(6)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	10,000	10,000	10,000	-
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net Changes in Fund Balance	(31,800)	(31,800)	(31,806)	(6)
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>31,800</u>	<u>31,800</u>	<u>31,798</u>	<u>(2)</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>-</u>	<u>-</u>	<u>(8)</u>	<u>(8)</u>

OTHER REQUIRED REPORTS

**Independent Auditor's Report
Required by Oregon State Regulations**

Board of Directors
Wasco County Soil & Water Conservation District
The Dalles, Oregon 97058

We have audited the basic financial statements of the Wasco County Soil & Water Conservation District as of and for the year ended June 30, 2023, and have issued our report thereon dated October 25, 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 the Wasco County Soil & Water Conservation 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 162-10-000 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
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets. (Not applicable for the District)
- Authorized investment of surplus funds (ORS Chapter 294)
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

In connection with our testing nothing came to our attention that caused us to believe the Wasco County Soil & Water Conservation District 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 162-1-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

- Preceding years actual resources and expenditures did not agree to the audited financial statement

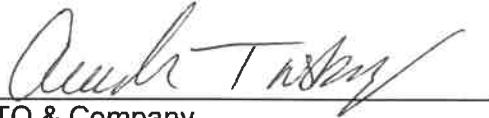
- Indebtedness listed on LB-1 is not accurate
- The Vehicle reserve fund has a negative fund balance of \$8 as of June 30, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting. In a separate communication dated October 25, 2023 we reported to management our findings related to control deficiencies.

Restriction on Use

This report is intended solely for the information and use of the Board of Directors and management of the Wasco County Soil & Water Conservation District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



RTO & Company
The Dalles, OR
October 25, 2023