

**UMATILLA COUNTY SOIL AND WATER
CONSERVATION DISTRICT**

**Financial Statements and
Independent Accountants' Review Report**

June 30, 2023

**UMATILLA COUNTY SOIL AND WATER
CONSERVATION DISTRICT**

Board of Directors as of June 30, 2023

<u>Board Members</u>	<u>User Zone</u>	<u>Term Expires</u>
Aaron Madison	Zone 1	2024
Berk Davis	Zone 2	2024
Vacant	Zone 3	-
Tom Straughan, Secretary-Treasurer	Zone 4	2024
Colin Hemphill, Chairman	Zone 5	2026
Andrea Mann	At Large 1	2024
Tim Spratling, Vice Chairman	At Large 2	2026

Registered Agent and Office

Tom Straughan
1 SW Nye Ave, Suite 130
Pendleton, OR 97801

District Manager

Kyle Waggoner
Telephone: (541) 278-8049

**UMATILLA COUNTY SOIL AND WATER
CONSERVATION DISTRICT**

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June 30, 2023

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PAUL A. BARNETT, C.P.A.

RICHARD L. STODDARD, C.P.A.

BETSY J. BENNETT, C.P.A.

DAVID J. BARNETT, C.P.A.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Umatilla County Soil & Water
Conservation District
Pendleton, Oregon

We have reviewed the accompanying financial statements of the governmental activities and major fund of Umatilla County Soil and Water Conservation District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

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

Accountants' Conclusion

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


Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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 conclusion is not modified with respect to this matter.

Management Representation of Fiscal Affairs Required by Oregon Regulation

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

Barnett & Moro, P.C.

By: 
Dennis L. Barnett
November 6, 2023

**UMATILLA COUNTY SOIL AND WATER
CONSERVATION DISTRICT**

**General Fund Balance Sheet And Statement of Net Position
-- Modified Cash Basis
June 30, 2023**

	<u>General Fund</u>	<u>Adjustments (Note 7)</u>	<u>Statement of Net Position</u>
<u>ASSETS:</u>			
Cash	\$ 196,344	\$ -	\$ 196,344
Capital assets, net investment in	-	5,941	5,941
	<u>\$ 196,344</u>	<u>\$ 5,941</u>	<u>\$ 202,285</u>
Total assets			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>LIABILITIES</u>			
<u>FUND BALANCES / NET POSITION:</u>			
Fund balances:			
Unassigned	196,344	(196,344)	-
Total liabilities and fund balance	<u>\$ 196,344</u>		
Net position:			
Unrestricted		196,344	196,344
Invested in capital assets		5,941	5,941
Total net position		<u>5,941</u>	<u>202,285</u>
Total liabilities and net position		<u>\$ 5,941</u>	<u>\$ 202,285</u>

See accompanying independent accountants' review report and notes to the financial statement.

**UMATILLA COUNTY SOIL AND WATER
CONSERVATION DISTRICT**

**Statement of Activities and Governmental Fund Revenues,
Expenditures, and Changes in Fund Balances -- Modified Cash Basis
Year Ended June 30, 2023**

	General Fund	Adjustments (Note 8)	Statement of Activities
<u>EXPENDITURES/EXPENSES:</u>			
Conservation operations:			
Personal services	\$ 96,591	\$ -	\$ 96,591
Materials and services:			
Grant project costs	44,729	-	44,729
Administrative costs	37,421	(4,828)	32,593
Depreciation	-	734	734
Total expenditures/expenses	<u>178,741</u>	<u>(4,094)</u>	<u>174,647</u>
<u>PROGRAM REVENUES:</u>			
Operating grants and contributions	220,400	-	220,400
Net program expense	<u>41,659</u>	<u>4,094</u>	<u>45,753</u>
<u>GENERAL REVENUES:</u>			
Interest	9	-	9
Miscellaneous	7,623	-	7,623
Total general revenues	<u>7,632</u>	<u>-</u>	<u>7,632</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	49,291	4,094	53,385
<u>FUND BALANCE / NET POSITION:</u>			
Beginning of the year	<u>147,053</u>	<u>1,847</u>	<u>148,900</u>
End of the year	<u>\$ 196,344</u>	<u>\$ 5,941</u>	<u>\$ 202,285</u>

See accompanying independent accountants' review report and notes to the financial statement.

**UMATILLA COUNTY SOIL AND WATER
CONSERVATION DISTRICT**

Notes to Financial Statements
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting entity:

Umatilla County Soil and Water Conservation District was established by statute under the administrative oversight authority of the Natural Resources Division of the Oregon Department of Agriculture. The District is a subdivision of state government.

The District is governed by a board of seven directors. Directors are locally elected officials. Directors are elected by nonpartisan ballot at the general election. Directors are elected to four year, staggered terms. Directors are required to reside within the boundaries of the District and all but two must manage ten or more acres of land. Each District is divided into zones within which directors are elected.

The purpose of the District is to provide for the conservation of the renewable natural resources of the state and thereby to conserve and develop natural resources, control and prevent soil erosion, control floods, conserve and develop water resources and water quality, prevent impairment of dams and reservoirs, assist in maintaining the navigability of rivers and harbors, preserve wildlife, conserve natural beauty, promote recreational development, protect the tax base, protect public lands and protect and promote the health, safety and general welfare of the people of Oregon state.

The District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the District should be included within its financial reporting entity.

The District has determined that no other outside agency meets the criteria to be included as a component unit in the District's financial statements.

Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements (the statement of net position and the statement of activities) are reported using the economic resources measurement focus. The governmental fund financial statements (the fund balance sheets and the statement of revenues, expenditures, and changes in fund balances) are reported on the current financial resources measurement focus.

The District's financial statements include the accounts of all District operations. The financial statements have been presented on a modified cash basis of accounting. The District only recognizes items that involve receipts or disbursements of cash, except for the following modifications which have substantial support in generally accepted accounting principles:

The District capitalizes assets with an original cost over \$500 and an estimated useful life longer than one year. Capital assets are depreciated using the straight-line method over estimated useful lives. The District reports long-term debt that relates to the acquisition of capital assets.

**UMATILLA COUNTY SOIL AND WATER
CONSERVATION DISTRICT**

Notes to Financial Statements
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Except for the modifications listed in the prior page, the District does not record transactions related to revenues earned or expenses incurred until the period in which the cash is received or disbursed. Accordingly, receivables, payables, and accrued expenses are not reported.

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The difference between governmental fund assets and liabilities is reported as fund balance.

General fund:

The general fund is used to finance the general operations of the District. The principal revenues are grants from federal, state, and county grants. No other funds are used by the District.

Budget reporting:

The District is exempt from Oregon local budget law because it is organized under ORS chapter 568 as a soil and water conservation district that does not levy an ad valorem tax.

Capital assets:

General capital assets result from expenditures in the governmental funds. These assets are reported on the statement of net position but are not reported in the fund financial statements. Capital assets are reported at original cost. Depreciation is computed on the straight line method over the estimated useful life of the assets. Donated assets are valued at estimated fair market value on the date donated. Improvements are capitalized, however normal maintenance and repairs are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$500 is used to report capital assets.

Income taxes:

The District is a municipal corporation exempt from federal and state income taxes.

**UMATILLA COUNTY SOIL AND WATER
CONSERVATION DISTRICT**

Notes to Financial Statements
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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 assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net position:

Net position presents the difference between assets and liabilities in the statement of net position. Net investment in capital assets is reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by laws or regulations.

Investment policy:

Statutes authorize the District to invest in certificates of deposit, passbooks, bankers' acceptances, and other available bank investments provided that approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds unless the funds are held in an authorized financial institution. In addition, the District can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. Presently all investments are in bank short-term investments.

Investments are stated at cost under the modified cash basis of accounting; market value of investments is approximately the same as cost.

Fund balance:

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**UMATILLA COUNTY SOIL AND WATER
CONSERVATION DISTRICT**

Notes to Financial Statements
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund balance is reported as committed when the District Board passes an ordinance that places specific constraints on how the resources may be used. The District Board can modify or rescind the ordinance at any time through passage of an additional ordinance.

Resources that are constrained by the government's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the District Board approves which resources should be "reserved" during the adoption of the annual budget.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

When the option is available to use restricted or unrestricted resources for any purpose, the District expends restricted resources first. When the option is available to use committed, assigned, or unassigned resources for any purpose, the District expends committed resources before assigned resources, and assigned resources before unassigned resources.

NOTE 2 – CASH:

Cash consisted of the following at June 30, 2023:

Demand deposits, Banner Bank	<u><u>\$ 196,344</u></u>
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Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned. ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. The Public Funds Collateralization Program was created by the Office of the State Treasurer to facilitate bank depository, custodian and public official compliance with ORS 295. Public officials verify that deposit amounts in excess of deposit insurance limits are only maintained at qualified depositories. ORS 295 requires the qualified depository to pledge collateral against any public funds deposits in excess of deposit insurance amounts. The District maintains its funds at a financial institution deemed to be a qualified depository by the Office of the State Treasurer.

None of the District's bank balances were exposed to collateral credit risk at June 30, 2023.

**UMATILLA COUNTY SOIL AND WATER
CONSERVATION DISTRICT**

**Notes to Financial Statements
June 30, 2023**

NOTE 3 – CAPITAL ASSETS:

Capital assets and related changes therein consisted of the following:

Capital assets:	Equipment
Balance, June 30, 2022	\$ 19,267
Increases	4,828
Decreases	-
Balance, June 30, 2023	<u>\$ 24,095</u>
Accumulated depreciation:	
Balance, June 30, 2022	\$ 17,420
Increases	734
Decreases	-
Balance, June 30, 2023	<u>\$ 18,154</u>
Capital assets, net	<u>\$ 5,941</u>

NOTE 4 – PENSION PLAN:

Because the financial statements have been prepared on a modified cash basis of accounting, pension liabilities and the related deferred inflows and outflows of resources have not been recorded in the financial statements. Pension expenditures are recorded when the disbursements are made. If the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, the following information would have been included:

Employees of the District are provided with pensions through the Oregon Public Employees Retirement System cost-sharing multiple-employer defined benefit pension plan, which provides pension, death and disability benefits.

Tier One/Tier Two Retirement Benefit ORS Chapter 238:

Pension Benefits:

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. The basic benefit is based on years of service and final average salary. Generally, a percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

UMATILLA COUNTY SOIL AND WATER
CONSERVATION DISTRICT

Notes to Financial Statements
June 30, 2023

NOTE 4 – PENSION PLAN (Continued):

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). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, if certain conditions are met.

Disability Benefits:

Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

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.

After retirement members may choose to continue participation in a variable equities investment account and may experience annual benefit fluctuations due to changes in market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The COLA is capped at 2.0 percent.

OPSRP Defined Benefit Pension Program OPSRP DB:

Pension Benefits:

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are based on years of service and final average salary.

For general service, 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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 of 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 spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

**UMATILLA COUNTY SOIL AND WATER
CONSERVATION DISTRICT**

**Notes to Financial Statements
June 30, 2023**

NOTE 4 – PENSION PLAN (Continued):

Disability Benefits:

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement:

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

OPSRP Individual Account Program (OPSRP IAP):

Pension Benefits:

The Individual Account Program (IAP) is a defined contribution pension plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits:

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping:

PERS contracts with VOYA Financial to maintain IAP participant records.

**UMATILLA COUNTY SOIL AND WATER
CONSERVATION DISTRICT**

**Notes to Financial Statements
June 30, 2023**

NOTE 4 – PENSION PLAN (Continued):

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. Employer contribution rates during the period were based on the December 31, 2020 actuarial valuation. Covered employees are required to contribute 6.00% of wages and the employer is required to contribute 17.5% of wages.

Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources:

At June 30, 2023, the District reported a liability of \$130,042 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. At June 30, 2023, the District’s proportionate share was 0.00084928%, which was a decrease from its proportionate share of .00119888% measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$6,900, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,312	\$ 811
Changes of assumptions	20,404	186
Net differences between projected and actual earnings on investments	-	23,249
Changes in proportionate share and differences between employer contributions and proportionate share of contributions	95,271	173,180
	<u>121,987</u>	<u>197,426</u>
Contributions subsequent to the measurement date	13,406	-
	<u>\$ 135,393</u>	<u>\$ 197,426</u>

Oregon PERS produces an independently audited CAFR which can be found at: <https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf>.

**UMATILLA COUNTY SOIL AND WATER
CONSERVATION DISTRICT**

Notes to Financial Statements
June 30, 2023

NOTE 4 – PENSION PLAN (Continued):

Changes in Plan Provisions:

There were no changes during or subsequent to the June 30, 2023 measurement period that require disclosure.

NOTE 5 - POSTEMPLOYMENT HEALTH INSURANCE PLAN:

Because the financial statements have been prepared on a modified cash basis of accounting, pension liabilities and the related deferred inflows and outflows of resources have not been recorded in the financial statements. Pension expenditures are recorded when the disbursements are made. If the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, the following information would have been included:

Plan Description:

ORS 238.420 established the Retirement Health Insurance Account (RHIA) and authorizes a payment of up to \$60 from RHIA toward the monthly cost of health insurance for eligible PERS members. RHIA is a cost-sharing multiple-employer Other Postemployment Benefit (OPEB) plan. The plan was closed to new entrants hired on or after August 29, 2003. 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.

Contributions:

PERS employers contributed 0.06 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. PERS employers contributed 0.45 percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

At June 30, 2023, the District reported an asset of \$0 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022. The total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020 and rolled forward to the measurement date of June 30, 2022. The basis for the employer's proportion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actuarial contributions in the fiscal year of all employers. At June 30, 2023 and 2022, the District's proportionate share was 0.00000000%, respectively.

**UMATILLA COUNTY SOIL AND WATER
CONSERVATION DISTRICT**

**Notes to Financial Statements
June 30, 2023**

NOTE 5 - POSTEMPLOYMENT HEALTH INSURANCE PLAN (Continued):

For the year ended June 30, 2023, the District recognized OPEB expense of \$547. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	-
Changes in proportionate share	-	-
	<u>-</u>	<u>-</u>
Contributions subsequent to the measurement date	-	-
	<u>\$ -</u>	<u>\$ -</u>

Oregon PERS produces an independently audited CAFR which can be found at: <https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf>.

Changes in Plan Provisions:

The were no changes during or subsequent to the June 30, 2023 measurement period that require disclosure.

NOTE 6 – RISK MANAGEMENT:

The District is exposed to various risks of loss. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage during the past three years. There were no significant reductions in insurance coverage from the prior year.

NOTE 7 – RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION OF GOVERNMENTAL ACTIVITIES:

Total governmental fund balances	\$ 196,344
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	<u>5,941</u>
Net position of governmental activities	<u>\$ 202,285</u>

**UMATILLA COUNTY SOIL AND WATER
CONSERVATION DISTRICT**

Notes to Financial Statements
June 30, 2023

**NOTE 8 – RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES:**

Net changes in governmental fund balances	\$ 49,291
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital assets purchased	4,828
Depreciation expense	<u>(734)</u>
Change in net assets of governmental activities	<u><u>\$ 53,385</u></u>

NOTE 9 – RELATED PARTY TRANSACTIONS:

During the fiscal year ending June 30, 2023, monthly payments totaling \$6,488 were paid to Jenson & Spratling, LLC, for accounting services provided to the District. Kathy Spratling is a member of Jensen & Spratling, LLC and is related to a board member of the District.

NOTE 10 – SUBSEQUENT EVENTS:

The District has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued, and is not aware of any subsequent events that would materially affect the financial statements.

**UMATILLA COUNTY SOIL & WATER CONSERVATION DISTRICT
1 SW NYE AVE, SUITE 130
PENDLETON, OR 97801**

MANAGEMENT REPRESENTATION OF FISCAL AFFAIRS

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

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

The management of Umatilla County Soil and Water Conservation District is aware of the requirements of Oregon laws and administrative rules concerning each of the above requirements and has complied, in all material respects, with such requirements. Further, we are not aware of any violations or possible violations of laws, rules, or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

Statement Required by ORS 297.435 (3) (c)

The Board Members and the Umatilla County Soil and Water Conservation District was covered the entire year ended June 30, 2023, by a \$40,000 bond.

Umatilla County Soil and Water Conservation District

By: 

Kyle Waggoner, District Manager
November 6, 2023