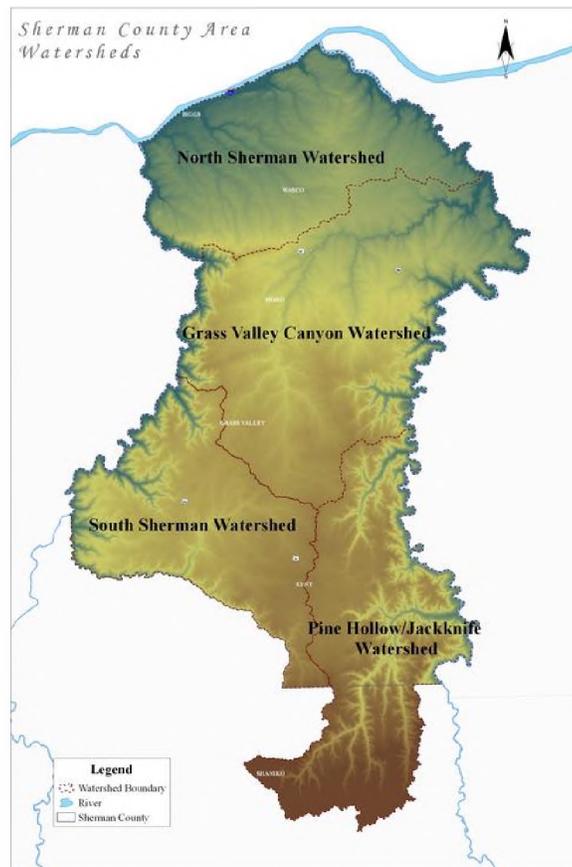


SHERMAN COUNTY SOIL AND WATER
CONSERVATION DISTRICT

**INDEPENDENT ACCOUNTANT'S
COMPILATION REPORT
AND
FINANCIAL STATEMENTS**

For the Year Ended June 30, 2024



SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
BOARD OF DIRECTORS AND OFFICIALS
June 30, 2024

BOARD OF DIRECTORS

<u>NAME</u>	<u>ADDRESS</u>	<u>POSITION</u>
Jesse Stutzman	PO Box 116 Wasco, OR 97065	Board Chair
Nick von Borstel	57513 von Borstel Rd Grass Valley, OR 97029	Secretary
Clint Moore	96981 Monkland Ln Moro, OR 97039	Treasurer
Josh Hilderbrand	PO Box 2 Wasco, OR 97065	Vice Chair
Trevor Fields	75960 Highway 97 Wasco, OR 97065	Member

ADMINISTRATIVE STAFF

Amanda Whitman		District Manager/ Registered Agent
Vacant		Watershed Coordinator
	PO Box 405 Moro, OR 97039	

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
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June 30, 2024

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*Mitch T. Saul, CPA
Amy K. Walker, CPA
Harmony S. Piazza, CPA
Anna K. Bass*

Robert M. Armstrong, CPA

**INDEPENDENT ACCOUNTANT'S
COMPILATION REPORT**

Board of Directors
Sherman County Soil and Water Conservation District
Moro, Oregon

Management is responsible for the accompanying financial statements of the governmental activities and each major fund of the Sherman County Soil and Water Conservation District (the district), as of and for the year ended June 30, 2024, and the related notes to the financial statements in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy, or the completeness of the information provided by the district. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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.

The accompanying supplementary and other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information, and we do not express an opinion, a conclusion, nor provide any assurance on such information.

A handwritten signature in black ink, appearing to read "Harmony S. Piazza".

Harmony S. Piazza, CPA
For Solutions, CPAs PC
John Day, Oregon
December 19, 2024

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024

As management of the Sherman County Soil and Water Conservation District (the district), we offer readers of the district's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the assets of the district exceeded its liabilities as of June 30, 2024 by \$2,114,067. Of this amount, \$9,039 represents the district's net investment in capital assets, \$132,843 is restricted for special programs, and the balance of \$1,972,185 is unrestricted and available to meet the district's ongoing obligations to citizens and creditors.
- The district's total net position increased by \$261,937 primarily due to increases in revenues and decreases in overall expenditures.
- The district recognized \$109,924 of operating grant revenue, representing 21% of total revenue, and \$325,633 of property tax revenue, representing 63% of total revenue.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the district's basic financial statements. The district's basic financial statements consist of two components: 1) government-wide financial statements and 2) notes to basic financial statements.

Government-wide Financial Statements

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

The Statement of Net Position: The Statement of Net Position presents information on all of the assets and liabilities of the district at year end. Net position is what remains after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The Statement of Activities: The Statement of Activities presents information showing how the net position of the district changed over the year by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In the government-wide financial statements, the district's activities are shown in one category:

Governmental activities: The district's activities are presented as governmental activities. These activities are primarily financed through intergovernmental revenue supplemented by charges for services and products.

The government-wide financial statements can be found on pages 8 through 9 of this report.

Fund Financial Statements: The fund financial statements provide more detailed information about the district's funds, focusing on its most significant or "major" funds – not the district as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024

for specific activities or objectives. The district, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the district can be divided into one category: governmental funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Position and Statement of Activities.

The district maintains two individual governmental budgetary funds. Information is presented separately in the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the Watershed Improvement Fund, which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 10 through 13 of this report.

Notes to Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 14 through 20 of this report.

Required Supplementary Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the major governmental fund budget to actual statements. Required supplementary information can be found on pages 22 through 24 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the district, assets exceeded liabilities by \$2,114,067 at June 30, 2024, an increase of \$261,937 from the previous year.

Capital assets, which consist of the district's vehicles, and equipment, represent less than 1% percent of total assets. The remaining assets consist of cash and receivables.

The district's liabilities consist primarily of accounts payable.

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024

	Governmental Activities	
	June 30, 2024	June 30, 2023
Current and other assets	\$ 2,114,187	\$ 1,871,909
Capital assets	9,039	12,634
Total assets	2,123,226	1,884,543
Current liabilities	9,159	32,413
Total liabilities	9,159	32,413
Net position:		
Invested in capital assets	9,039	12,634
Restricted	132,843	181,239
Unrestricted	1,972,185	1,658,257
Total net position	\$ 2,114,067	\$ 1,852,130

Governmental Activities: During the current fiscal year, the district's net position increased by \$262,087 compared to \$159,246 from the prior year. The key elements of the change in the district's net position for the year ended June 30, 2024 are as follows:

- Increases in general revenues of \$47,244.
- Decreases in operating expenses of \$55,597.

Changes in Net Position
For the year ended June 30, 2024

	Governmental Activities	
	June 30, 2024	June 30, 2023
Revenues		
Property taxes	\$ 325,633	\$ 156,233
Operating grants	109,924	239,091
SIP in lieu of taxes	23,782	53,775
Other	57,845	20,841
Total revenues	517,184	469,940
Expenses		
Watershed improvement	255,247	310,694
Total expenses	255,247	310,694
Increase in net position	261,937	159,246
Beginning net position	1,852,130	1,692,884
Ending net position	\$ 2,114,067	\$ 1,852,130

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024

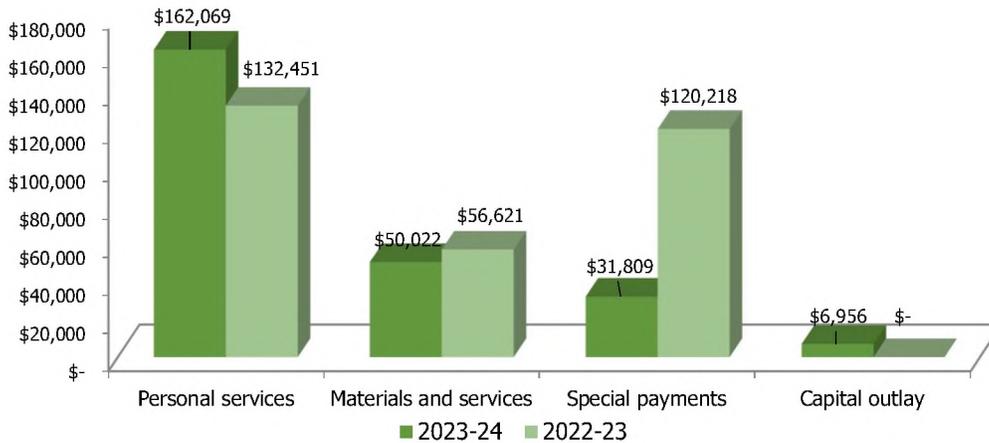
FINANCIAL ANALYSIS OF THE DISTRICT'S FUND

At June 30, 2024, the district's General Fund reported an ending fund balance of \$1,970,617, an increase of \$312,114 from the beginning of the year. Of this fund balance, \$1,446,630 is unassigned, which is available for spending at the district's discretion and \$523,987 is assigned for the reserve fund.

Revenue by Function - All Funds



Expenditures by Function - All Funds



GENERAL FUND BUDGETARY HIGHLIGHTS

During the year the General Fund expenditures were under budget by \$347,276. Revenues received from property taxes, grants, and miscellaneous receipts were \$127,983 more than anticipated.

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The district's investment in capital assets includes vehicles and equipment. As of June 30, 2024, the district had invested \$9,039 in capital assets, net of accumulated depreciation.

During the year, the district's investment in capital assets decreased by \$3,595, net of depreciation. The decrease is the result of capital purchases of \$0 and depreciation costs of \$3,595. Additional information on the district's capital assets can be found in note 3 on page 19 of this report.

Long-Term Debt: The district does not have any debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The budget for the 2024-25 fiscal year has total appropriations of \$1,079,315 as compared to the 2023-24 fiscal year of \$847,710. This increase can be attributed to expected changes in grant funding.

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the district's finances and to demonstrate the district's accountability. Questions concerning any of the information provided in this report or requests for additional information can be obtained by calling the district's business office at (541) 565-3216 or by sending a written request to: Sherman County Soil and Water Conservation District, Business Office; PO Box 405; Moro, OR 97039.

BASIC FINANCIAL STATEMENTS

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
STATEMENT OF NET POSITION
June 30, 2024
(With Comparative Totals for 2023)

	Governmental Activities	
	June 30, 2024	June 30, 2023
ASSETS		
Cash with depositories	\$ 2,102,038	\$ 1,834,725
Property taxes receivable	5,664	3,053
Grants receivable	6,485	34,131
Capital assets, net of accumulated depreciation		
Equipment	9,039	12,634
Total capital assets	9,039	12,634
Total assets	2,123,226	1,884,543
LIABILITIES		
Accounts payable	374	24,918
Accrued liabilities	4,689	4,196
Accrued compensated absences	4,096	3,299
Total liabilities	9,159	32,413
NET POSITION		
Net investment in capital assets	9,039	12,634
Restricted for special programs	132,843	181,239
Unrestricted	1,972,185	1,658,257
Total net position	\$ 2,114,067	\$ 1,852,130

The Notes to Basic Financial Statements are an integral part of these statements.

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT

Moro, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended

June 30, 2024

(With Comparable Totals for 2023)

Functions	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
			June 30, 2024	June 30, 2023
Governmental activities				
Watershed improvement	\$ 255,247	\$ 109,924	\$ (145,323)	\$ (71,603)
Total governmental activities	<u>\$ 255,247</u>	<u>\$ 109,924</u>	<u>(145,323)</u>	<u>(71,603)</u>
General revenues				
Property taxes			325,633	156,233
SIP in lieu of taxes			23,782	53,775
Interest income			50,275	13,341
Other income			<u>7,570</u>	<u>7,500</u>
Total general revenues			<u>407,260</u>	<u>230,849</u>
Changes in net position			261,937	159,246
Net position - beginning			<u>1,852,130</u>	<u>1,692,884</u>
Net position - ending			<u>\$ 2,114,067</u>	<u>\$ 1,852,130</u>

The Notes to Basic Financial Statements are an integral part of these statements.

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2024
(With Comparable Totals for 2023)

	General Fund	Watershed Improvement Fund	Total	
			June 30, 2024	June 30, 2023
ASSETS				
Cash and investments	\$ 1,975,316	\$ 126,722	\$ 2,102,038	\$ 1,834,724
Grants receivable	-	6,485	6,485	34,131
Property taxes receivable	5,664	-	5,664	3,053
Total assets	\$ 1,980,980	\$ 133,207	\$ 2,114,187	\$ 1,871,908
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 10	\$ 364	\$ 374	\$ 24,918
Accrued liabilities	4,689	-	4,689	4,195
Total liabilities	4,699	364	5,063	29,113
Deferred inflows of resources				
Unavailable property tax revenue	5,664	-	5,664	3,053
Total deferred inflows of resources	5,664	0	5,664	3,053
Fund balance				
Restricted	-	132,843	132,843	181,239
Assigned	523,987	-	523,987	527,337
Unassigned	1,446,630	-	1,446,630	1,131,166
Total fund balance	1,970,617	132,843	2,103,460	1,839,742
Total liabilities, deferred inflows of resources, and fund balance	\$ 1,980,980	\$ 133,207	\$ 2,114,187	\$ 1,871,908

The Notes to Basic Financial Statements are an integral part of these statements.

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION**
June 30, 2024

Total Fund Balances		\$ 2,103,460
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 71,320	
Accumulated depreciation	(62,281)	9,039
A portion of the district's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.		
		5,664
Long-term liabilities applicable to the district's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Compensated absences are not accrued in governmental funds, but rather are recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Position.		
		(4,096)
Total Net Position		\$ 2,114,067

The Notes to Basic Financial Statements are an integral part of these statements.

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the year ended
June 30, 2024
(With Comparable Totals for 2023)

	General Fund	Watershed Improvement Fund	Total	
			June 30, 2024	June 30, 2023
Revenues				
Operating grants	\$ 40,336	\$ 69,588	\$ 109,924	\$ 239,091
Property taxes	323,022	-	323,022	161,007
SIP in lieu of taxes	23,782	-	23,782	53,775
Other income	7,571	-	7,571	7,501
Interest income	50,275	-	50,275	13,341
Total revenues	<u>444,986</u>	<u>69,588</u>	<u>514,574</u>	<u>474,715</u>
Expenditures				
Current				
Personal services	56,880	105,189	162,069	132,451
Materials and services	37,843	12,179	50,022	56,621
Special payments	31,193	616	31,809	120,218
Capital outlay	6,956	-	6,956	-
Total expenditures	<u>132,872</u>	<u>117,984</u>	<u>250,856</u>	<u>309,290</u>
Excess of revenues over (under) expenditures and net change in fund balance	312,114	(48,396)	263,718	165,425
Fund balance at beginning of year	<u>1,658,503</u>	<u>181,239</u>	<u>1,839,742</u>	<u>1,674,317</u>
Fund balance at end of year - by category				
Restricted	-	132,843	132,843	181,239
Assigned	523,987	-	523,987	527,337
Unassigned	1,446,630	-	1,446,630	1,131,166
Fund balance at end of year - Total	<u>\$ 1,970,617</u>	<u>\$ 132,843</u>	<u>\$ 2,103,460</u>	<u>\$ 1,839,742</u>

The Notes to Basic Financial Statements are an integral part of these statements.

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**
For the Year Ended
June 30, 2024

Net Change in Fund Balance	\$ 263,718
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay.	
Less current year depreciation	(3,595)
Governmental funds report the effect of accrued compensated absences when paid. In the Statement of Activities, however, compensated absences are recognized when accrued. The change in compensated absences is recognized as an expense on the Statement of Activities.	
	<u>(798)</u>
Change in Net Position	<u>\$ 261,937</u>

The Notes to Basic Financial Statements are an integral part of these statements.

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

Note 1. Significant Accounting Policies

The Sherman County Soil and Water Conservation District (the district) is organized under the general laws of the State of Oregon to promote conservation techniques to sustain and restore the soil and local watershed areas. The administration of the district is vested in an elected five-member board of directors.

The district's annual financial report includes the accounts of all district operations. The following summary of significant accounting policies is presented to assist the reader in evaluating the district's financial statements.

A. The Reporting Entity

The district is a political subdivision of the state of Oregon. It is governed by an elected five-member board of directors. These financial statements present all the funds of the district.

In evaluating how to define the district for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in generally accepted accounting principles. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibilities include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the district is able to exercise oversight responsibilities. The district currently has no component units that should be included in the reporting entity.

B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the district. These statements include the governmental financial activities of the overall district. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes and operating grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues are operating grants. Revenues that are not classified as program revenues are classified as general revenues, including property taxes and interest.

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

Net position is reported as restricted when constraints placed on net position use are either externally restricted, imposed by creditors (such as through grantors, contributors, or laws) or through constitutional provisions or enabling resolutions.

Fund Financial Statements

The fund financial statements provide information about the district's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The district reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the district. Its purpose is to account for and report all general operations of the district. The principal revenue sources are property taxes, operating grants, and interest. Included in the General Fund are the budgeted funds, General Operation Reserve Fund and the Watershed Education Reserve Fund.

Watershed Improvement Fund - The Watershed Improvement Fund accounts for grants received from various state and federal agencies. These grants vary in designated time limitations for utilization of the grant funds, and vary as to requirements that must be met as to how the funds are used. The grant fund purposes range from conservation and education to administrative and are handled according to the rules and regulations set forth by the granting agencies.

C. Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the district receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the district funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the district's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The district considers property taxes as available if they are collected within 60 days after

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

year-end. Expenditures are recorded when the related fund liability is incurred. Property taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Capital Assets

Capital assets, which include property, equipment, and vehicles, are reported in the governmental activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the district as assets with initial, individual costs in excess of \$1,000 and a useful life in excess of one year.

Depreciation is provided in amounts sufficient to recover the cost of the depreciable assets over their estimated service lives on the straight-line basis. Depreciation on all assets is provided on the straight-line basis over estimated useful lives of 5-10 years.

E. Budgets and Budgetary Accounting

A budget is prepared for the district in accordance with the cash basis of accounting and legal requirements set forth in the Oregon local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personal services, materials and services, special payments, capital outlay, and transfers by fund are the levels of control. The detail budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories. Appropriations lapse at June 30.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the board of directors. The district does not utilize encumbrance accounting for budgeted funds.

F. Property Taxes Receivable

The district levies taxes on a fiscal year from July 1 to June 30. The current levy becomes a lien on July 1. Taxes are due November 15 and become delinquent May 15. Foreclosure is started three years after taxes become delinquent. The district turns all tax collection duties over to Sherman County, Oregon. Property tax revenues are recognized when they are collected.

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

G. Deposits and Investments

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All short-term cash surpluses are maintained in a demand account.

Oregon statutes and local ordinances authorize the district to invest (short-term and long-term) in certificates of deposit (considered deposits for risk categorization purposes), certain bond obligations of civil subdivisions, general obligations of the United States, U.S. agency issues, general obligations of the states of Oregon, Washington, Idaho, and California, certain interest bearing bonds of a county, port or school district, certain interest bearing bonds on any city in the state of Oregon, life insurance and annuity contracts, pooled deferred compensation trusts, banker's acceptances, and certain corporate bonds.

H. Compensated Absences

Employees of the district are entitled to paid vacation and compensatory time depending on job classification and length of service. Accrued vacation and compensatory time accrue monthly and are only paid out upon separation from employment. An employee can carry forward a maximum of 240 hours of vacation and compensatory time.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles used in the United States 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.

J. Rounding

The district financial statements, notes to the financial statements, and related tables and schedules display dollar amounts rounded to the nearest whole dollar. To improve communication among preparers, reviewers, and auditors during the preparation process, and to avoid excessive workload associated with the resolution of rounding errors, small differences may exist, and totals may not foot. These differences have been reviewed and deemed trivial enough so as to not impact the reader's experience.

K. Fund Balances

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.

Nonspendable fund balance is the portion of net resources that cannot be spent because they are either (a) in a nonspendable form or (b) legally or contractually required to be maintained intact. 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.

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

Fund balance is reported as committed when the board of directors passes a resolution that places specific constraints on how the resources may be used. The board action that imposed the limitation would need to occur no later than the close of the reporting period. The board can modify or rescind the action at any time through passage of an additional resolution.

The net resources that are constrained by the district's intent to use them are reported as assigned fund balance. Intent is expressed when the board approves which resources should be set aside for specific purposes during the adoption of the annual budget. The board and office manager use that information to determine whether those resources should be classified as assigned in the district's financial statements. 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.

The district applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

L. Prior Period Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the district's financial statements for the year ended June 30, 2023.

Note 2. Deposits

At June 30, 2024 the carrying amount of the district's deposits was \$1,196,784 and the bank balance was \$1,208,369. The district maintains depository relationships with area financial institutions that are Federal Depository Insurance Corporation (FDIC) insured institutions. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's Oregon Public Funds Collateralization Program (PFCP) web site. Oregon Revised Statute Chapter 295 requires all Oregon bank depositories holding public fund deposits to maintain securities totaling a value not less than 110 percent of the greater of:

- a. All public funds held by the bank depository; or
- b. The average of the balances of public funds held by the bank depository, as shown on the last four immediately preceding treasurer reports.

Custodial credit risk is the risk that in the event of a financial institution failure, the district's deposits may not be returned to it. The district does not have a policy for custodial credit risk.

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

However, the balances in excess of the FDIC insurance are considered collateralized by PFCP. As of June 30, 2024 the district had no balances exposed to custodial credit risk.

As of June 30, 2024 the district had \$905,254 invested in the Oregon Local Government Investment Pool. The district's position in the pool is stated at cost which approximates fair value.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The district has no policy for managing interest rate or credit risk. Investments by the district held in the Local Government Investment Pool are not rated.

The Oregon Short Term Fund is the LGIP for local governments and was established by the Oregon State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council.

Note 3. Changes in Capital Assets

The following is a summary of changes in capital assets:

	Balance			Balance
	June 30, 2023	Additions	Deletions	June 30, 2024
Capital assets				
Office and field equipment	\$ 71,320	\$ -	\$ -	\$ 71,320
	<u>71,320</u>	<u>0</u>	<u>0</u>	<u>71,320</u>
Accumulated depreciation				
Office and field equipment	58,686	3,595	-	62,281
	<u>58,686</u>	<u>3,595</u>	<u>0</u>	<u>62,281</u>
Capital assets, net	<u>\$ 12,634</u>	<u>\$ (3,595)</u>	<u>\$ 0</u>	<u>\$ 9,039</u>

Note 4. Changes in Long-Term Debt

The only long-term debt of the district is the accrued compensated absences (accrued vacation and compensatory time). The balance as of June 30, 2024 was \$3,946 compared to \$3,299 for the prior year.

Note 5. Risk Management

The district is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; natural disasters for which the district carries commercial insurance. The district does not engage in risk financing activities where the risk is retained (self-insurance). Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

Note 6. Commitments and Contingencies

Amounts received from grantor agencies are subject to audit and adjustment by these agencies. Any disallowed claims, including amounts already collected, may constitute a liability to the district. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although district management expects such amounts, if any, to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - Cash Basis
GENERAL FUND
For the Year Ended
June 30, 2024

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Operating grants	\$ 40,336	\$ 48,978	\$ 48,978	\$ 8,642
Property taxes	323,022	174,804	174,804	(148,218)
SIP in lieu of taxes	28,561	68,000	68,000	39,439
Interest	50,275	20,000	20,000	(30,275)
Other income	7,571	10,000	10,000	2,429
Total revenues	<u>449,765</u>	<u>321,782</u>	<u>321,782</u>	<u>(127,983)</u>
Expenditures				
Personal services	56,385	78,068	78,068	21,683
Materials and services	37,834	38,500	38,500	666
Capital outlay	6,956	60,000	60,000	53,044
Special payments	18,117	90,000	90,000	71,883
Contingency	-	200,000	200,000	200,000
Total expenditures	<u>119,292</u>	<u>466,568</u>	<u>466,568</u>	<u>347,276</u>
Excess of revenues over (under) expenditures and net change in fund balance	330,473	(144,786)	(144,786)	(475,259)
Other financing sources (uses)				
Transfers out	(9,726)	(9,726)	(9,726)	-
Net change in fund balance	320,747	(154,512)	(154,512)	(475,259)
Fund balance, July 1	<u>1,130,582</u>	<u>893,402</u>	<u>893,402</u>	<u>(237,180)</u>
Fund balance, June 30	<u>1,451,329</u>	<u>\$ 738,890</u>	<u>\$ 738,890</u>	<u>\$ (712,439)</u>
Reconciliation to fund basis:				
Accounts payable	(10)			
Accrued liabilities	(4,689)			
Modified accrual fund balance	<u>\$ 1,446,630</u>			

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - Cash Basis
WATERSHED IMPROVEMENT FUND
For the Year Ended
June 30, 2024

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Operating grants	\$ 73,208	\$ 157,716	\$ 157,716	\$ 84,508
Total revenues	<u>73,208</u>	<u>157,716</u>	<u>157,716</u>	<u>84,508</u>
Expenditures				
Personal services	105,189	116,916	116,916	11,727
Materials and services	14,123	39,500	39,500	25,377
Special payments	616	60,000	60,000	59,384
Contingency	-	30,000	30,000	30,000
Total expenditures	<u>119,928</u>	<u>246,416</u>	<u>246,416</u>	<u>126,488</u>
Excess of revenues over (under) expenditures and net change in fund balance	(46,720)	(88,700)	(88,700)	(41,980)
Fund balance, July 1	<u>173,442</u>	<u>163,767</u>	<u>163,767</u>	<u>(9,675)</u>
Fund balance, June 30	126,722	<u>\$ 75,067</u>	<u>\$ 75,067</u>	<u>\$ (51,655)</u>
Reconciliation to fund basis:				
Accounts receivable	6,485			
Accounts payable	<u>(364)</u>			
Modified accrual fund balance	<u>\$ 132,843</u>			

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING
For the Year Ended
June 30, 2024

In accordance with Oregon Revised Statutes, the board of directors annually adopts a budget following required public notice and hearing. The budget may be amended during the year through statutorily prescribed procedures. The district's budget is prepared on the cash basis of accounting. Appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon major classes of expenditures known as functions within each fund. The functions include: personal services, materials and services, special payments, capital outlay and contingencies. The district did not approve any changes to the adopted budget during the year.

During the year ended June 30, 2024 disbursements in the General Fund and Watershed Improvement Fund were within certified budget amounts.

SUPPLEMENTARY SCHEDULES

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
COMBINING BALANCE SHEET - GENERAL FUND
June 30, 2024

	General Fund	General Operating Reserve Fund	Watershed Education Reserve Fund	Total June 30, 2024
ASSETS				
Cash and investments	\$ 1,451,329	\$ 485,926	\$ 38,061	\$ 1,975,316
Property taxes receivable	5,664	-	-	5,664
Total assets	<u>\$ 1,456,993</u>	<u>\$ 485,926</u>	<u>\$ 38,061</u>	<u>\$ 1,980,980</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 10	\$ -	\$ -	\$ 10
Accrued liabilities	4,689	-	-	4,689
Total liabilities	<u>4,699</u>	<u>0</u>	<u>0</u>	<u>4,699</u>
Deferred inflows of resources				
Unavailable property tax revenue	5,664	-	-	5,664
Total deferred inflows of resources	<u>5,664</u>	<u>0</u>	<u>0</u>	<u>5,664</u>
Fund balance				
Assigned	-	485,926	38,061	523,987
Unassigned	1,446,630	-	-	1,446,630
Total fund balance	<u>1,446,630</u>	<u>485,926</u>	<u>38,061</u>	<u>1,970,617</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,456,993</u>	<u>\$ 485,926</u>	<u>\$ 38,061</u>	<u>\$ 1,980,980</u>

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT

Moro, Oregon

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND**

For the year ended

June 30, 2024

	General Fund	General Operating Reserve Fund	Watershed Education Reserve Fund	Total June 30, 2024
Revenues				
Operating grants	\$ 40,336	\$ -	\$ -	\$ 40,336
Property taxes	323,022	-	-	323,022
Strategic investment program in lieu of taxes	23,782	-	-	23,782
Other income	7,571	-	-	7,571
Interest income	50,275	-	-	50,275
Total revenues	<u>444,986</u>	<u>0</u>	<u>0</u>	<u>444,986</u>
Expenditures				
Personal services	56,880	-	-	56,880
Materials and services	37,843	-	-	37,843
Special payments	18,117	-	13,076	31,193
Capital outlay	6,956	-	-	6,956
Total expenditures	<u>119,796</u>	<u>0</u>	<u>13,076</u>	<u>132,872</u>
Excess of revenues over (under) expenditures and net change in fund balance	325,190	0	(13,076)	312,114
Other financing sources (uses)				
Transfers in	-	726	9,000	9,726
Transfers out	(9,726)	-	-	(9,726)
Total other financing sources (uses)	<u>(9,726)</u>	<u>726</u>	<u>9,000</u>	<u>0</u>
Net changes in fund balances	315,464	726	(4,076)	312,114
Fund balance at beginning of year	<u>1,131,166</u>	<u>485,200</u>	<u>42,137</u>	<u>1,658,503</u>
Fund balance at end of year - by category				
Assigned	-	485,926	38,061	523,987
Unassigned	1,446,630	-	-	1,446,630
Fund balance at end of year - Total	<u>\$ 1,446,630</u>	<u>\$ 485,926</u>	<u>\$ 38,061</u>	<u>\$ 1,970,617</u>

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - Cash Basis
GENERAL OPERATING RESERVE FUND
For the Year Ended
June 30, 2024

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Operating grants	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Personal services	-	60,000	60,000	60,000
Special payments	-	50,000	50,000	50,000
Total expenditures	<u>0</u>	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>
Excess of revenues over (under) expenditures and net change in fund balance	0	(110,000)	(110,000)	(110,000)
Other financing sources (uses)				
Transfers in	<u>726</u>	<u>726</u>	<u>726</u>	<u>-</u>
Net change in fund balance	726	(109,274)	(109,274)	(110,000)
Fund balance, July 1	<u>485,200</u>	<u>485,200</u>	<u>485,200</u>	<u>-</u>
Fund balance, June 30	<u>\$ 485,926</u>	<u>\$ 375,926</u>	<u>\$ 375,926</u>	<u>\$ (110,000)</u>

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - Cash Basis
WATERSHED EDUCATION RESERVE FUND
For the Year Ended
June 30, 2024

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Operating grants	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Special payments	16,439	15,000	15,000	(1,439)
Total expenditures	<u>16,439</u>	<u>15,000</u>	<u>15,000</u>	<u>(1,439)</u>
Excess of revenues over (under) expenditures and net change in fund balance	(16,439)	(15,000)	(15,000)	1,439
Other financing sources (uses)				
Transfers in	9,000	9,000	9,000	-
Net change in fund balance	(7,439)	(6,000)	(6,000)	1,439
Fund balance, July 1	<u>45,500</u>	<u>31,000</u>	<u>31,000</u>	<u>(14,500)</u>
Fund balance, June 30	<u>\$ 38,061</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ (13,061)</u>

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MANAGEMENT REPRESENTATION OF FISCAL AFFAIRS

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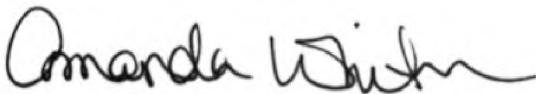
SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
MANAGEMENT REPRESENTATION OF FISCAL AFFAIRS
June 30, 2024

The Sherman County Soil & Water Conservation District is subject to, and responsible for, compliance with various laws, rules, and regulations relating to its operations and finances. Among such laws, rules, and regulations are the requirements prescribed in Municipal Audit Law (ORS Chapter 297) and the Minimum Standards for Agreed-Upon Procedures of Oregon Municipal Corporations (OAR 162, Division 40) including but not limited to:

- 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 and roads (ORS Chapters 294, 368 and 373)
- Authorized investments of surplus funds (ORS Chapter 294)
- Public contracts, purchasing, and improvements (ORS Chapters 279A, 279B, and 279C)

The management of Sherman County Soil & 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, except for overexpenditures of Special Payments in the Watershed Education Reserve Fund of \$1,439.

The governing body and the district were covered the entire year ended June 30, 2024, a \$250,000 crime coverage policy through The Ohio Casualty Insurance Company.



Amanda Whitman, District Manager

12/19/2024

Date

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SHERMAN COUNTY SOIL AND WATER
CONSERVATION DISTRICT

AGREED-UPON PROCEDURES REPORT

For the Year Ended June 30, 2024

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SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
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JUNE 30, 2024

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REPORT ON AGREED-UPON PROCEDURES

Board of Directors
Sherman County Soil & Water Conservation District
Moro, Oregon

We have performed the procedures as enumerated in Appendix A – Procedures and Associated Findings Report pursuant to the Oregon Revised Statutes (ORS) 297.465 and Oregon Administrative Rules (OAR) 162-040-0001 through 162-040-0170 (the subject matter) for the Sherman County Soil & Water Conservation District, (the district) as of June 30, 2024, and for the year then ended. The district's governing body is responsible for the subject matter.

The district has agreed to and acknowledged that the procedures performed are appropriate for the intended purpose of compliance with ORS 297.465 and OAR 162-040-0001 through 162-040-0170. Additionally, the governing body has agreed to and acknowledged that the procedures performed are appropriate to meet their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are attached in Appendix A – Procedures and Associated Findings Report.

We were engaged by the district to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States, and the applicable state and regulatory agreed-upon procedure standards and requirements. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the subject matter or financial statements referenced within the Appendix A – Procedures and Associated Findings Report. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the district and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.



For Solutions, CPAs PC
John Day, Oregon
December 19, 2024

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SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
APPENDIX A - PROCEDURES AND ASSOCIATED FINDINGS REPORT
June 30, 2024

The following procedures are required for agreed-upon procedures engagements performed in accordance with Oregon Revised Statutes (ORS) 297.465 and Oregon Administrative Rules (OAR) 162-040-0001 through 162-040-0170.

If a category or testing procedure does not apply to the municipal corporation it will be reported with an N/A as described in OAR 162-040-0165(4)(c).

- 1) Total amounts must include all funds and activities of the municipal corporation.
 - a. The accountant should not report personally identifiable or confidential information. The accountant may consider including position titles rather than individual names, where appropriate, and refrain from referencing payment card numbers or other potentially sensitive information when reporting results of procedures performed. The accountant should retain information and support as necessary for their records only.
 - b. The type of procedure is noted in parenthesis after each procedure or procedure category and includes the following:
 - A. I – Informational/Procedural
 - B. A - Accounting/financial reporting
 - C. IC - Internal Control over either accounting/financial reporting or compliance
 - D. C – Compliance

2) OBTAIN AND REPORT GENERAL INFORMATION (I)

[OAR 162-040-0165(2)a-c]

- a. Municipal Corporation Name

Sherman County Soil and Water Conservation District
- b. Fiscal Year-End Date (month, day, year)

June 30, 2024
- c. Municipal corporation type and the Oregon Statute of formation

Oregon Soil and Water Conservation District, ORS Chapter 568

3) FINANCIAL REPORT

[OAR 162-040-0165(3)a-h]

- a. Obtain a copy of the municipal corporation's financial report.

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
APPENDIX A - PROCEDURES AND ASSOCIATED FINDINGS REPORT
June 30, 2024

b. Threshold Calculation:

Total expenditures multiplied by five percent. (Total expenses are the total primary government expenses reported on the government-wide statement of activities, including depreciation if applicable to the basis of accounting used.)

Total Expenditures:	\$	255,247
5% of Expenditures:	\$	12,762
Threshold:	\$	12,762

- c. Compare amounts reported on the financial report to the municipal corporation's general ledger/trial balance used to prepare the financial report plus all the adjustments to the financial report basis. Inspect any differences greater than the calculated threshold and inquire of management about the reason for difference(s). The accountants' report should include a list of the reporting categories (for example: Materials and Services, or Accounts Payable) and managements' description justifying the differences noted.

Amounts reported on the financial report were compared to the general ledger/trial balance used to prepare the financial report plus all the adjustments to the financial report. No variances were found.

- d. Does the financial report include the names and addresses of officers of the municipal corporation and members of its governing body?

Yes

- e. If a special district, does the financial report include the name and address of the registered agent or the fact that one has not been designated? [OAR 162-040-0095]

Yes

- f. Does the financial report include the statements and schedules required by GAAP as dictated by GASB and considering the basis of accounting used?

Yes

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
APPENDIX A - PROCEDURES AND ASSOCIATED FINDINGS REPORT
June 30, 2024

- g. Does the financial report include a budget to actual schedule for each fund for which budgets are legally required?
[OAR 162-040-0060]

Yes

- h. Does the financial report include management's representations regarding compliance required by rule?
[OAR 162-040-0096]

Yes

4) OPERATIONS, POLICIES + PROCEDURES

[OAR 162-040-0165(4)a-c]

- a. Obtain and inspect the municipal corporation's written policies and procedures and determine whether they address each of the categories listed in subsection (b):

- b. A municipal corporation's written policies and procedures should address each of the following topics:

A. Budgeting	Y
B. Purchasing	Y
C. Disbursements	Y
D. Receipts/Collections	Y
E. Payroll/Personnel	Y
F. Contracting & Procurement	Y
G. Travel and Expense Reimbursement	Y
H. Credit Cards (debit, fuel cards, p-cards)	Y
I. Ethics	Y
J. Debt Service	Y

- c. Report Y or N next to each category, or report N/A if the category does not apply to the municipal corporation.

See responses above

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
APPENDIX A - PROCEDURES AND ASSOCIATED FINDINGS REPORT
June 30, 2024

5) PUBLIC MEETINGS (C)

[OAR 162-040-0165(5)a-c]

[OAR 162-040-0165(5)a] Public meetings are generally governed by ORS 192.610 to 192.695.

- b. Obtain access to (or copies of) meeting minutes of the governing body.
- c. Haphazardly select two meetings held during the reporting period and perform the following:

Haphazardly Selected meeting #1: 09/12/2023

A. Was required notice given?

Yes, posted prominently on district website and Facebook page

B. Did the notice include an agenda?

Yes, notices included links and reference to the agenda.

C. Was there a process for public comment?

The minutes document a section specifically for guests and public comment.

D. If a portion of the meeting was closed to the public, determine that:

No section of the meeting was closed to the public.

- i. Before the meeting was closed, the reason for holding the closed meeting was documented in the meeting minutes and a roll call vote was taken.
- ii. The reason for closing the meeting was permitted under statute.

SHERMAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
Moro, Oregon
APPENDIX A - PROCEDURES AND ASSOCIATED FINDINGS REPORT
June 30, 2024

Haphazardly Selected meeting #2: 5/14/2024

A. Was required notice given?

Yes - advertised in the local newspaper and posted prominently on the district website and Facebook page.

B. Did the notice include an agenda?

Yes, notices included links and reference to the agenda.

C. Was there a process for public comment?

The minutes document a section specifically for guests and public comment.

D. If a portion of the meeting was closed to the public, determine that:

No section of the meeting was closed to the public.

i. Before the meeting was closed, the reason for holding the closed meeting was documented in the meeting minutes and a roll call vote was taken.

i. The reason for closing the meeting was permitted under statute.

6) ACCOUNTING RECORDS

[OAR 162-040-0165(6)a-c]

a. Inquire of management regarding whether policies and procedures are current and reflect the operations in place during the reporting period. Report management's response.

Response received from Management: Yes

b. Inquire of the governing body chairperson whether they receive periodic financial information updating them on budgeted vs. actual spending and report the chairperson's response.

Response received from Chairperson: All board members including myself as chair, receive monthly budget vs actual statements monthly in the form of email and printed copy at each monthly board mtg.

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- c. Inquire of the governing body chairperson whether the governing body, or certain members of the governing body, approves payments and contracts and report the chairperson's response. If not, report the position title approval authority is delegated to.

Response received from Chairperson: The board reviews and signs all checks and contracts at least monthly if not more often. Checks are signed by no less than 1 board member for all payments.

7) RELATED PARTIES (A/IC)

[OAR 162-040-0165(7)a-d]

- a. Obtain a list of related parties (as defined in standards) from management.
- b. Obtain a list of payments during the reporting period by vendor.
- c. Determine whether any vendors on the payment listing are related parties, per management's list.

Vendor:
MaryLou Martin
Amanda Whitman

- d. Recalculate payments to related parties and report the total paid to each, and the nature of the payment (for example: goods or services).

Vendor	Total Paid	Recalculation	Difference	Nature of Payment
MaryLou Martin	\$ 77.72	\$ 77.72	\$ -	mileage reimbursement
MaryLou Martin	\$ 179.47	\$ 179.47	\$ -	mileage reimbursement
MaryLou Martin	\$ 181.84	\$ 181.84	\$ -	Per diem and mileage reimbursement
Amanda Whitman	\$ 286.89	\$ 286.89	\$ -	mileage reimbursement
Amanda Whitman	\$ 380.64	\$ 380.64	\$ -	Per diem and mileage reimbursement
Amanda Whitman	\$ 628.06	\$ 628.06	\$ -	Per diem and mileage reimbursement

8) PAYMENT CARDS (A/IC)

[OAR 162-040-0165(8)a-b]

- a. Obtain from management a complete listing of all active payment cards (i.e., credit cards, purchase cards) for the fiscal period, including the name(s) of the person(s) who maintained possession of the cards.

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- b. Haphazardly select one month and request the monthly statement from each active card (but not more than 5 cards) and observe whether:

Haphazardly selected August 2023

- A. The card had assessed finance charges or late fees. Report amounts if applicable.

Card	Assessed finance charges
4535	\$ -
7800	\$ -

- B. The monthly statement was reviewed and approved for payment, in writing by someone other than the cardholder (for example: initials and date, or electronically approved, approved as noted in the governing body meeting minutes).

The August 2023 statements for all payment cards were reviewed and signed by a board member who was not included in the list of cardholders. The payments were also reviewed and approved by the board of directors as documented in the minutes at the following board meeting

9) PROPERTY TAXES (A)

[OAR 162-040-0165(9)a-d]

- a. If the municipality receives property tax revenue perform the the following:
- b. Obtain a property tax revenue schedule or turnover report from the district.
- c. Report the property tax revenue received by type (for example: permanent rate tax, local option tax).

Permanent General Fund Rate: \$0.2600/\$1,000

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- d. Trace amounts to the financial records, such as the trial balance or general ledger.

Total property taxes per trial balance	\$	323,022
Total per property tax turnover reports	\$	323,493
Difference	\$	(471)

10) ACCOUNTS RECEIVABLE (A)

[OAR 162-040-0165(10)a-e]

- a. For municipal corporations reporting on an accrual basis of accounting perform the following:
- b. Obtain an accounts receivable aging report as of the last day of the fiscal year and agree to accounting records (trial balance).

Balance per accounts receivable aging report	\$	12,149
Balance per trial balance	\$	12,149
Difference	\$	-

- c. For all accounts greater than 90 days, inquire of management whether the amount is collectible.

N/A - no accounts in excess of 90 days.

- d. Report the balance that is considered by management to be uncollectable, if any.

N/A - no balances considered to be uncollectible.

- e. If the accountant is unable to agree the aging report to the accounting records, report the reason(s) why, if known.

N/A - the accounts receivable aging agrees with the trial balance.

11) ACCOUNTS PAYABLE (A)

[OAR 162-040-0165(11)a-d]

- a. For municipal corporations reporting on an accrual basis of accounting perform the following:

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- b. Obtain an accounts payable listing and agree to the accounting records (trial balance).

Balance per accounts payable aging report	\$	374
Balance per trial balance	\$	374
Difference	\$	-

- c. Obtain a listing of disbursements subsequent to fiscal year end and haphazardly select a sample of five transactions (or transactions totaling the calculated threshold, whichever is less).

See list of haphazardly selected transactions below

- d. Inspect supporting documentation (invoice, purchase order, contract, etc.) for each sample transaction and confirm it was reported in the correct period.

Check Date	Check Number	Vendor	Amount	Reported in correct period?
07/02/2024	7080	VISA	\$ 136	Yes
07/12/2024	7083	Saif Corporation	\$ 369	Yes
07/23/2024	7090	Quill	\$ 113	Yes
08/02/2024	7097	SDIS	\$ 2,668	Yes
08/06/2024	7099	VISA - Amanda	\$ 110	Yes

12) FUND BALANCE/NET POSITION (A)

[OAR 162-040-0165(12)a-b]

- a. Agree beginning fund balance/net position to prior year ending fund balance/net position and reconcile any differences.

Fund Balance

Ending per prior year:	\$	1,834,725
Beginning per current year:	\$	1,834,725
Difference	\$	-

Net position

Ending per prior year:	\$	1,852,130
Beginning per current year:	\$	1,852,130
Difference	\$	-

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- b. If there are any changes to beginning fund balance/net position, confirm that the financial report discloses the changes to fund balance/net position and the reason for the difference (for example: error, implementation of new accounting policy, change in accounting estimate, change in reporting entity).

N/A - there were no changes to beginning fund balance or net position.

13) REVENUE – CHARGES FOR SERVICES (A)

N/A – The municipal corporation does not report charges for services

14) PAYROLL (A)

[OAR 162-040-0165(14)a-b]

- a. If the municipal corporation has employees, perform the following:
- b. Calculate the amount of payroll expenditures for the reporting period (year) compared to total operating costs. If payroll expenditures are greater than 20 percent of annual operating cost, perform the following:

Total Operating Costs: \$ 250,854
20% of Operating Costs: \$ 50,171

Total Payroll: \$ 161,574
Payroll is greater than 20% of total operating costs

- A. Obtain all payroll checks or direct deposit records, but not more than five, for one haphazardly selected month during the reporting period. Compare the names and pay rates to employee records.

Haphazardly selected February, 2024

<u>Pay Date</u>	<u>Employee and pay dat</u>	<u>Pay Rate</u>	<u>Variances against employee record</u>
2/9/2024	Amanda Whitman	\$3,456	No variance
2/9/2024	MaryLou Martin	\$1,649	No variance

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- B. Obtain a listing of employees and officials employed during the fiscal period. Haphazardly select five employees or officials (or all, if fewer than five) and obtain related paid salaries or pay rates and personnel files. Person(s) with the ability to enter payroll or who approves payroll related payments must be included in the sample selected.

Haphazardly selected employees: Pay Rate
Amanda Whitman (approves payroll) \$82,926 salary from April 2023-March 2024
MaryLou Martin \$46,171 salary from April 2023-March 2024

Increases to wages are approved in meetings and documented in employee files

1. Agree annual paid salaries and bonuses to authorized salaries/pay rates in the personnel files.

<u>Employee</u>	<u>Annual Salary</u>	<u>Variance</u>
Amanda Whitman	\$82,926 (April 2023-March 2024)	No variance
MaryLou Martin	\$46,171 (April 2023-March 2024)	No variance

2. Observe that individuals selected and receiving pay have a corresponding personnel file and were employees or officers during the reporting period.

<u>Employee</u>	<u>Personnel file</u>	<u>Employed during period</u>
Amanda Whitman	observed in and other files	Yes

15) CASH (A/IC/C)

[OAR 162-040-0165(15)a-h]

- a. Obtain a listing of all bank accounts from management.

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- b. Obtain year-end statements and trace ending balances to the year-end bank reconciliations. If possible, the year-end statement should be viewed via online account access as confirmation.

June 30, 2024	Ending balance per bank statement	Ending balance per reconciliation
BEO Checking 1573	\$ 79,078	\$ 79,078
BEO Savings 0117	\$ 199,619	\$ 199,619
BEO Money Market 0259	\$ 250,000	\$ 250,000
BEO ICS Savings 259	\$ 192,655	\$ 192,655
BEO CDARS 2	\$ 243,035	\$ 243,035
BEO CDARS 3	\$ 243,982	\$ 243,982
LGIP 6484	\$ 905,254	\$ 905,254

- c. If the independent accountant can view accounts online, vouch that each account listed online was included in the list of accounts provided by management.

N/A - no ability to view accounts on-line

- d. For each depository account, obtain the year-end bank reconciliation and one additional month's reconciliation, haphazardly selected from a different quarter, and observe whether:

Haphazardly selected October 2023 in addition to the year-end June reconciliation.

- A. Reconciliations were prepared and reviewed within 2 months of the related statement's closing date. If not, report the date prepared and reason given by management for why the reconciliation was prepared after two months.

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<u>June 30, 2024</u>	<u>Date prepared and reviewed</u>	<u>Within 2 months of closing date</u>
BEO Checking 1573	8/13/2024	Yes
BEO Savings 0117	8/13/2024	Yes
BEO Money Market 0259	8/15/2024	Yes
BEO ICS Savings 259	8/15/2024	Yes
BEO CDARS 2	8/26/2024	No*
BEO CDARS 3	4/19/2024	No*
LGIP 6484	8/13/2024	Yes

*The BEO CDARS Account activity is limited to the earning of interest and only occurs once during the year at maturity of the investment. Maturity occurs in June for the CDARS 2 account and in January for the CDARS 3 account. Account activity is only reconciled at that point generally resulting in a lag in excess of the 2 months after the statements closing date.

B. The statement balance traces to the reconciliation.

<u>October 31, 2023</u>	<u>Balance per reconciliation</u>	<u>Balance per statement</u>
BEO Checking 1573	\$ 59,428	\$ 59,428
BEO Savings 0117	\$ 249,468	\$ 249,468
BEO Money Market 0259	\$ 250,000	\$ 250,000
BEO ICS Savings 259	\$ 252,835	\$ 252,835
BEO CDARS 2	\$ 242,672	\$ 242,672
BEO CDARS 3	\$ 243,617	\$ 243,617
LGIP 6484	\$ 545,969	\$ 545,969

<u>June 30, 2024</u>	<u>Balance per reconciliation</u>	<u>Balance per statement</u>
BEO Checking 1573	\$ 79,078	\$ 79,078
BEO Savings 0117	\$ 199,619	\$ 199,619
BEO Money Market 0259	\$ 250,000	\$ 250,000
BEO ICS Savings 259	\$ 192,655	\$ 192,655
BEO CDARS 2	\$ 243,035	\$ 243,035
BEO CDARS 3	\$ 243,982	\$ 243,982
LGIP 6484	\$ 905,254	\$ 905,254

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- C. The reconciled book balance traces to the general ledger and the trial balance or summary schedule.

<u>October 31, 2023</u>	<u>Balance per reconciliation</u>	<u>Balance per trial balance</u>
BEO Checking 1573	\$ 45,163	\$ 45,163
BEO Savings 0117	\$ 249,468	\$ 249,468
BEO Money Market 0259	\$ 250,000	\$ 250,000
BEO ICS Savings 259	\$ 253,871	\$ 253,871
BEO CDARS 2	\$ 242,672	\$ 242,672
BEO CDARS 3	\$ 243,617	\$ 243,617
LGIP 6484	\$ 545,969	\$ 545,969

<u>June 30, 2024</u>	<u>Balance per reconciliation</u>	<u>Balance per general ledger</u>
BEO Checking 1573	\$ 66,458	\$ 66,458
BEO Savings 0117	\$ 199,619	\$ 199,619
BEO Money Market 0259	\$ 250,000	\$ 250,000
BEO ICS Savings 259	\$ 193,689	\$ 193,689
BEO CDARS 2	\$ 243,035	\$ 243,035
BEO CDARS 3	\$ 243,982	\$ 243,982
LGIP 6484	\$ 905,254	\$ 905,254

- D. Mathematically, the reconciliation and detailed supporting schedules are accurate.

<u>Account</u>	<u>October 31, 2023</u>	<u>June 30, 2024</u>
BEO Checking 1573	Yes	Yes
BEO Savings 0117	Yes	Yes
BEO Money Market 0259	Yes	Yes
BEO ICS Savings 259	Yes	Yes
BEO CDARS 2	Yes	Yes
BEO CDARS 3	Yes	Yes
LGIP 6484	Yes	Yes

- e. Obtain a check register for the fiscal year and confirm if there are any gaps in check numbers issued during the year. Account for all voided checks by obtaining supporting documentation (for example: voided check).

All gaps in check numbers issued during the fiscal year were supported by documentation of voided checks.

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- f. Inquire of the municipal corporation whether they are required to maintain any separate bank accounts for a particular fund, program, loan, grant, or other purpose. If yes, observe whether the municipal corporation maintains a separate bank account as required.

N/A - no separate bank accounts required

- g. If account(s) were opened or closed during the year (determined by comparing the current listing to prior years), inspect the minutes of the governing body and observe that the decision(s) are included. If approval authority is delegated to open and close accounts and not approved by the governing body, report the position title that authority is delegated to only if there were new or closed accounts during the year.

The CDARS 2 and 3 accounts are on an annual auto-renewal system through the Bank of Eastern Oregon. Approval authority for the accounts are granted to the District Manager.

- h. Determine whether deposits are covered by Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) insurance, or deposited with institutions participating in the public funds collateralization pool. (ORS 295 – Depositories of Public Funds and Securities)

All deposits are maintained at BEO, which is included on the list of qualified depositories participating in the public funds collateralization pool.

16) DEBT (A/C)

N/A – The municipal corporation does not have any debt or leases

17) LOCAL BUDGET LAW (C)

[OAR 162-040-0165(17)a-f]

- a. If the municipal corporation is subject to local budget law [ORS 294] complete the following:

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- b. Adopted Budget - for year after AUP procedure year
- A. Obtain a copy of the original approved and adopted budget, for the subsequent year.
 - B. Determine whether the budget was adopted before the start of the budget year. [ORS 294.408]

The budget was adopted June 13, 2024, prior to the start of the budget year beginning July 1, 2024.

- C. Determine whether the budget committee passed a motion to approve each tax levy and the budget dollar amount. [ORS 294.428]

The minutes for the May 9, 2024 meeting documented the motion to approve the tax levy and the budget dollar amount.

- D. Compare the original adopted budget levy and the budget amount to the approved budget levy and budget. If there were any changes/differences, determine whether procedures were followed to make the change. [ORS 294.456]

The original approved budget levy and the budget amount were compared to the adopted budget levy and budget amount.

Changes were within compliant limits allowed under ORS during the budget adoption process.

- E. If resources do not equal requirements, document which funds are not balanced and report management's response as to why they are not balanced. Report N/A if the budget is balanced.

N/A - resources equal requirements

- c. Budget Resolution - current year

- A. Obtain a copy of the resolution and observe whether the municipal corporation has appropriated by organization unit or program. [ORS 294.388(2)]

Budget was observed to be appropriated by organizational unit.

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- B. Compare the budget resolution to final, actual spending and report whether the municipal corporation overspent any appropriation category. If a budget exception exists per ORS 297.338, there is no violation and the accountant should exclude an overspending comment from the report.
[ORS 294.338]

Overexpenditures:

Watershed Imp Educ Fund - Special Payments - \$1,439

d. Budget Meetings

- A. Obtain a copy of budget committee meeting notice(s).
- B. Compare the dates of published notice to the meeting dates and conclude whether notices were published timely.
[ORS 294.426]

Meeting Dates: April 4, 2024
Publish Dates: March 14, 2024 and March 28, 2024

Notices were published timely.

e. Budget Hearing

- A. Obtain a copy of the notice of budget hearing (LB-1, ED-1, UR-1 or CC-1).
- B. Observe each statement to ensure the notices of budget hearing are complete and published timely. [ORS 294.438]

Meeting Date: May 14, 2024
Publish Dates: May 2, 2024

Notices for the budget hearing were observed and were complete and published timely.

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- f. Resolution Transfer or Supplemental Budget (year of AUP)
 - A. Obtain a copy of any resolution transfer or supplemental budget.
 - B. Determine whether the transfer or changes were made prior to overspending appropriation authority. [ORS 294.463 and ORS 294.471]

N/A - No changes were made to the original budget.

18) FIDELITY BOND + INSURANCE (C)

[OAR 162-040-0165(18)a-c]

- a. Obtain from management a copy of the fidelity or faithful performance bond covering the principal responsible official (those responsible for receiving and disbursing moneys on behalf of the municipality).
- b. Observe that the bond was in force during the fiscal period.

Coverage was in force from 7/1/2023-6/30/2024.

- c. Observe that the bond was in an amount sufficient as required by ORS 297.435(3).

Total revenues per FS:	\$	517,184
Crime/Bond coverage requirement:	\$	51,718
Coverage in force:	\$	250,000

19) CONTRACTING + PROCUREMENT (A/IC/C)

[OAR 162-040-0165(19)a-b]

- a. Obtain, from management, a list of contracts and agreements for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period.

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- b. For contracts or agreements over \$25,000 or the calculated threshold, whichever is greater, obtain the procurement documentation and observe whether there is evidence of obtaining multiple quotes (or bids if required due to the total contract amount) or documentation as to why sole source selection was reasonable in the circumstance. (Y/N) If N, document the goods or services purchased and the total amount of the purchase or contract.

N/A - No new agreements over \$25,000

20) PROGRAMS FUNDED FROM OUTSIDE SOURCES (C)

[OAR 162-040-0165(20)a-b]

- a. Inquire of municipal corporation management and obtain a listing of any grant or similar funding, to identify any outside sources of funding, and whether there are requirements restricting the use those funds or related to the timing of spending the funding.
- b. Report on the source(s) and amount(s) received during the year reported for any source that exceeds the calculated threshold, or 10 percent of revenues, whichever is greater.

Total Revenues:	\$	514,573
10% of Revenues:	\$	51,457
Threshold:	\$	12,762

10% of revenues is greater than the threshold.

Source	Amount Received
ODA	\$ 67,242

21) HIGHWAY FUNDS (C) - ORS 294, 368, and 373; Article IX section 3a of the Oregon Constitution

N/A – The municipal corporation does not report Highway Funds