

**JACKSON SOIL AND WATER
CONSERVATION DISTRICT**

AUDIT REPORT

For the Year Ended

June 30, 2023

RICHARD W. BREWSTER, CPA, PC

CERTIFIED PUBLIC ACCOUNTANT
MEDFORD

JACKSON SOIL AND WATER CONSERVATION DISTRICT

For the Year Ended June 30, 2023

BOARD OF DIRECTORS

<u>Name</u>	<u>Zone</u>	<u>Term Expires</u>	<u>Address</u>
Stan Dean Chair	At Large 1	12/31/26	1980 Colestin Road Ashland, OR 97502
Barbara Niedermeyer Vice Chair	2	12/31/24	3120 Thompson Creek Road Applegate, OR 97530
Ron Hillers Secretary/Treasurer	5	12/31/24	2194 Dead Indian Memorial Road Ashland, OR 97520
Don Hamann Director	4	12/31/24	P.O. Box 198 Butte Falls, OR 97522
Frank Baratta Director	1	12/31/26	P.O. Box 874 Talent, OR 97540
Nicky Webb Smith Director	3	12/31/24	340 Hodson Road Gold Hill, OR 97525
Katelyn Detweiler Director	At Large 1	12/31/26	4412 Colver Rd. Phoenix, OR 97535
Pam Hillers Associate Director			2194 Dead Indian Memorial Road Ashland, OR 97520
Gordon Jones Emeritus effective 1/1/23			E-mail only through the District
Juanita Wright Emeritus			2002 Galls Creek Road Gold Hill, OR 97525

REGISTERED AGENT

Trevor Morris
89 Alder Street
Central Point, OR 97502

LEGAL COUNSEL

Eileen G. Eakins
5285 Meadows Rd. Suite 400
Lake Oswego, OR 97035

REGISTERED OFFICE

Jackson Soil and Water Conservation District
89 Alder Street
Central Point, OR 97502

JACKSON SOIL AND WATER CONSERVATION DISTRICT
For the Year Ended June 30, 2023

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FINANCIAL SECTION

JACKSON SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023
Unaudited

Our discussion and analysis of Jackson Soil and Water Conservation District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2023, within the limitations of the District's cash-basis of accounting. Please read it in conjunction with the District's financial statements.

1. REPORT LAYOUT

The District's annual financial report consists of several sections. Taken together they provide a comprehensive financial look at the District. The components of the report include the following:

Management's Discussion and Analysis. This section of the report provides financial highlights, overview and economic factors affecting the District. The Management's Discussion and Analysis provides users of this report with additional data that supplements the government-wide financial statements, fund financial statements, and notes to financial statements.

Basic Financial Statements. These statements include government-wide financial statements, fund financial statements and the notes to the financial statements. Government-wide financial statements focus on an entity-wide presentation using the cash-basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the District.

Government-wide financial statements provide information about the activities of the District government-wide (or "as a whole"). These two statements are the Statement of Net Position-Cash Basis, and the Statement of Activities-Cash Basis.

Fund financial statements focus on the individual parts of the District government. Governmental fund statements follow the more traditional presentation of financial statements and tell how services were financed in the short term as well as what remains for future spending. The two statements are the Balance Sheet-Cash Basis, and the Statement of Receipts, Disbursements, and Changes in Fund Balances-Cash Basis.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Supplementary Information. This part of the annual report includes optional financial information such as budget comparison schedules and details to the budget comparison schedules. This supplemental financial information is provided to address certain specific needs of various users of the District's annual report.

JACKSON SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023
 Unaudited

2. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Government-Wide Financial Statements

A condensed version of the Statement of Net Assets at June 30, 2023 and 2022 follows:

Table 1
Net Position--Cash Basis

	Governmental Activities		Total Percentage Change 2022-23
	2023	2022	
Cash and cash equivalents	\$ 1,504,821	\$ 1,511,192	(0.42) %
Total assets	\$ 1,504,821	\$ 1,511,192	(0.42)
Net position			
Restricted	\$ -	\$ 23,184	100.00
Unrestricted	1,504,821	1,488,008	1.13
Total net position	\$ 1,504,821	\$ 1,511,192	(0.42) %

The increase in unrestricted funds is largely due to an increase in grant income, and interest receipts. Additionally, there were unspent funds from current and previous years' district funds. Many of the agreements for District funds have a two-year deadline and requests for funds have been received and approved for several projects.

JACKSON SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023
 Unaudited

2. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

A condensed version of the Statement of Activities for the years ended June 30, 2023 and 2022 follows:

Table 2
Changes in Net Position--Cash Basis

	Governmental Activities		Total Percentage Change 2022-23
	2023	2022	
Receipts			
Property taxes	\$ 1,172,051	\$ 1,177,173	(0.44) %
Oregon Department of Agriculture	109,465	102,484	6.81
Tours, workshops, classes	1,924	-	-
Interest	48,792	8,474	475.78
Grant revenue	597,903	266,429	124.41
Lease income	43,555	33,655	29.42
Miscellaneous	1,318	780	68.97
Total receipts	<u>1,975,008</u>	<u>1,588,995</u>	24.29
Disbursements			
Personnel services	909,568	749,213	21.40
Materials and services	1,033,798	702,788	47.10
Capital outlay	38,013	3,998	850.80
Total disbursements	<u>1,981,379</u>	<u>1,455,999</u>	36.08
Changes in net position	(6,371)	132,996	(104.79)
Beginning net position	<u>1,511,192</u>	<u>1,378,196</u>	9.65
Ending net position	<u>\$ 1,504,821</u>	<u>\$ 1,511,192</u>	(0.42) %

The overall increase in receipts is due to an increase in grant and interest receipts. The additional cash received over the prior year was approximately \$386,000.

Personnel services increased in the current year due to timing of payroll on the cash basis of accounting, and the raises that were in effect for 2022-23. Materials and services increased due to the grant funded projects and other various projects in this category of expenditures.

JACKSON SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023
 Unaudited

3. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND

The total changes in fund balances for the years ended June 30, 2023 and 2022 follows:

Table 3
Changes in Fund Balances--Cash Basis

	Governmental Activities		Total Percentage Change 2022-23
	2023	2022	
Fund Balances - Cash Basis			
General Fund	<u>\$ 1,504,821</u>	<u>\$ 1,511,192</u>	(0.52) %

The change in the General Fund balance reflects the current receipts received and the disbursements for personnel services, materials and services to complete the District's mission and capital outlay for the current year.

4. BUDGETARY HIGHLIGHTS

Below is the presentation of the Original and Final Budget numbers for the General Fund for the fiscal year ended June 30, 2023.

Table 4
Budgetary Changes--Cash Basis

	General Fund Budget		
	Original	Final	Change
General Fund			
Receipts	<u>\$ 2,158,458</u>	<u>\$ 2,158,458</u>	<u>\$ -</u>
Disbursements			
Personnel services	958,085	958,085	-
Materials and services	1,676,697	1,676,697	-
Capital outlay	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Total disbursements	<u>2,679,782</u>	<u>2,679,782</u>	<u>-</u>
Other financing sources (uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Change in fund balance	<u>\$ (671,324)</u>	<u>\$ (671,324)</u>	<u>\$ -</u>

As noted above, the District did not make any changes to the current year's budgeted numbers.

JACKSON SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023
 Unaudited

4. BUDGETARY HIGHLIGHTS (Continued)

A condensed version of the General Fund Budgetary Schedule for the year ended June 30, 2023, follows:

Table 5
Budgetary Comparison Schedule--Cash Basis

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
General Fund			
Receipts	\$ 2,158,458	\$ 1,975,008	\$ (183,450)
Disbursements			
Personnel services	958,085	909,568	48,517
Materials and services	1,676,697	1,033,798	642,899
Capital outlay	45,000	38,013	6,987
Total disbursements	<u>2,679,782</u>	<u>1,981,379</u>	<u>698,403</u>
Excess (deficiency) of receipts over disbursements	<u>(521,324)</u>	<u>(6,371)</u>	<u>514,953</u>
Other financing sources (uses)			
Contingency	<u>(150,000)</u>	<u>-</u>	<u>150,000</u>
Total other financing sources (uses)	<u>(150,000)</u>	<u>-</u>	<u>150,000</u>
Change in fund balance	<u>\$ (671,324)</u>	<u>\$ (6,371)</u>	<u>\$ 664,953</u>

The total receipts reflect the receipts from the Jackson County property taxes and funding from anticipated grants, miscellaneous income, and prior years' property tax.

The decrease in disbursements from Final Budget to Actual is largely due to disbursements from Personnel Services and Materials and Services. Personnel Services budgeted for various rate increases and additional positions that were not filled for the year. Materials and Services were originally budgeted for \$600,000 in pass-thru grants. A majority of these grants materialized in the current year. With the Almeda and S. Obenchain fires, the District was involved in various restorative projects as a result of these fires. As stated under Table 1, there were unspent funds from both current and previous years' district funds. Many of the agreements for district funds have a two-year deadline and requests for these funds have been received and approved for several projects.

JACKSON SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023
Unaudited

5. CAPITAL ASSETS

The District uses the cash-basis of accounting and therefore does not record capital assets or depreciation on its government-wide financial statements. See the Capital Assets note in the Notes to Financial Statements.

6. ECONOMIC FACTORS

The District has been able to increase its capacity in both staffing and the number of projects and activities due to the passing of the Tax Rate Limit in November 2006. The District continues to seek and receive funding for many of its on-the-ground projects and is expanding its capabilities by partnering with the Rogue River Watershed Council and either expanding or maintaining our current partnerships.

7. FINANCIAL CONTACT

The District's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional information, please contact the District at 89 Alder Street, Central Point, Oregon 97502.

RICHARD W. BREWSTER, CPA, PC

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jackson Soil and Water Conservation District
89 Alder Street
Central Point, OR 97502

Opinion

I have audited the accompanying financial statements of the governmental activities and the major fund of Jackson 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.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Jackson Soil and Water Conservation District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Jackson Soil and Water Conservation District and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management's for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Jackson Soil and Water Conservation District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Jackson Soil and Water Conservation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jackson Soil and Water Conservation District's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Other Matters

Other Information


My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson Soil and Water Conservation District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, I have also issued my report dated September 6, 2023, on my consideration of Jackson Soil and Water Conservation District's internal control over financial reporting and on my tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-240 to 162-10-320. The purpose of that report is to describe my evaluation of internal control over financial reporting and the scope of my testing of compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance.


Richard W. Brewster
Certified Public Accountant
Medford, Oregon

September 6, 2023

BASIC FINANCIAL STATEMENTS

JACKSON SOIL AND WATER CONSERVATION DISTRICT
Statement of Net Position—Cash-Basis and
Governmental Funds Balance Sheet—Cash-Basis
June 30, 2023

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 1,504,821	\$ -	\$ 1,504,821
Total assets	\$ 1,504,821	-	1,504,821
FUND BALANCES			
Unassigned	\$ 1,504,821	(1,504,821)	-
Total fund balances	\$ 1,504,821	(1,504,821)	-
NET POSITION			
Unrestricted		1,504,821	1,504,821
Total net position		\$ 1,504,821	\$ 1,504,821

See notes to financial statements.

JACKSON SOIL AND WATER CONSERVATION DISTRICT
Statement of Activities—Cash-Basis and
Governmental Funds Receipts, Disbursements, and
Changes in Fund Balances—Cash-Basis
For the Year Ended June 30, 2023

	<u>Total General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
RECEIPTS			
Property taxes	\$ 1,172,051	\$ -	\$ 1,172,051
Oregon Department of Agriculture grant	109,465	-	109,465
Tours, workshops, classes	1,924	-	1,924
Interest	48,792	-	48,792
Grant revenue	597,903	-	597,903
Lease revenue	43,555	-	43,555
Miscellaneous	1,318	-	1,318
Total receipts	<u>1,975,008</u>	<u>-</u>	<u>1,975,008</u>
DISBURSEMENTS			
Soil and water conservation			
Current			
Personnel services	909,568	-	909,568
Materials and services	1,033,798	-	1,033,798
Capital outlay	38,013	-	38,013
Total disbursements	<u>1,981,379</u>	<u>-</u>	<u>1,981,379</u>
Excess (deficiency) of receipts over disbursements	<u>(6,371)</u>	<u>-</u>	<u>(6,371)</u>
Net changes in fund balances—cash basis	(6,371)	6,371	-
Change in net position—cash basis	-	(6,371)	(6,371)
FUND BALANCES--CASH BASIS			
NET POSITION--CASH BASIS			
Beginning of year	<u>1,511,192</u>	<u>-</u>	<u>1,511,192</u>
End of year	<u>\$ 1,504,821</u>	<u>\$ -</u>	<u>\$ 1,504,821</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

JACKSON SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

Jackson Soil and Water Conservation District is a subdivision of state government and functions as a local unit under the direction of seven elected board of directors. The District's work involves prevention and control of soil erosion, prevention of floodwater and sediment damage, conservation and development of water resources, and water quality management.

The District qualifies as a primary government since it has a separately elected governing board, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts which provide services within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these basic financial statements.

In November 2006, the voters of Jackson County approved a permanent tax rate of \$.05 per \$1,000 of assessed value. The District began receiving the assessed tax during the 2007-2008 fiscal year.

BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The governmental activities generally are financed through property tax revenues and grants.

Net Position is reported as restricted when constraints placed on net asset use are either externally restricted, imposed by creditors, such as grantors, or law or through constitutional provisions or enabling resolutions.

BASIS OF PRESENTATION - FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows, liabilities, deferred inflows, fund balance, receipts, and disbursements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District, or total assets, liabilities, receipts, or disbursements of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type. The District has one governmental fund on a budgetary basis which is the General Fund.

JACKSON SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following fund types are used by the District:

Governmental funds:

The focus of the government funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the District:

The **General Fund** is the general operating fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund. The principal sources of receipts are property taxes, and federal, state, and county grants. Major disbursements are for soil and water conservation efforts and administration.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the cash-basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported with the limitations of the cash-basis of accounting.

In the fund financial statements, the current financial resources measurement focus is applied to the cash-basis of accounting. All governmental funds utilize a current financial resources measurement focus within the limitations of the cash-basis of accounting. Only current financial assets and liabilities are generally included on the balance sheet. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. 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.

JACKSON SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The financial statements are presented on a cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred.

This cash-basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

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

ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term highly liquid investments with a maturity of three months or less when purchased. Investments maintained in the Oregon Local Government Investment Pool are carried at cost, which approximates fair value, and are classified as a cash equivalent.

Investments

The District invests in the Oregon Local Government Investment Pool and considers this investment as a cash equivalent. See the cash equivalents note above.

Capital Assets

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as capital outlay expenditures in the Statement of Activities. In the fund financial statements, capital assets are accounted for as capital outlay upon acquisition. Depreciation is not recorded on capital assets under the cash basis of accounting. Upon disposal of any capital assets, any receipt generated from the disposal is accounted for as revenue in the governmental funds.

JACKSON SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes

Ad valorem property taxes are levied on all taxable property as of July 1. Property taxes become a lien on July 1 for personal and real property. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Uncollected property taxes are not recorded on the Statement of Net Position under the cash-basis of accounting.

Compensated Absences and Sick Pay

The District's personnel policy provides regular full-time employees with vacation and sick leave. Vacation leave may accrue up to 180 hours and be paid upon termination of employment. Sick leave benefits accrued at eight hours per month for regular full-time employees. Sick leave is not paid upon termination of employment. Vacation and sick disbursements are charged to personnel services when taken by the employee.

Net Position Flow Assumption

Assets whose use is restricted for construction, debt service or by other agreement are segregated on the Government-wide Statement of Net Assets. It is the District's policy to first use restricted net resources prior to use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available. Currently, the District's assets are all unrestricted.

Fund Balance Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

JACKSON SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Policies

The Governmental Accounting Standards Board (GASB) issued Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," which became effective for the District beginning with the fiscal year ending June 30, 2011. The statement established five classifications for fund equity; nonspendable, restricted, committed, assigned, and unassigned. The District uses the following fund balance classification:

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use).

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally. The Board of Directors can commit and uncommit funds by resolution.

Unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts can be spent as directed by the budget as adopted by the Board of Directors.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETS

See Notes to Budgetary Comparison Schedules in Supplementary Information.

EXCESS OF DISBURSEMENTS OVER APPROPRIATIONS

The District did not exceed budgeted amounts in any fund.

DEFICIT FUND EQUITY

The District did not have a deficit of fund equity in its fund as of June 30, 2023.

JACKSON SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

DEPOSITS AND INVESTMENTS

Cash and cash equivalents were comprised of the following on June 30, 2023:

Petty cash	\$	154
Financial institutions		17,355
State of Oregon Local Government Pool		<u>1,487,312</u>
Total	\$	<u>1,504,821</u>

Deposits. Deposits with financial institutions are comprised of bank demand deposits. Beginning July 1, the District's deposits at approved banks are covered by collateral held in a multiple financial institution collateral pool administered by the Oregon State Treasurer. On June 30, 2023, the District's deposits had a bank balance of \$69,919. All these deposits were covered by FDIC insurance.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned. The District does not have a formal deposit policy for custodial credit risk.

Investments. State Statutes authorize the District to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial paper and the Oregon Local Government Investment Pool, among others.

Interest Rate Risk. The District does not have a formal investment policy regarding interest rate risk.

Credit Risk. Other than following the State Statute authorization, the District has no formal policy that further restricts its investment choices.

The State of Oregon Local Government Investment Pool (LGIP or Pool) is not registered with the U.S. Securities and Exchange Commission as an investment company and is unrated. The Pool investments are not categorized into credit risk since they are not evidenced by specific securities. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investment in the fund is further governed by portfolio guidelines issued by the Oregon Short-Term Funds Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually. The Division's report on the Pool as of and for the year ended June 30, 2022, was unqualified.

Custodial Credit Risk. The District's investments in the Oregon Local Government Investment Pool are not evidenced by securities that exist in physical or book entry form, and thus, are not subject to custodial credit risk disclosures.

JACKSON SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

CAPITAL ASSETS

The District uses the cash-basis of accounting and, therefore, does not record capital assets on its government-wide financial statements, nor is depreciation recorded on capital acquisitions.

RESTRICTED ASSETS

Restricted assets are generally for grant funds that have been received but not spent.

RETIREMENT PLAN

The District contributes to the Jackson Soil & Water Conservation District 457 (b) Plan (Plan), a defined contribution pension plan for its full-time employees. The Plan is administered by Jackson Soil & Water Conservation District.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Board of Directors. For each employee in the pension plan, the District will contribute 3% and will match the employee's contribution, up to a maximum of 7% of the employee's gross monthly salary, in retirement benefits. For the year ended June 30, 2023, employee contributions totaled \$31,660 and the District recognized pension expense of \$34,296.

Employees are eligible the first day of the first month following date of hire. Employees are immediately vested in their own contributions and earnings and in the District contributions.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District does not have any OPEB liability. The District does not offer health insurance to retired employees. Employees normally do not retire until they are 65 years of age, and the District does not offer PERS.

VACATION AND SICK LEAVE

Because the District uses the cash-basis of accounting, no liability is recorded for accrued vacation or sick leave. However, at June 30, 2023, the District's potential liability as follows: vacation, \$24,642; sick leave, \$31,331.

GRANTS

During the current fiscal year, the District received \$707,368 in grant dollars. Of this amount, \$109,465 was from the Oregon Watershed Enhancement Board for on-going Scope of Work Projects, \$424,853 was from Oregon Watershed Enhancement Board and \$173,050 from Oregon Department of Forestry for the South Obenchain Fire Restoration Project.

JACKSON SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
June 30, 2023

4. OTHER INFORMATION

OFFICE SPACE

On September 16, 2013, the District began leasing office space to the USDA Farm Service Agency. The lease runs through September 15, 2023. The USDA Farm Service Agency is paying the District \$2,438 per month. The District received \$29,255 during the fiscal year ended June 30, 2023.

The District signed a memorandum of Understanding (MOU) with Rogue River Watershed Council (RRWC) that states Jackson Soil and Water Conservation District will lease 791 square feet of remodel space to Rogue River Watershed at the rate of \$1,100 per month. The District received \$14,300 during the fiscal year ended June 30, 2023.

RISK MANAGEMENT

The District is exposed to various risk of loss related to torts, theft or damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters for which the District carries commercial insurance.

During the current year, there were no significant reductions in insurance coverage from the prior year in any major category of coverage. In addition, insurance settlements have not exceeded insurance coverage during any of the past three fiscal years.

RELATED PARTIES

Each board member has the option of receiving \$50 per each meeting attended. They must submit a request to the Bookkeeper. The payments are run through payroll. The gross paid to directors for the fiscal year ended June 30, 2023, was \$100.

SUBSEQUENT EVENTS

The District has evaluated subsequent events through September 6, 2023. September 6, 2023, is the same date as the auditor's report which is based upon the completion of the Management's Discussion and Analysis section of the financial statements. The report was available to be issued on September 13, 2023.

SUPPLEMENTARY INFORMATION

JACKSON SOIL AND WATER CONSERVATION DISTRICT
Notes to Budget Comparison Schedules
June 30, 2023

In November 2006, the voters of Jackson County approved a permanent tax rate of \$.05 per \$1,000 of assessed value. The District began receiving the assessed tax during the 2007-2008 fiscal year.

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 – Local Budget Law). The process under which the budget is adopted is described in the following paragraphs.

Each April, the budget officer (appointed by the Board of Directors) submits a proposed budget to the Budget Committee (consisting of the Board of Directors and an equal number of citizens of the District). The District is required to budget all funds. The District's budget is prepared for each fund on the cash-basis of accounting. For all fund types, inter-fund transfers are budgeted as sources and uses in accordance with state budget laws. Estimated receipts and disbursements are budgeted for by fund and object. Information on the past two years' actual receipts and disbursements and current-year estimates are included in the budget document.

The Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, approves a budget, and submits it to the Board of Directors for final adoption. The approved disbursements for each fund may not be increased by more than 10% by the Board of Directors without returning to the Budget Committee for a second approval. After the Board of Directors adopts the budget and certifies the total of ad valorem taxes to be levied, no additional tax levy may be made for that fiscal year.

The Board of Directors legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and disbursements cannot legally exceed these appropriations. The level of control established by the resolution for each fund is at the object group level (i.e. personnel services, materials and services, capital outlay, debt service, interfund transfers, and contingency). Appropriations lapse at the end of the fiscal year.

The District may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publication in newspapers and approval by the Board of Directors. Disbursements appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted and for debt service on new debt issues during the budget year.

JACKSON SOIL AND WATER CONSERVATION DISTRICT
General Fund
Budgetary Comparison Schedule – Cash-Basis
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
RECEIPTS				
Property taxes				
Current	\$ 1,178,000	\$ 1,178,000	\$ 1,138,462	\$ (39,538)
Prior	15,000	15,000	33,589	18,589
Total property taxes	<u>1,193,000</u>	<u>1,193,000</u>	<u>1,172,051</u>	<u>(20,949)</u>
Other receipts				
Oregon Department of Agriculture grant	87,906	87,906	109,465	21,559
Tours, workshops, classes	2,000	2,000	1,924	(76)
Grant income	820,000	820,000	597,903	(222,097)
Interest	11,297	11,297	48,792	37,495
Lease income	42,455	42,455	43,555	1,100
Miscellaneous	1,800	1,800	1,318	(482)
Total other receipts	<u>965,458</u>	<u>965,458</u>	<u>802,957</u>	<u>(162,501)</u>
Total receipts	<u>2,158,458</u>	<u>2,158,458</u>	<u>1,975,008</u>	<u>(183,450)</u>
DISBURSEMENTS				
Soil and water conservation				
Current				
Personnel services	958,085	958,085	909,568	48,517
Materials and services	1,676,697	1,676,697	1,033,798	642,899
Capital outlay	45,000	45,000	38,013	6,987
Total disbursements	<u>2,679,782</u>	<u>2,679,782</u>	<u>1,981,379</u>	<u>698,403</u>
Excess (deficiency) of receipts over disbursements	<u>(521,324)</u>	<u>(521,324)</u>	<u>(6,371)</u>	<u>514,953</u>
OTHER FINANCING SOURCES (USES)				
Contingency	(150,000)	(150,000)	-	150,000
Total other financing sources (uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>	<u>150,000</u>
Net change in fund balances	(671,324)	(671,324)	(6,371)	664,953
FUND BALANCES--CASH BASIS				
Beginning of year	1,506,324	1,506,324	1,511,192	4,868
End of year	<u>\$ 835,000</u>	<u>\$ 835,000</u>	<u>\$ 1,504,821</u>	<u>\$ 669,821</u>

JACKSON SOIL AND WATER CONSERVATION DISTRICT
General Fund
Detail to Budgetary Comparison Schedule – Cash-Basis
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
DISBURSEMENTS				
PERSONNEL SERVICES				
Salaries and wages	\$ 699,085	\$ 699,085	\$ 669,810	\$ 29,275
Medical, dental, vision	144,000	144,000	135,420	8,580
Payroll taxes	67,000	67,000	71,515	(4,515)
Retirement benefits	48,000	48,000	32,823	15,177
Total personnel services	<u>958,085</u>	<u>958,085</u>	<u>909,568</u>	<u>48,517</u>
MATERIALS AND SERVICES				
Contracted services	100,500	100,500	24,066	76,434
Office expenses	65,000	65,000	67,339	(2,339)
Membership dues	11,275	11,275	10,849	426
Staff - travel, mileage, training	31,500	31,500	17,469	14,031
Directors - travel, mileage, training	5,200	5,200	2,213	2,987
Audit	10,000	10,000	9,250	750
Field and event supplies	24,642	24,642	21,738	2,904
District funds	1,333,000	1,333,000	819,510	513,490
Vehicle insurance and maintenance	4,500	4,500	5,035	(535)
Update/reprint Rural Living Handbook	5,000	5,000	-	5,000
Education youth and adult	17,500	17,500	9,075	8,425
Building maintenance/utilities/landscape	68,580	68,580	47,254	21,326
Total materials and services	<u>1,676,697</u>	<u>1,676,697</u>	<u>1,033,798</u>	<u>642,899</u>
CAPITAL OUTLAY				
Office equipment/furniture/computers	30,000	30,000	34,038	(4,038)
Capital outlay	15,000	15,000	3,975	11,025
Total capital outlay	<u>45,000</u>	<u>45,000</u>	<u>38,013</u>	<u>6,987</u>
TOTAL DISBURSEMENTS	<u><u>\$ 2,679,782</u></u>	<u><u>\$ 2,679,782</u></u>	<u><u>\$ 1,981,379</u></u>	<u><u>\$ 698,403</u></u>

AUDIT COMMENTS AND DISCLOSURES

RICHARD W. BREWSTER, CPA, PC

CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report Required by Oregon State Regulations

Board of Directors
Jackson Soil and Water Conservation District
89 Alder Street
Central Point, OR 97502

I have audited the basic financial statements of Jackson Soil and Water Conservation District as of and for the year ended June 30, 2023, and have issued my report thereon dated September 6, 2023. I conducted my audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether Jackson Soil and Water Conservation District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

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

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

In connection with my testing nothing came to my attention that caused me to believe Jackson Soil and Water Conservation District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing my audit, I considered Jackson Soil and Water Conservation District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jackson Soil and Water Conservation District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Jackson Soil and Water Conservation District's internal control over financial reporting.

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



Richard W. Brewster
Certified Public Accountant
September 6, 2023

