



HARNEY SOIL & WATER
CONSERVATION DISTRICT
BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

HARNEY SOIL & WATER CONSERVATION DISTRICT

Basic Financial Statements
Year Ended June 30, 2023

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HARNEY SOIL & WATER CONSERVATION DISTRICT

Basic Financial Statements
Year Ended June 30, 2023

District Mailing Address

PO Box 848
Hines, OR 97738

DISTRICT OFFICIALS AS OF JUNE 30, 2023

Official	Name	Mailing Address	Term Expires
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Board of Directors

Member	Susan Doverspike	30552 Hotchkiss Lane Burns, OR 97720	2025
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Vice Chair	Scott Franklin	71797 Turnout Road Burns, OR 97720	2024
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Member	Carol Dunten	PO Box 127 Drewsey, OR 97710	2027
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Member	Stacy Davies	31433 OR-205 Frenchglen, OR 97736	2024
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Member	Ken Bentz	68281 Crane Buchanan Rd. Burns, OR 97720	2025
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Treasurer	Ryan Pella	30390 Engstrom Lane Burns, OR 97720	2025
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Chair	Jeff Hussey	PO Box 224 Drewsey, OR 97904	2027
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District Manager	Jason Kesling	PO Box 848 Hines, OR 97738	
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Administration



GASLIN ACCOUNTING, PC
CERTIFIED PUBLIC ACCOUNTANTS

2550 BROADWAY STREET
BAKER CITY, OR 97814
(541)523-6471

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors:

Harney Soil and Water Conservation District
Hines, Oregon 97738

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Harney 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 our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Harney Soil and Water Conservation District, as of June 30, 2023, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Harney Soil and Water Conservation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility for the Financial Statements

Harney Soil and Water Conservation District 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; this includes 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 Harney Soil and Water Conservation District's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

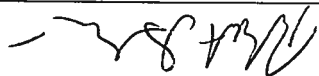
Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Robert Gaslin, CPA
Baker City, Oregon
December 11, 2023



Gaslin Accounting CPA's PC

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, on page 22, we have issued our report dated December 11, 2023 on our consideration of Harney Soil and Water Conservation District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Reports on Other Legal and Regulatory Requirements

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

Required Supplementary Information

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

continue as a going concern for a reasonable period of time.

- 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 Harney 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 our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Harney Soil and Water Conservation District's ability to

HARNEY SOIL & WATER CONSERVATION DISTRICT
Management Discussion and Analysis
Year Ended June 30, 2023

As management of Harney Soil and Water Conservation District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Financial Highlights

As of June 30, 2023, the District reported combined ending Net Position of \$380,317 an increase of \$223,298 from June 30, 2022. \$57,500 of this amount was invested in capital assets, and \$322,817 was unrestricted.

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 comprise three components: 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The Government-Wide financial statements on pages 8 and 9 are designed to provide readers with a broad overview of the district's finances, in a manner similar to a private sector business, and includes the Statement of Net Position and the Statement of Activities. The Statement of Net Position presents information on all of the District's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets 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 will only result in cash flows in future fiscal periods (e.g., earned by unused paid leave).

In the Government-Wide financial statements, the District's activities are shown in two categories: Soil and Water Conservation Projects and Administration. The soil and water projects provide local natural resource conservation efforts to citizens of Harney County. Charges for services and grants provide the resources for these projects.

Fund Financial Statements

The fund financial statements on pages 10 and 11 focus on inflows, outflows and balances of spendable resources as well as balances of resources available at the end of the year. Both the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate comparison with the Government-Wide financial statements.

The fund financial statements are on the modified-accrual basis of accounting which differs from the Government-Wide statements only in the reporting of capital assets, depreciation on capital assets, debt, and accrued compensated absences. The District operates with one governmental fund, which is its General Fund.

Governmental Activities

At June 30, 2023, the District's General Fund reported an ending fund balance of \$325,476, an increase of \$201,887 from the prior year. This increase was attributable to work progressing on the projects for which the District had already received funding, thereby decreasing unearned revenue.

HARNEY SOIL & WATER CONSERVATION DISTRICT

Management Discussion and Analysis

Year Ended June 30, 2023

District As a Whole

As noted previously, net position may serve over time as a useful indicator of a government's financial health. In the case of the District, assets exceeded liabilities by \$380,317 at June 30, 2023 and by \$157,019 at June 30, 2022. This is a net increase of \$223,298 between 2022 and 2023.

Condensed Statement of Net Position		Fiscal Year-Ended	
		2023	2022
Assets:			
Current Assets	\$ 468,477	\$ 409,074	\$ 59,403
Capital Assets, net	57,500	4,361	53,139
Total Assets	<u>525,977</u>	<u>413,435</u>	<u>112,542</u>
Liabilities	134,882	243,770	(108,888)
Current Liabilities	10,778	12,646	(1,868)
Long-term Liabilities	43,691	66,831	(23,140)
Unearned Revenue	145,660	256,416	(110,756)
Net Investment in Capital Assets	57,500	4,361	53,139
Unrestricted	322,817	152,658	170,159
Total Net Position	<u>\$ 380,317</u>	<u>\$ 157,019</u>	<u>\$ 223,298</u>
Condensed Statement of Activities			
Fiscal Year-Ended			
2023			
2022			
(Decrease)			
Increase			
Revenues	\$ 1,591,891	\$ 1,400,683	\$ 191,208
Program Revenues and Grants	109,654	209,753	(100,099)
General Revenues	1,701,545	1,610,436	91,109
Expenses	1,442,100	1,298,771	143,329
Program Expenses	36,147	200,250	(164,103)
Administrative Expenses	1,478,247	1,499,021	(20,774)
Total Expenses	<u>223,298</u>	<u>\$ 111,416</u>	<u>\$ 111,883</u>
Change in Net Position			

Capital Asset Activity

The District purchased two capital assets during the year, a Ford F-150 and a utility trailer. The District owns an older truck, but it was determined that with the number of projects the District is working on more District-owned vehicles were required. The Ford F-150 cost the District \$53,323, of which \$20,000 was financed with a loan. The District also purchased a utility trailer in the amount of \$5,469.

HARNEY SOIL & WATER CONSERVATION DISTRICT

Notes to Financial Statements
Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Financial Statement Amounts – (Continued)

3. Property Tax Calendar and Revenues

The District does not levy a property tax.

4. Capital Assets

Capital assets, which include equipment, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets of the District are depreciated using the straight-line method over estimated useful lives: equipment, 5-10 years.

5. Accrued Wages and Benefits

The District pays its employees every two weeks, which results in the potential for amounts payable at year end. The balance of this account includes wages earned but not paid at the balance sheet date and the associated benefits and payroll taxes on those earnings.

6. Unearned Revenue

Unearned revenue is used to record grants cash receipts that have not yet been earned. The District receives many grants, some are received prior to the work being completed. Those grants are listed in detail in Note 6, and the portion of grants received but not yet earned are reported in Unearned Revenue.

7. Accrued Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amount when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

8. Government-wide Net Position

Government-wide fund net position is divided into three components 1) *Net Investment in Capital Assets*, consisting of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets; 2) *Restricted Net Position* – consisting of net position that is restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors; 3) *Unrestricted* – all other net position is reported here.

9. Governmental Fund Balances

GASB No. 54 requires the fund balance reported in the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The hierarchy from most restrictive to least restrictive is as follows: *non-spendable, restricted, committed, assigned, and unassigned*. For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

HARNEY SOIL & WATER CONSERVATION DISTRICT

Notes to Financial Statements

Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Governmental Fund Balances, continued

- *Non-spendable* – Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
- *Restricted* – Amounts that can be spent only for specific purposes because of the District Charter, state or federal laws, or externally imposed conditions by grantors or creditors.
- *Committed* – Amounts that can be used only for specific purposes determined by a formal action by District Board of Directors resolution.
- *Assigned* – Amounts that are designated by the District Board of Directors for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval for capital projects or debt service) by the District Board of Directors. Assignments are made by District management based on the District Board of Directors direction.
- *Unassigned* – All amounts not included in other spendable classifications.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Under ORS 294.316, the District is exempt from local budget law requirements.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

Bank of Eastern Oregon - General Checking	\$ 229,459
Total Cash and Cash Investments	\$ 229,459
	2023

Interest Rate Risk

The District manages its exposure to declines in fair values of investments by limiting its investment portfolio to demand deposits and short-term investments with original maturities of 3 months or less.

Concentration of Credit Risk

The District addresses credit risk concentration by conforming to the State statutes that place limits on the type of investments that the District is authorized to purchase. The District currently invests its surplus cash in a business money market account.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. At year end, the bank balance of the District's deposits was \$445,112 and exceeded the amount covered by the Federal Depository Insurance Corporation (\$250,000 per depositor). 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 website. Qualifying depository banks must pledge securities with a particular value based on the bank's level of capitalization. The District was in compliance with the ORS requirement.

HARNEY SOIL & WATER CONSERVATION DISTRICT

Notes to Financial Statements
Year Ended June 30, 2023

NOTE 4 -- GRANTS RECEIVABLE

Many of the District's grants are reimbursement grants, requiring the District to incur expenses which will subsequently be reimbursed. These unreimbursed expenditures are recorded as receivables. Accounts receivable consisted of the following at June 30:

	\$ 9,680
Federal - 23 PA 11060400-003 - Title II	24,566
Federal - N. Steens RCPP - Implementation	1,483
OWEB 218-8010-16786	10,245
OWEB 219-9001-22376	14,565
OWEB 221-5017-18997	282
OWEB 222-5025 Baker Corral Large	1,989
OWEB 2023-36 County Wide Medsage	11,420
OWEB Cow Creek Storage	20,827
Ducks Unlimited - SONEC	123,725
High Desert Partnership SB 762 SG	3,655
BLM - L22AC001440 CWMA	15,982
NRCS Partner Bio	600
Oregon Land Trust	\$ 239,018
Total Grants Receivable	<u> </u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year is as follows:

Governmental Activities	July 1	Increases	Decreases	June 30
<i>Capital Assets, Being Depreciated:</i>	\$ 31,606	\$ 58,792	\$ -	\$ 90,398
Equipment	31,606	58,792	-	90,398
Total Capital Assets, Being Depreciated	31,606	58,792	-	90,398
<i>Less Accumulated Depreciated For:</i>	27,245	5,653	-	32,898
Equipment	27,245	5,653	-	32,898
Total Accumulated Depreciation	27,245	5,653	-	32,898
Net Capital Assets, Being Depreciated	4,361	53,139	-	57,500
Net Capital Assets - Governmental Activities	\$ 4,361	\$ 53,139	\$ -	\$ 57,500

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	\$ 5,653
Soil and Water Conservation	-
Total Depreciation Expense - Governmental Activities	<u>\$ 5,653</u>

HARNEY SOIL & WATER CONSERVATION DISTRICT

Notes to Financial Statements
Year Ended June 30, 2023

NOTE 6 - UNEARNED REVENUE

The District receives grant funding in advance of certain portions of a particular project, because not all of the requirements of the grant have been performed, the revenue is not earned and is therefore considered a liability titled unearned revenue. Unearned revenue consisted of the following at June 30:

Program	Amount
213-5075 Otis-Moffet Core Sage	840
216-5037-12356 Coyote Creek	1,209
218-502-15658 Beaver Table HCC	4,233
219-5010-16349 Rock Creek	4,845
218-8203-16868 Drewsey WQ	7,796
22-18-008 Grassly Hills Water	119
22-18-013 Colby Upland Improvement	180
22-20-001 Lawen Solar	153
22-22-004 Sodhouse Solar	1,320
22-22-005 Larkspur Solar	1,485
22-22-006 Baker Corral	2,498
22-22-008 Folly Farm Pipeline	1,235
Focused Investment II CM Implementation	327
Focused Investment Partnership III SSP Dev	438
USFWS Pepperweed	14,535
SONEC Agreement	2,476
Total Unearned Revenue	\$ 43,691

NOTE 7 - DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. For the following end:

Program	Amount
218-8010-16786 SIA Malheur	1,483
221-5017-18997 Addressing Caps	2,749
222-5025 Baker Corral Large	282
2023-36 County Wide Message	1,989
L22AC001440 CWMA BLM	3,655
Oregon Desert Land Trust	600
SONEC	20,827
Total Deferred Revenue	\$ 31,585

NOTE 8 - LONG-TERM DEBT

Long-term debt changed over the course of the year as follows:

Loan - Ford Motor Credit	-	\$ 20,000	\$ 5,296	\$ 14,704
	Beginning Balance	Increases	Decreases	Ending Balance

HARNEY SOIL & WATER CONSERVATION DISTRICT

Notes to Financial Statements
Year Ended June 30, 2023

NOTE 9 – FORD F-150 VEHICLE LOAN

The District acquired a Ford F-150 truck for use by its employees and financed a portion of the vehicle purchase with debt. This loan has an interest rate of 2.9% and payments are made monthly. Principle payments began September 18, 2022 and future minimum payments are as follows:

Year	Interest	Principal	Payment	Total	June 30 Balance
2023-24	\$ 376	\$ 3,926	\$ 4,302	\$ 4,302	\$ 10,778
2024-25	259	4,043	4,302	4,302	6,735
2025-26	140	4,162	4,302	4,302	2,573
2026-27	26	2,573	2,599	2,599	-
Totals	\$ 801	\$ 14,704	\$ 15,505	\$ 15,505	

NOTE 10 – SUBSEQUENT EVENTS

Management has reviewed subsequent events with occurred after June 30, 2023 through December 11, 2023, the date of the independent auditor's report (financial statement issuance date). The financial statements include all events or transactions, including estimates, required to be recognized in accordance with accounting principles generally accepted in the United States of America (US GAAP). Management has also determined that there are no non-recognized subsequent events that require additional disclosure in order for the financial statements to not be misleading, other than those identified elsewhere in the notes to the financial statements.

HARNEY SOIL & WATER CONSERVATION DISTRICT

Notes to Financial Statements
Year Ended June 30, 2023

NOTE 11 – CONSERVATION PROJECTS

Direct grant revenue and expenditures related to conservation projects are grant awards and expenses that flow directly through the District and are as follows:

Project	Entity		Revenue Recognized		Expenditures Incurred		Excess
	Prior	Current	Prior	Current	Prior	Current	
213-5075 Oris-Moffet Core Sage	\$ 110,724	\$ -	\$ 110,724	\$ -	\$ 109,884	\$ -	\$ 840
216-5037-12356 Coyote Creek	\$ 106,393	\$ -	\$ 106,393	\$ -	\$ 104,009	\$ 1,76	\$ 1,209
216-8203-15700 Otis BLM	\$ 133,657	\$ -	\$ 133,657	\$ -	\$ 132,479	\$ 1,178	\$ -
218-502-15658 Beaver Table HCC	\$ 228,565	\$ -	\$ 228,565	\$ -	\$ 224,332	\$ -	\$ 4,233
219-5010-16349 Rock Creek	\$ 169,286	\$ -	\$ 169,286	\$ -	\$ 164,441	\$ -	\$ 4,845
218-8203-16868 Drewsey WQ & Sage Grouse	\$ 113,157	\$ 11,741	\$ 124,898	\$ 113,157	\$ 117,102	\$ 3,945	\$ 7,796
218-8010-16786 SIA Archiving Down the Malheur	\$ 26,522	\$ 1,483	\$ 28,005	\$ 26,112	\$ 1,893	\$ 28,005	\$ -
220-5045-17502 Hamey Irrigation	\$ 15,909	\$ 246	\$ 16,155	\$ 15,909	\$ 246	\$ 16,155	\$ -
221-5017-18997 Addressing Gaps	\$ 30,893	\$ -	\$ 30,893	\$ -	\$ 30,893	\$ -	\$ -
222-5025 Baker Corral Large	\$ 282	\$ -	\$ 282	\$ -	\$ -	\$ 282	\$ -
22-18-008 Grassly Hills Water	\$ 13,597	\$ -	\$ 13,597	\$ -	\$ 12,414	\$ 1,063	\$ 119
22-18-013 Colby Upland Improvement	\$ 13,532	\$ -	\$ 13,532	\$ -	\$ 13,351	\$ -	\$ 180
22-22-004 Sodhouse Solar	\$ -	\$ 10,870	\$ -	\$ 10,870	\$ -	\$ 9,550	\$ 1,320
22-22-005 Larkspur Solar	\$ 7,036	\$ 1,485	\$ 8,521	\$ 7,036	\$ -	\$ 9,550	\$ 1,485
22-22-006 Baker Corral	\$ 12,502	\$ 2,498	\$ 15,000	\$ 12,502	\$ -	\$ 12,502	\$ 2,498
22-22-008 Folly Farm Pipeline	\$ 3,006	\$ 4,241	\$ 7,247	\$ 3,006	\$ 3,006	\$ 6,012	\$ 1,235
22-20-001 Lawen Solar	\$ 4,895	\$ -	\$ 4,895	\$ -	\$ 4,115	\$ 625	\$ 155
2023-36 County Wide Med Sage	\$ 6,055	\$ -	\$ 6,055	\$ -	\$ -	\$ 6,055	\$ -
2023-36 County Wide Med Sage	\$ 1,989	\$ 1,989	\$ 1,989	\$ 1,989	\$ -	\$ 1,989	\$ -
Cow Creek Storage	\$ -	\$ 11,420	\$ -	\$ 11,420	\$ -	\$ 11,420	\$ -
Trout Creek Juniper	\$ 15,521	\$ 3,345	\$ 18,866	\$ 15,521	\$ 3,345	\$ 18,866	\$ -
Focused Investment II CM Implementation	\$ 900,055	\$ 327	\$ 900,382	\$ 900,055	\$ -	\$ 900,055	\$ 327
Focused Investment Partnership III SSP Dev	\$ 48,517	\$ 64,926	\$ 113,443	\$ 48,517	\$ 64,488	\$ 113,005	\$ 438
SB 762 Weed	\$ 10,329	\$ 64,237	\$ 74,566	\$ 10,329	\$ 74,567	\$ 74,567	\$ -
L22AC001440 CWMA BLM	\$ -	\$ 26,676	\$ 26,676	\$ -	\$ 26,676	\$ 26,676	\$ -
F22AC027870 USFS Infra	\$ -	\$ 404,555	\$ 404,555	\$ -	\$ 404,555	\$ 404,555	\$ -
USFS Peppervweed	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ 35,465	\$ 14,535
23 PA 11060400-003 - Title II	\$ -	\$ 9,680	\$ 9,680	\$ -	\$ 9,680	\$ 9,680	\$ -
N. Steens RCPP - Implementation	\$ -	\$ 24,566	\$ 24,566	\$ -	\$ 24,566	\$ 24,566	\$ -
CWMA FS 22-PA	\$ -	\$ 19,082	\$ 19,082	\$ -	\$ 19,082	\$ 19,082	\$ -
NRCS Partner Bio	\$ -	\$ 39,377	\$ 39,377	\$ -	\$ 39,377	\$ 39,377	\$ -
ODA Capacity Operation	\$ 29,329	\$ 47,927	\$ 77,256	\$ 23,459	\$ 53,797	\$ 77,256	\$ -
ODA TA Fund	\$ 45,462	\$ 61,535	\$ 106,997	\$ 16,072	\$ 90,925	\$ 106,997	\$ -
SONEC Agreement	\$ 219,458	\$ 60,787	\$ 280,245	\$ 217,037	\$ 60,732	\$ 277,769	\$ 2,476
Total Grant Specific Revenues and Expenditures	\$ 2,227,452	\$ 960,224	\$ 3,187,675	\$ 2,163,408	\$ 980,576	\$ 3,143,984	\$ 43,691
Grant Income - Projects - Governmental	\$ 2,007,994	\$ 899,437	\$ 2,907,430	\$ 1,946,371	\$ 919,844	\$ 2,866,215	\$ 41,215
Administrative Grants	\$ -	\$ 667,580	\$ -	\$ -	\$ -	\$ -	\$ -
Grant Income - Governmental	\$ 2,007,994	\$ 1,567,017	\$ 2,907,430	\$ 1,946,371	\$ 919,844	\$ 2,866,215	\$ 41,215
Grant Income - Projects - Other Sources	\$ 219,458	\$ 64,783	\$ 280,245	\$ 217,037	\$ 60,732	\$ 277,769	\$ 2,476
Grant Income - Other	\$ 219,458	\$ 64,783	\$ 280,245	\$ 217,037	\$ 60,732	\$ 277,769	\$ 2,476
Total Direct Revenues and Expenditures	\$ 2,227,452	\$ 1,631,800	\$ 3,187,675	\$ 2,163,408	\$ 980,576	\$ 3,143,984	\$ 43,691

Funding Entity Abbreviations
 OWEB - Oregon Watershed Enhancement Board
 NRCS - Natural Resources Conservation Service
 DU - Ducks Unlimited
 ODF - Oregon Department of Forestry
 BLM - Bureau of Land Management
 USFWS - US Forest Service
 ODA - Oregon Department of Agriculture

HARNEY SOIL & WATER CONSERVATION DISTRICT

Notes to Financial Statements
Year Ended June 30, 2023

NOTE 11 – CONSERVATION PROJECTS, CONTINUED

In-kind revenue and expenditures related to conservation projects are grant awards and expenses that are directed through other funding entities. These activities are directly related to District conservation projects and included in the related conservation project contract.

Project	Funding Entity	Revenue Recognized			Grant			Expenditures Incurred		
		Prior	Current	Total	Remaining	Prior	Current	Total	Prior	Current
OWEB 2022-35-028	ODA	\$ -	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ 1,000	\$ -	\$ -	\$ 1,000
OWEB 2022-35-028	BLM	-	5,000	5,000	-	-	5,000	-	-	5,000
OWEB 2022-35-028	FS	-	7,500	7,500	-	-	7,500	-	-	7,500
OWEB 2022-35-028	ODOT	-	1,200	1,200	-	-	1,200	-	-	1,200
Total In-Kind Revenues and Expenditures		\$ -	\$ 14,700	\$ 14,700	\$ -	\$ -	\$ 14,700	\$ -	\$ -	\$ 14,700
Grant Income - Projects - Governmental		\$ -	\$ 14,700	\$ 14,700	\$ -	\$ -	\$ 14,700	\$ -	\$ -	\$ 14,700
Grant Income - Projects - Other Sources		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total In-Kind Revenues and Expenditures		\$ -	\$ 14,700	\$ 14,700	\$ -	\$ -	\$ 14,700	\$ -	\$ -	\$ 14,700

Funding Entity Abbreviations
 FS - Forest Service
 ODOT - Oregon Department of Transportation
 ODA - Oregon Department of Agriculture
 BLM - Bureau of Land Management

NOTE 12 – RETIREMENT PLAN

For the benefit of its employees, the District provides both full-time and part-time employees the option of contributing to a SIMPLE IRA. The District will match employee contributions up to three percent of salary. In the current fiscal year, the District contributed \$10,323 to employee accounts under this plan.

NOTE 13 - RISK MANAGEMENT

The District is exposed to various risks or losses related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District purchases commercial insurance for all claims other than that represented by minimal deductible amount per loss. There have been no significant reductions in insurance coverage from coverage in prior years in any of the major categories of risk. Amounts of any settlements or claims have not exceeded insurance coverage in any of the past three years.

NOTE 14 – CONCENTRATION OF RISK

The District is dependent on the State of Oregon for a substantial portion of its operating funds with most funding grants being provided through the Oregon Watershed Enhancement Board (OWEB). During the fiscal year, however, OWEB did not account for a significant portion of the District's revenue, rather the United States Forest Service accounted for 28% of revenues excluding in-kind revenue.

NOTE 15 – CONTINGENCIES

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

REPORTS ON OTHER LEGAL AND
REGULATORY REQUIREMENTS



GASLIN ACCOUNTING, PC
CERTIFIED PUBLIC ACCOUNTANTS

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BAKER CITY, OR 97814
(541)523-6471

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

We have audited the basic financial statements of Harney Soil and Water Conservation District as of and for the year ended June 30, 2023, and have issued our report thereon dated December 11, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

- Deposit of public funds with financial institutions (ORS Chapter 295).
- 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 our testing nothing came to our attention that caused us to believe the 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, except for the following public purchasing law violation:

- During the fiscal year, the District purchased a Ford F-150 truck for a price in excess of \$10,000. Oregon public purchasing law requires an entity to attempt to obtain three quotes for purchases of this size. The District did not seek to obtain at least three competitive quotes.

OR 162-10-0230 Internal Control

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

This report is intended solely for the information and use of the council members and management of Harney 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.

Gaslin Accounting CPA's PC

Robert Gaslin, CPA
December 11, 2023