

**COOS SOIL & WATER CONSERVATION DISTRICT
COQUILLE, OREGON**

AUDIT REPORT

JUNE 30, 2024

Prepared by
Signe Grimstad
Certified Public Accountant
530 NW 3rd, Suite E
PO Box 1930
Newport, Oregon 97365

COOS SOIL & WATER CONSERVATION DISTRICT
Coquille, Oregon

BOARD OF DIRECTORS

<u>Title</u>	<u>Name</u>
Chair – at Large Position 2	Mark Villers
Vice Chair – Zone 3	VACANT
Treasurer – at Large Position 1	Ernie Newton
Secretary – Zone 4	Michael Clary
Director – Zone 1	Adela Villers
Director – Zone 2	Cindy Gant
Director – Zone 5	VACANT

STAFF

District Manager	Caley Sowers
Office Manager	Modena Thomas
Water Quality Project Manager	Andrew Chione
Watershed Technical Specialist	Abigail Richards

OFFICE

379 N. Adams Street
Coquille, OR 97423

COOS SOIL & WATER CONSERVATION DISTRICT
Coquille, Oregon

TABLE OF CONTENTS

INTRODUCTORY SECTION

Title Page
List of Directors
Table of Contents

FINANCIAL SECTION

Page

Independent Auditor's Report	1-3
Basic Financial Statements	
Statement of Net Position and Governmental Fund Statement of Assets, Liabilities and Fund Balance - Cash Basis	4
Statement of Activities and Statement of Revenues, Expenses, and Changes in Fund Balance – Governmental Fund - Cash Basis	5
Notes to Financial Statements	6-10

SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Cash Basis - Governmental Fund Type - General Fund	11
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AUDITOR'S COMMENTS AND DISCLOSURES

Independent Auditor's Report Required by Oregon State Regulations	12-13
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Coos Soil & Water Conservation District
Coquille, Oregon 97423

Report on the Audit of Financial Statements

Opinions

I have audited the accompanying cash basis financial statements of the governmental activities and its major fund of Coos Soil & Water Conservation District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the 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 cash basis financial position of the governmental type activities and its major fund of the Coos Soil & Water Conservation District as of June 30, 2024, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

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 Coos Soil & 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 opinions.

Emphasis of Matter

Basis of Accounting

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Members:
AICPA OSCP & OAIA

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, 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 the Coos Soil & Water Conservation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coos Soil & 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

Supplemental information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The General Fund budget and actual schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The individual budget and actual schedule is the responsibility of management and was derived from and relate 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 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 General Fund budget and actual schedule is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Oregon State Regulations

In accordance with the Minimum Standards Audit of Oregon Municipal Corporations, I have issued my report dated October 22, 2024 on my consideration of Coos Soil & 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 my compliance testing and the results of that testing and not to provide an opinion on compliance.



SIGNE GRIMSTAD
Certified Public Accountant
Newport, Oregon
October 22, 2024

COOS SOIL & WATER CONSERVATION DISTRICT

Coquille, Oregon

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
as of June 30, 2024

	<u>General Fund</u>	<u>Reconciliation (Note 2)</u>	<u>Statement of Net Position</u>
ASSETS			
Cash and cash equivalents	\$ <u>123,727</u>	\$ <u>0</u>	\$ <u>123,727</u>
Total assets	\$ <u><u>123,727</u></u>	<u>0</u>	<u>123,727</u>
LIABILITIES	\$ 0	0	0
FUND BALANCE/NET POSITION			
Fund balances			
Unassigned	<u>123,727</u>	<u>(123,727)</u>	<u>0</u>
Total liabilities and fund balance	\$ <u><u>123,727</u></u>		
Net position			
Unrestricted		<u>123,727</u>	<u>123,727</u>
Total net position		\$ <u><u>123,727</u></u>	\$ <u><u>123,727</u></u>

The accompanying notes are an integral part of the financial statements.

COOS SOIL & WATER CONSERVATION DISTRICT

Coquille, Oregon

STATEMENT OF ACTIVITIES AND STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS - CASH BASIS for the Year Ended
June 30, 2024

	<u>General Fund</u>	<u>Reconciliation (Note 2)</u>	<u>Statement of Activities</u>
PROGRAM EXPENSES			
Current			
Coos Soil & Water - operations	\$ 1,529,351	\$ 0	\$ 1,529,351
PROGRAM REVENUES			
Operating grants	<u>1,308,862</u>	<u>0</u>	<u>1,308,862</u>
Excess (def) of revenues over expenses	(220,489)	0	(220,489)
GENERAL REVENUES			
Other revenue	<u>5,649</u>	<u>0</u>	<u>5,649</u>
Excess (def) of revenues over expenses	(214,840)	214,840	0
Change in Net Position		(214,840)	(214,840)
Fund balance/Net position - Beg. of year	<u>338,567</u>	<u>0</u>	<u>338,567</u>
Fund balance/Net position - End of year	<u>\$ 123,727</u>	<u>\$ 0</u>	<u>\$ 123,727</u>

The accompanying notes are an integral part of the financial statements.

COOS SOIL & WATER CONSERVATION DISTRICT
Coquille, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Coos Soil & Water Conservation District (District) are prepared on a cash basis which is comprehensive basis of accounting other than in accordance with Generally Accepted Accounting Principles (GAAP). All relevant Governmental Accounting Standards Board (GASB) pronouncements are applied.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the District's financial activities.

Organization

The District was formed in 1962, and coordinates government assistance with conservation needs on a non-regulatory level, provides assistance, information, and education for Coos County farmers, ranchers, and woodlot owners to implement sound resource management and conservation practices. The District is a municipal corporation and therefore is exempt from federal taxes. It operates under the provisions authorized by Oregon Revised Statutes.

There are various other 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 accordingly their financial information is not included in these financial statements.

Government-Wide and Fund Financial Statements

The government-wide statements and governmental fund statements are combined as allowed for single-purpose governmental activities. The Statement of Net Position and the Governmental Fund Statement of Assets, Liabilities and Fund Balance - Cash Basis are combined with adjustments to bring fund totals to the entity-wide totals on a cash basis. The Statement of Activities and the Governmental Fund Statement of Revenues, Expenses and Changes in Fund Balance - Cash Basis have also been combined with a reconciliation to entity-wide cash basis totals.

Governmental activities are financed primarily through grants.

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The financial activities of the District are conducted within the following major governmental fund:

General Fund

This is the general operating fund of the District. The principal revenue is from grants, and expenditures cover normal operations.

Basis of Accounting and Presentation

The District's financial statements are presented using the cash basis of accounting. This basis recognizes assets, liabilities, net-position/fund equity, revenues and expenses resulting from cash transactions. This basis is a comprehensive basis of accounting other than generally accepted accounting principles.

COOS SOIL & WATER CONSERVATION DISTRICT
Coquille, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Restricted Assets

Assets whose use are restricted by agreement are segregated on the Statement of Net Position. Restricted resources are expended first to fund appropriations for which those restrictions are to be utilized. Grant funds awarded for specific projects are considered to be restricted.

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.

The District's investment policies are governed by Oregon statutes. The 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, high-grade commercial paper and the State Treasurer's Local Government Investment Pool (LGIP). See Note 3A.

The carrying value of cash and cash equivalents and investments approximates fair value.

Budgets

The District is not subject to Oregon Local Budget Law under ORS 294.316(6). Management prepares a budget for planning purposes only.

Fund Balance

The District reports according to fund balance classifications that comprise a hierarchy based on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The following consist of fund balance categories:

Nonspendable fund balance - represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.

Restricted fund balance - represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).

Committed fund balance - represents funds formally set aside by the governing body for a particular purpose. The Board may commit fund balance by resolution and modify or rescind commitments.

Assigned fund balance - represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body.

Unassigned fund balance - is the residual classification of the General Fund.

COOS SOIL & WATER CONSERVATION DISTRICT
Coquille, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Balance

The Board of Directors has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and lastly, unassigned fund balance.

Use of Estimates

The preparation of the financial statements in conformity with cash basis requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund statement of assets, liabilities and fund balance includes a reconciliation of differences between fund balances and net position. The adjustment reflects the difference in presentation of government-wide to fund financial statements.

The governmental fund statement of revenues, expenses, and changes in fund balance include a reconciliation of differences from fund balance to net position.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of the following:

	<u>Balance</u>
Deposits with financial institutions	\$ 119,952
Petty cash	44
Local Government Investment Pool	3,731
Total	<u>\$ 123,727</u>

Deposits

At the end of the fiscal year, the District's total deposits with financial institutions had a bank value of \$136,889, which was fully insured by federal depository insurance.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As required by Oregon Revised Statutes, the District deposits its funds with a financial institution that participates in the Oregon Public Funds Collateralization Program (PFCP). Through this program, deposits in excess of federal depository insurance are collateralized by the PFCP which is maintained by and in the name of the Office of the State Treasurer. As a result, the District has no exposure to custodial credit risk for deposits with financial institutions. The District does not have a formally adopted deposit policy for custodial credit risk.

COOS SOIL & WATER CONSERVATION DISTRICT
Coquille, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

A. DEPOSITS AND INVESTMENTS

Investments

As of June 30, the District held the following investment:

	Fair Value
Local Government Investment Pool (LGIP)	<u>\$ 3,731</u>

The Oregon State Treasurer maintains the Oregon Short Term Fund (OSTF), of which the Local Government Investment Pool (LGIP) is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statutes and the Oregon Investment Council. In accordance with Oregon statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The LGIP was created to offer a short-term investment alternative to Oregon local governments and it is not registered with the U. S. Securities and Exchange Commission. The LGIP is not rated. The investments are regulated by the OSTF and approved by the Oregon Investment Council. At the end of the fiscal year, the fair value of the District's deposits with the LGIP approximated cost. Investments in the LGIP are available on demand (one day). The OSTF financial statements are available at <http://oregon.gov/treasury/public-financial-services/oregon-short-term-funds>.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Oregon statutes limit investments to general obligations of U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, high-grade commercial paper and the State Treasurer's Local Government Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

At June 30, the District held 100% of total investments in the Oregon State Treasury's Local Government Investment Pool. The District places no limit on the amount the District may invest in any one issuer.

B. OTHER INFORMATION

Rent

The District signs an annual lease with Robert Windeler for the office building and room space. Total rent paid for the year was \$6,840.

Contingencies

Amounts received from grantor agencies are subject to audit and adjustment by these agencies, principally state government. The amount of costs which could be disallowed by the grantor cannot be determined at this time, although the District management expects such amounts, if any, to be immaterial.

COOS SOIL & WATER CONSERVATION DISTRICT
Coquille, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

B. OTHER INFORMATION

Economic Dependence

The District is dependent on the State of Oregon for a substantial portion of its operating funds. This year the District received grants of \$952,243 from the Oregon Watershed Enhancement Board and the Oregon Department of Agriculture, \$312,971 from the Oregon Department of Fish and Wildlife, \$16,088 from Business Oregon, and \$27,560 from other sources.

Risk Management

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; tort; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for such risks. In the last three years, there were no insurance claims filed.

Management has evaluated subsequent events through October 22, 2024, the date on which the financial statements were available to be issued.

**COOS SOIL & WATER CONSERVATION DISTRICT
COQUILLE, OREGON**

SUPPLEMENTARY INFORMATION

COOS SOIL & WATER CONSERVATION DISTRICT

Coquille, Oregon

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL - CASH BASIS - GOVERNMENTAL FUND TYPE for the Year Ended June 30, 2024

GENERAL FUND			
	Original and Final Budget	Actual	Variance
REVENUES			
Grant income	\$ 0	\$ 1,308,862	\$ 1,308,862
Grant administration fees	68,063	71,067	3,004
Mileage	0	1,875	1,875
Interest	150	3,552	3,402
Miscellaneous	0	222	222
Total revenues	<u>68,213</u>	<u>1,385,578</u>	<u>1,317,365</u>
EXPENSES			
Personnel services			
District manager	62,079	61,682	397
Office manager	45,950	43,394	2,556
Water quality project manager	59,185	49,924	9,261
Watershed technical specialist	46,200	41,232	4,968
Employee benefits	10,630	9,000	1,630
Total personnel services	<u>224,044</u>	<u>205,232</u>	<u>18,812</u>
Materials and services			
Contracted services	1,555,193	1,226,117	329,076
Advertising and legal notices	100	0	100
Annual meeting	1,250	967	283
Audit/financial review	7,800	4,600	3,200
Bookkeeping	12,000	6,345	5,655
Legal counsel	2,000	25	1,975
Bank and permit fees	8,028	7,979	49
Membership dues	0	1,211	(1,211)
Insurance	1,200	6,206	(5,006)
IT support	1,800	0	1,800
Postage	1,200	97	1,103
Power	900	991	(91)
Rent	5,100	6,840	(1,740)
Telephone and internet	2,500	2,357	143
Vehicle maintenance	800	200	600
Website maintenance	600	2,476	(1,876)
Travel and mileage	5,765	7,042	(1,277)
Training	1,830	3,401	(1,571)
Supplies and materials	7,833	18,678	(10,845)
Production	1,000	0	1,000
Equipment	4,250	187	4,063
Engineering	0	28,400	(28,400)
2 year status monitoring	4,460	0	4,460
Grant administration fees	68,063	71,067	(3,004)
Total materials and services	<u>1,693,672</u>	<u>1,395,186</u>	<u>298,486</u>
Total expenses	<u>1,917,716</u>	<u>1,600,418</u>	<u>317,298</u>
Excess (def) of revenues over expenses	(1,849,503)	(214,840)	1,634,663
Unappropriated ending fund balance	(261,103)	0	261,103
FUND BALANCE - Beginning of year (Cash basis)	<u>2,110,606</u>	<u>338,567</u>	<u>(1,772,039)</u>
FUND BALANCE - End of year (Cash basis)	<u>\$ 0</u>	<u>\$ 123,727</u>	<u>\$ 123,727</u>

**COOS SOIL & WATER CONSERVATION DISTRICT
COQUILLE, OREGON**

AUDITOR'S COMMENTS & DISCLOSURES

GRIMSTAD & ASSOCIATE

Certified Public Accountants

Independent Auditor's Report Required by Oregon State Regulations

Newport Office:
P.O. Box 1930
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To Board of Directors
Coos Soil & Water Conservation District
Florence, Oregon

I have audited, in accordance with the cash basis of accounting, the financial statements of the governmental activities of Coos Soil & Water Conservation District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated October 22, 2024.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 1620-10-000 through 1620-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the financial statements. 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:

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

In connection with my testing nothing came to my attention that caused me to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 1620-010-000 through 1620-010-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Coos Soil & Water Conservation District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coos Soil & Water Conservation District's internal control. Accordingly, I do not express an opinion on the effectiveness of Coos Soil & Water Conservation District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report

This report is intended solely for the information and use of the management, the audit committee, Oregon Secretary of State Audits Division, Board of Directors and is not intended to be and should not be used by anyone other than these parties.



SIGNE GRIMSTAD
Certified Public Accountant
Newport, Oregon
October 22, 2024