

DRAFT

**MORROW COUNTY UNIFIED
RECREATION DISTRICT**

**Financial Statements and
Independent Auditors' Report**

June 30, 2023

MORROW COUNTY UNIFIED RECREATION DISTRICT

Board of Directors

<u>Name</u>	<u>Term Expires</u>
Cyde Marie Estes, Chairperson	June 30, 2023
Robert Byrd	June 30, 2025
Barry Turner	June 30, 2023
Rick Stokoe	June 30, 2025
Linda LaRue	June 30, 2023

Registered Agent

Katelyn Siri-Murray
P.O. Box 605
Heppner, OR 97836
Phone: (503) 504-8508

Executive Director

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June 30, 2023

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Morrow County Unified Recreation District
Heppner, Oregon

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Morrow County Unified Recreation 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 the major fund of Morrow County Unified Recreation District as of June 30, 2023, and, the respective changes in financial position, and the respective budgetary comparison for the general fund for the year then ended in accordance 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. 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 Morrow County Unified Recreation 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.

Responsibilities of Management 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.

Board of Directors
Morrow County Unified Recreation District
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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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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, 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.
- 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 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 judgment, there are conditions or events, considered in aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 appropriate operational, economic, or historic context.

Board of Directors
Morrow County Unified Recreation District
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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.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 11, 2023, on our consideration of the Morrow County Unified Recreation 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.

Barnett & Moro, P.C.

By _____
Dennis L. Barnett, Shareholder
December 11, 2023

**MORROW COUNTY UNIFIED RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

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

- Governmental activities. All of the District's basic functions are shown here, such as the lease of facilities through agreements with the county school boards, as well as funding community activities throughout Morrow County. These activities are primarily financed through property taxes.

The government-wide financial statements are presented on pages 10 and 11 of this report.

Fund Financial Statements. The fund financial statements provide more detailed information about the District's funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with budgetary legal requirements. The District has only one fund type, a governmental fund.

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

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

The District maintains one governmental fund, the general fund.

The basic governmental fund financial statements are on pages 10 and 11 of this report.

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are on pages 13 through 19 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the General Fund Budget to Actual statement.

**MORROW COUNTY UNIFIED RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

As management of Morrow County Unified Recreation District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS:

- In the government-wide statements, the assets of the District exceeded liabilities by \$1,628,630 at June 30, 2023 and \$1,264,812 at June 30, 2022. The June 30, 2023 total amount is unrestricted and available to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$363,818 for the year ended June 30, 2023 compared to an increase of \$533,450 in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS:

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report contains supplementary information in addition to the basic financial statements.

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

- *The Statement of Net Position* . The statement of net position presents information on all of the assets and liabilities of the District at year-end. Net position is what remains after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- *The Statement of Activities* . The statement of activities presents information showing how the net position of the District changed over the year by tracking revenues, expenditures and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that only result in cash flows in future fiscal periods (e.g., uncollected taxes).

**MORROW COUNTY UNIFIED RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS:

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$1,628,630 at June 30, 2023 compared to \$1,264,812 for the prior year.

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Current assets	\$ 1,628,630	\$ 1,264,812
Current liabilities	\$ -	\$ -
Net position:		
Total net position	<u>\$ 1,628,630</u>	<u>\$ 1,264,812</u>

Governmental Activities. During the current year, the District's unrestricted net position increased by \$363,818 compared to a \$533,450 increase in the prior year. The primary elements of the change in the District's net position for the year ended June 30, 2023 are as follows:

- Spent \$268,287 more on programs to benefit citizens.
- Other revenues down \$330,819 due to there being no Amazon payment this year.

**Changes in Net Position
For the years ended June 30, 2023 and June 30, 2022**

	<u>Governmental Activities</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Revenues:		
General revenues		
Property taxes	\$ 1,639,769	\$ 1,260,684
Interest income	57,699	7,310
Other revenues	228,155	558,974
Total revenues	<u>1,925,623</u>	<u>1,826,968</u>
Expenditures:		
Administration	74,855	41,073
Community activities	181,710	116,945
Grants/donation	187,500	100,000
Facility leases	1,117,740	1,035,500
Total expenses	<u>1,561,805</u>	<u>1,293,518</u>
Increase in net position	363,818	533,450
Net position - July 1	<u>1,264,812</u>	<u>731,362</u>
Net position - June 30	<u><u>\$ 1,628,630</u></u>	<u><u>\$ 1,264,812</u></u>

**MORROW COUNTY UNIFIED RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS:

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with budgetary requirements.

Governmental Funds: The focus of the District's governmental fund is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a District's net resources available for spending at the end of a fiscal year.

At June 30, 2023, the District's governmental fund, its general fund, reported an ending fund balance of \$1,596,858, an increase of \$364,793, in comparison with the prior year. This total ending fund balance amount is available for spending at the District's discretion.

The District plans to use the ending fund balance to maintain stable funding for programs in the coming years.

GENERAL FUND BUDGETARY HIGHLIGHTS:

All expenditures were within budget during the 2022-2023 fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET:

The most significant economic factor for the District is the countywide value and subsequent collection of property taxes. As mentioned above property taxes represent 84% of the District's revenues. Currently, the county value is projected to be fairly stable or increase slightly over the next couple of years. This is expected to result in slightly increasing property tax revenues each year.

The budget for the 2023-2024 fiscal year includes budgeted appropriations of \$3,541,239 compared to prior year budgeted appropriations of \$2,964,494.

REQUEST FOR INFORMATION:

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information can be obtained by calling Cyde Estes, District's Chairperson of the Board, at (541) 676-5808 or by sending a written request to: Morrow County Unified Recreation District; P.O. Box 605; Heppner, OR 97836.

MORROW COUNTY UNIFIED RECREATION DISTRICT**Governmental Fund Balance Sheet/Statement of Net Position****June 30, 2023**

	<u>General Fund</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Position</u>
<u>ASSETS:</u>			
Cash and investments	\$ 1,595,311	\$ -	\$ 1,595,311
Property taxes receivable	33,319	-	33,319
Total assets	<u>\$ 1,628,630</u>	<u>-</u>	<u>1,628,630</u>
<u>LIABILITIES</u>			
	<u>\$ -</u>	<u>-</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred property taxes	31,772	(31,772)	-
Total deferred inflows of resources	<u>31,772</u>	<u>(31,772)</u>	<u>-</u>
<u>FUND BALANCES/NET POSITION:</u>			
Fund balances:			
Unassigned	1,596,858	(1,596,858)	-
Total fund balances	<u>1,596,858</u>	<u>(1,596,858)</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,628,630</u>		
Net position:			
Unrestricted		<u>1,628,630</u>	<u>1,628,630</u>
Total net position		<u>\$ 1,628,630</u>	<u>\$ 1,628,630</u>

See accompanying independent auditors' report
and notes to the financial statements.

MORROW COUNTY UNIFIED RECREATION DISTRICT**Statement of Governmental Fund Revenues,
Expenditures, and Changes in Fund Balance/Statement of Activities
For the Year Ended June 30, 2023**

	<u>General Fund</u>	<u>Adjustments (Note 4)</u>	<u>Statement of Activities</u>
<u>EXPENDITURES/EXPENSES:</u>			
Recreation services:			
Morrow County School District facility lease	\$ 898,620	\$ -	\$ 898,620
Ione Community Schools facility lease	219,120	-	219,120
Morrow County community activities	181,710	-	181,710
Grants/Donation	187,500	-	187,500
Administration	74,855	-	74,855
Total expenditures/expenses	<u>1,561,805</u>	<u>-</u>	<u>1,561,805</u>
<u>GENERAL REVENUES:</u>			
Property taxes	1,640,744	(975)	1,639,769
Interest	57,699	-	57,699
Other revenues	228,155	-	228,155
Total general revenues	<u>1,926,598</u>	<u>(975)</u>	<u>1,925,623</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	364,793	(364,793)	-
<u>CHANGE IN NET POSITION</u>	-	363,818	363,818
<u>FUND BALANCE/NET POSITION:</u>			
Beginning of the year	<u>1,232,065</u>	<u>32,747</u>	<u>1,264,812</u>
End of the year	<u>\$ 1,596,858</u>	<u>\$ 31,772</u>	<u>\$ 1,628,630</u>

See accompanying independent auditors' report
and notes to the financial statements.

MORROW COUNTY UNIFIED RECREATION DISTRICT**Notes to Financial Statements****June 30, 2023****NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:****Reporting entity:**

The District was organized under the laws of the State of Oregon relating to Park and Recreation Districts. The District was formed by order of the Morrow County Court in March 1995. The District is authorized to provide youth activities as well as entertainment and cultural activities throughout the County.

The District has determined that no other outside agency is required to be included as a component unit in the District's financial statements. The District is not a component unit of any other government.

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

The government-wide financial statements (the statement of net position and the statement of activities) are reported using the economic resources measurement focus. The governmental fund financial statements (the fund balance sheets and the statement of revenues, expenditures, and changes in fund balances) are reported on the current financial resources measurement focus. The District uses the modified accrual basis of accounting for preparation of financial statements. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available; expenditures are recognized when the liability is incurred. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period.

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

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

The District uses only a General fund. This fund is used to finance the general operations of the District, and is subject to restrictions of the Local Budget Law. The principal revenue source is a property tax levy.

Accounting estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

MORROW COUNTY UNIFIED RECREATION DISTRICT**Statement of Revenues, Expenditures, and Changes in Fund Balances**
Budget to Actual - General Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Property taxes:				
Current year	\$ 1,446,694	\$ 1,446,694	\$ 1,624,594	\$ 177,900
Prior years	10,000	10,000	16,150	6,150
Interest	1,500	1,500	57,699	56,199
SIP and other revenues	237,900	237,900	228,155	(9,745)
Total revenues	<u>1,696,094</u>	<u>1,696,094</u>	<u>1,926,598</u>	<u>230,504</u>
<u>EXPENDITURES:</u>				
Recreation services:				
Materials and services	1,612,140	1,612,140	1,561,805	50,335
Operating contingency	1,252,354	1,252,354	-	1,252,354
Total expenditures	<u>2,864,494</u>	<u>2,864,494</u>	<u>1,561,805</u>	<u>1,302,689</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPEDITURES</u>	(1,168,400)	(1,168,400)	364,793	1,533,193
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>1,268,400</u>	<u>1,268,400</u>	<u>1,232,065</u>	<u>(36,335)</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 1,596,858</u>	<u>\$ 1,496,858</u>

See accompanying independent auditors' report
and notes to the financial statements.

MORROW COUNTY UNIFIED RECREATION DISTRICT**Notes to Financial Statements****June 30, 2023****NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):****Budget procedures:**

A budget is prepared in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon Local Budget Law. Budget amounts shown in the financial statements include the original and supplemental budget amounts and all appropriation transfers approved by the Board of Directors.

The District employs the following procedures in establishing the budgetary data reflected in the financial statements:

The appointed budget officer develops a proposed budget for submission to the budget committee appointed by the Board of Directors. The operating budget includes proposed expenditures and the means for financing them for the upcoming year, along with estimates for the current year and actual data for preceding years.

After the proposed budget is prepared, the budget officer publishes a "Notice of Budget Committee Meeting" in at least one newspaper of general circulation. At the budget committee meeting, the budget message is delivered explaining the proposed budget and any significant changes in the District's financial position. The budget committee meets thereafter as many times as necessary until the budget document is completed.

After approval by the budget committee and the required public hearing, and prior to July 1, the budget is adopted by the Board of Directors, and appropriations are enacted by resolution. Appropriations control expenditures in broad categories as required by Oregon Local Budget Law; these categories are: personal services, materials and services, capital outlay, and operating contingency. More detailed classifications of budgeted expenditures are adopted for administrative control purposes. Budget appropriations lapse at year end.

The governing body is authorized to transfer appropriations within any fund by resolution. Revisions that increase total expenditures in any fund may be made only through a supplemental budget. No supplemental budgets were adopted during the year.

Cash and investment policy:

District monies are invested as allowed by Oregon Statute. Investments consisted of interest bearing deposits with the Morrow County Treasurer and money deposited in a bank checking account.

MORROW COUNTY UNIFIED RECREATION DISTRICT**Notes to Financial Statements****June 30, 2023****NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):****Cash and investment policy (continued):**

Local governments within Morrow County are allowed to leave funds with the Morrow County Treasurer for investing purposes. The Morrow County Treasurer invests the funds with the Oregon Local Government Investment Pool (LGIP). The Oregon Short Term Fund (OSTF) is the LGIP for local governments and was established by the State Treasurer. OSTF investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The fair value of the District's position in the pool is the same as the value of its pool shares. Investments are stated at market value which is approximately the same as cost.

Property taxes:

Morrow County assesses and collects taxes for the District. Property taxes are billed in October of each year. Property taxes attach as an enforceable lien when they are levied on July 1, and until they are paid. Property taxes are payable in three installments due November 15, February 15, and May 15. A 3% discount is allowed for full payment by November 15.

The 2022-2023 budget was adopted in June 2022. The District assessed taxes at the permanent tax rate of \$.4560 per \$1,000 of assessed value.

Income taxes:

The District is exempt from federal and state income taxes.

Net position:

Net position presents the difference between assets and liabilities in the statement of net position. Net position is reported as restricted when there are legal limitations imposed on its use by laws or regulations. When the option is available to use restricted or unrestricted resources for any purpose, the District will expend restricted resources first.

Fund Balance:

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

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid amounts.

MORROW COUNTY UNIFIED RECREATION DISTRICT**Notes to Financial Statements****June 30, 2023****NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):****Fund Balance (continued):**

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

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

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

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

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

Deferred Inflows of Resources:

In addition to liabilities, the statement of financial position will sometimes report a separate section for 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 government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *deferred property taxes*, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 2--CASH AND INVESTMENTS:

At year-end the District had invested 49% of funds with the county treasurer. The Morrow County Treasurer invests these funds in the Oregon Local Government Investment Pool (LGIP), as allowed by state law. Investments totaled \$783,684 at year-end. The rest of the District's cash is held at a checking account. At year end, the amount of cash deposited in a bank checking account was \$811,627.

MORROW COUNTY UNIFIED RECREATION DISTRICT**Notes to Financial Statements****June 30, 2023****NOTE 2--CASH AND INVESTMENTS (Continued):****Credit Risk - Investments:**

The state treasury manages the LGIP in accordance with the prudent investor rule (ORS 293.726). The District has no formal investment policy that would limit its investment choices. While the state investment pool is not currently rated by an independent rating agency, it's holdings provide very strong protection against losses from credit defaults; however, the fund may be sensitive to changing market conditions.

Custodial Credit Risk - Investments:

The Local Government Investment Pool is not subject to custodial credit risk because it is not evidenced by securities that exist in physical or book entry form.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned. ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. The Public Funds Collateralization Program was created by the Office of the State Treasurer to facilitate bank depository, custodian and public official compliance with ORS 295. ORS 295 requires the qualified depository to pledge collateral against any public funds deposits in excess of deposit insurance amounts. As of June 30, 2023, the total bank balances were \$811,627. Of these deposits, \$250,000 was covered by federal depository insurance. The District maintains its funds at a financial institution deemed to be a qualified depository by the Office of the State Treasurer. As a result, the District's remaining deposits in excess of federal deposit insurance are considered by management to be fully collateralized.

NOTE 3--RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES:

Total governmental fund balances	\$ 1,596,858
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Because the focus of governmental funds is on short-term financing, some property taxes receivable will not be available to pay current-period expenditures. They are offset by deferred property taxes in the governmental funds, and thus are not included in fund balances.

31,772

Net position of governmental activities	<u>\$ 1,628,630</u>
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MORROW COUNTY UNIFIED RECREATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 4--RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES:

Net changes in governmental fund balances		\$ 364,793
Because property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds		
July 1, 2022 deferred property tax adjustment	(32,747)	
June 30, 2023 deferred property tax adjustment	31,772	(975)
Change in net position of governmental activities		<u>\$ 363,818</u>

NOTE 5--RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past four years. There were no significant reductions in insurance coverage from coverage in the prior year.

NOTE 6--TAX ABATEMENTS:

The District is subject to tax abatements granted by Morrow County, Oregon through the Enterprise Zone Program and the Strategic Investment Program. These programs have the stated purpose of increasing business activity and employment in Morrow County. Information relevant to the disclosure of those programs for the fiscal year ended June 30, 2023 is:

<u>Tax Abatement Program</u>	<u>Property Taxes Abated</u>	<u>Payments in Lieu Received</u>
Enterprise Zone Agreement	\$ 1,748,427	\$ -
Strategic Investment Program	\$ 564,558	\$ 137,997

NOTE 7--SUBSEQUENT EVENTS:

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

MORROW COUNTY UNIFIED RECREATION DISTRICT**Notes to Financial Statements****June 30, 2023****NOTE 8--OTHER REVENUES:**

Other revenues consisted of the following:

Strategic Investment Program	\$ 137,997
Strategic Investment Program Fund Distribution	\$ 14,213
Long Term Enterprise Zone Fund Distribution	12,238
Columbia River Enterprise Zone - Other	61,705
Heavy Equipment Rental Tax	487
Other revenues	<u>1,515</u>
Other revenues	<u><u>\$ 228,155</u></u>

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OTHER REPORTING REQUIRED BY OREGON MINIMUM STANDARDS

INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Morrow County Unified Recreation District
Heppner, Oregon

We have audited the basic financial statements of Morrow County Unified Recreation 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 Morrow County Unified Recreation 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 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 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).
- 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).

Board of Directors
Morrow County Unified Recreation District
Heppner, Oregon

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.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered Morrow County Unified Recreation 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 management, the Board of Directors, and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these specified parties.

Barnett & Moro, P.C.

By: _____
Dennis L. Barnett, Shareholder
December 11, 2023