

**SANTIAM WATER CONTROL DISTRICT  
MARION COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2022**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223

**SANTIAM WATER CONTROL DISTRICT**  
**MARION COUNTY, OREGON**

**2022**  
**FINANCIAL REPORT**

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**SANTIAM WATER CONTROL DISTRICT**  
**MARION COUNTY, OREGON**

BOARD OF DIRECTORS

TERM EXPIRES

David Dalke, President	June 30, 2027
Gary Butler, Vice President	June 30, 2025
Steven Schelske, Member	June 30, 2027
Marty Dozler, Member	June 30, 2025
Steven Keudell, Member	June 30, 2027
Robert Koenig, Member	June 30, 2025
Randy Gilbert, Member	June 30, 2025

All Directors receive mail at the District Office address listed below

ADMINISTRATION

Brent Stevenson, Manager (Registered Agent)

284 East Water St  
Stayton, Oregon 97383

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**SANTIAM WATER CONTROL DISTRICT**  
**MARION COUNTY, OREGON**

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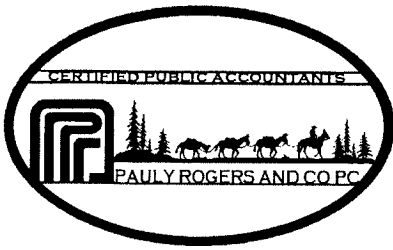
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PAULY, ROGERS, AND CO., P.C.  
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(503) 620-2632  
www.paulyrogersandcocpas.com

June 24, 2024

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Santiam Water Control District  
Marion County, Oregon

### **Opinions**

We have audited the accompanying cash basis basic financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Santiam Water Control District (the District), as of and for the year ended December 31, 2022, and the related notes to the cash basis basic financial statements, which collectively comprise the cash basis basic financial statements as listed in the table of contents.

In our opinion, the cash basis basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and other fund information of the District as of December 31, 2022 and the respective changes in financial position for the year then ended in accordance with the basis of accounting described in Note 1-B.

### **Basis for Opinions**

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

### **Emphasis of Matter - Basis of Accounting**

We draw attention to Note 1-B of the financial statements, which describes the basis of accounting. The basic 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. Our 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 cash basis basic financial statements in accordance with the cash basis of accounting described in Note 1-B: this included determining the cash basis is an acceptable basis for the presentation of the basic 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 the cash basis basic financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the cash basis basic 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.



## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the cash basis basic financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 cash basis basic 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 basic 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 cash basis basic 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 cash basis basic financial statements.
- Conclude whether, in our judgment, 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 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.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the cash basis basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the cash basis basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the cash basis basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the cash basis basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the cash basis basic financial statements or to the cash basis basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the cash basis basic financial statements as a whole, except for the management's discussion and analysis, which has not been subjected to the auditing procedures applied to the audit of the cash basis basic financial statements and we do not express an opinion or provide any assurance on it.

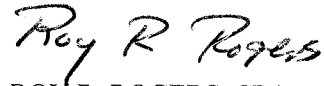
## **Other Information**

Management is responsible for the other information included in the annual report. The other information is comprised of the listing of board members located before the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the cash basis basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the cash basis basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Report on Other Legal and Regulatory Requirements**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated June 24, 2024, on our consideration of 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.



ROY R. ROGERS, CPA  
PAULY, ROGERS AND CO., P.C.

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**SANTIAM WATER CONTROL DISTRICT**

**MARION COUNTY, OREGON**

**BASIC FINANCIAL STATEMENTS**

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SANTIAM WATER CONTROL DISTRICT

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 CASH BASIS  
 December 31, 2022

	Enterprise Funds					Total Enterprise Funds
	General	Irrigation Subdistrict Operations and Maintenance	Water Street Hydroelectric Project	Irrigation Subdistrict Improvement	Nonmajor Enterprise Funds	
ASSETS:						
Current						
Cash and Equivalents	\$ 18,293	\$ 440,366	\$ 48,986	\$ 200,000	\$ 28,314	\$ 735,959
NET POSITION:						
Unrestricted	\$ 18,293	\$ 440,366	\$ 48,986	\$ 200,000	\$ 28,314	\$ 735,959

See accompanying notes to basic financial statements.

**SANTIAM WATER CONTROL DISTRICT**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**CASH BASIS**  
**For the Year Ended December 31, 2022**

	Enterprise Funds					Total Enterprise Funds
	General	Irrigation Subdistrict Operations and Maintenance	Water Street Hydroelectric Project	Irrigation Subdistrict Improvement	Nonmajor Enterprise Funds	
<b>OPERATING RECEIPTS:</b>						
Charges for services	\$ 9,059	\$ 751,034	\$ -	\$ -	\$ 9,549	\$ 769,642
Other	38,592	-	-	-	-	38,592
Total Operating Receipts	<u>47,651</u>	<u>751,034</u>	<u>-</u>	<u>-</u>	<u>9,549</u>	<u>808,234</u>
<b>OPERATING DISBURSEMENTS:</b>						
Personnel Services	428,573	-	-	-	-	428,573
Materials and Services	305,462	4	-	-	-	305,466
Total Operating Disbursements	<u>734,035</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>734,039</u>
Operating Income (Loss)	<u>(686,384)</u>	<u>751,030</u>	<u>-</u>	<u>-</u>	<u>9,549</u>	<u>74,195</u>
<b>NON-OPERATING RECEIPTS (DISBURSEMENTS):</b>						
Interest Income	-	8,099	659	773	-	9,531
Grants	-	108,476	-	-	-	108,476
Total Non-Operating Income	<u>-</u>	<u>116,575</u>	<u>659</u>	<u>773</u>	<u>-</u>	<u>118,007</u>
NET INCOME BEFORE OTHER INCOME	(686,384)	867,605	659	773	9,549	192,202
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In	686,281	-	-	-	-	686,281
Transfers Out	-	(679,239)	-	(773)	(6,269)	(686,281)
Change in Net Position	(103)	188,366	659	-	3,280	192,202
Beginning Net Position	18,396	252,000	48,327	200,000	25,034	543,757
Ending Net Position	<u>\$ 18,293</u>	<u>\$ 440,366</u>	<u>\$ 48,986</u>	<u>\$ 200,000</u>	<u>\$ 28,314</u>	<u>\$ 735,959</u>

See accompanying notes to basic financial statements.

SANTIAM WATER CONTROL DISTRICT

STATEMENTS OF CASH FLOWS  
 PROPRIETARY FUNDS  
 CASH BASIS

For the Year Ended December 31, 2022

	General	Irrigation Subdistrict Operations and Maintenance	Water Street Hydroelectric Project	Irrigation Subdistrict Improvement	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>ACTIVITIES</b>						
Receipts from customers	\$ 9,059	\$ 751,034	\$ -	\$ -	\$ 9,549	\$ 769,642
Cash paid to suppliers and employees	(734,035)	(4)	-	-	-	(734,039)
Other receipts	-	-	-	-	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(724,976)	751,030	-	-	9,549	35,603
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers in	686,281	-	-	-	-	686,281
Transfers out	-	(679,239)	-	(773)	(6,269)	(686,281)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED ACTIVITIES	686,281	(679,239)	-	(773)	(6,269)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Grants	-	108,476	-	-	-	108,476
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED ACTIVITIES	-	108,476	-	-	-	108,476
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on investments	-	8,099	659	773	-	9,531
Other Income	38,592	-	-	-	-	38,592
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	38,592	8,099	659	773	-	48,123
Net increase (decrease) in cash and cash equivalents	(103)	188,366	659	-	3,280	192,202
Cash and cash equivalents- beginning of year	18,396	252,000	48,327	200,000	25,034	543,757
Cash and cash equivalents- end of year	\$ 18,293	\$ 440,366	\$ 48,986	\$ 200,000	\$ 28,314	\$ 735,959
Reconciliation of Cash Flows from Operating Income to Operating Activities						
Operating income (loss)	\$ (686,384)	\$ 751,030	\$ -	\$ -	\$ 9,549	\$ 74,195
Adjustments to reconcile operating income (loss) to net cash						
Other revenues	(38,592)	-	-	-	-	(38,592)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (724,976)	\$ 751,030	\$ -	\$ -	\$ 9,549	\$ 35,603

See accompanying notes to basic financial statements.



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**SANTIAM WATER CONTROL DISTRICT**

**MARION COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**SANTIAM WATER CONTROL DISTRICT  
MARION COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements have been prepared in conformity with the cash basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. THE FINANCIAL REPORTING ENTITY**

Santiam Water Control District (The District) was established April 2, 1954 under the ORS Chapter 553. Control of the District is vested in its board of directors who are elected to office by voters within the District. Administrative functions are delegated to individuals who report and are responsible to the board. The accompanying cash basis basic financial statements present the activities and funds for which the district is considered to be financially accountable. The criteria used in GASB 61 to make this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of this criteria the District is a primary government with no includable component units.

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION**

The District follows the cash basis of accounting. Under the cash basis of accounting, receipts are recorded when received and disbursements are recorded as paid in cash or by check. This basis of accounting is not equivalent to the generally accepted accounting principles (GAAP) basis of accounting. GAAP requires that the accrual basis of accounting be applied. Under the accrual basis of accounting, the cost of capital assets are capitalized and depreciated over their estimated useful lives, debt is recorded as incurred, revenues are recorded when earned irrespective of the collection of cash, and expenditures, including depreciation, are recorded when incurred. Management believes the cash basis of accounting is preferable for the District due to the District's small size and the necessity of assessing available cash resources. The cash basis of accounting is acceptable under Oregon Budget Law.

The District accounts for all its activities in enterprise funds. Major enterprise funds are reported in separate columns in the basic financial statements. The cash basis enterprise funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services, and administrative expenses. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

**SANTIAM WATER CONTROL DISTRICT  
MARION COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. DESCRIPTION OF FUNDS**

The accounts are organized on the basis of funds, each of which are considered a separate accounting entity. Major enterprise funds included in the cash basis basic financial statements are as follows:

**GENERAL FUND**

The General Fund is the primary operating fund. It accounts for all financial resources that are not accounted for in any other fund. Principal sources of receipts are transfers from the other enterprise funds, and primary disbursements are for operations and administrative costs and expenses.

**IRRIGATION SUBDISTRICT OPERATIONS AND MAINTENANCE (O&M)**

This fund is primarily supported by operations and maintenance assessments, and transfers out money to support the General Fund.

**WATER STREET HYDROELECTRIC PROJECT**

Funds are derived from hydroelectric power sales sales, and the fund transfers out money to the General Fund to support operational costs. The District was required to separate this fund for loan purposes, the loan is now paid in full.

**IRRIGATION SUBDISTRICT IMPROVEMENT**

This fund is primarily supported by improvement assessments, and transfers in of unutilized O&M monies. The Fund transfers out money to support Improvement projects through the General Fund.

Nonmajor enterprise funds are aggregated for reporting purposes in the accompanying basic financial statements and are as follows:

**MCKINNEY BOTTOM SUBDISTRICT IMPROVEMENT - ZONE A**

Funds are derived from improvement assessments, and the fund transfers out money to the General Fund to support general operational costs or repair costs.

**MCKINNEY BOTTOM SUBDISTRICT OPERATIONS AND MAINTENANCE - ZONE A**

Funds are derived from charges for services, and the fund transfers out money to the General Fund to support general administrative and operational costs.

**MCKINNEY BOTTOM SUBDISTRICT IMPROVEMENT - ZONE B**

Funds are derived from improvement assessments, and the fund transfers out money to the General Fund to support general operational or repair costs.

**MCKINNEY BOTTOM SUBDISTRICT OPERATIONS AND MAINTENANCE - ZONE B**

Funds are derived from charges for services, and the fund transfers out money to the General Fund to support general administrative and operational costs.

**SANTIAM WATER CONTROL DISTRICT  
MARION COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. CASH AND CASH EQUIVALENTS**

The 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.

**E. INVESTMENTS**

Any investments are stated at cost, which approximates fair value.

**F. BUDGET**

The District is not subject to Oregon Local Budget Law, ORS Chapter 294. Since the District was organized under ORS 553 and does not levy a tax, the District is not subject to budget provisions under ORS 294.305 to 294.520. However, the District does prepare a budget for management control purposes. Comparisons of actual and budgeted transactions are shown on the Schedules of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual in the supplementary information.

**G. USE OF ESTIMATES**

Preparation of the cash basis basic financial statements requires management to make estimates and assumptions that affect the amounts reported in the accompanying notes. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of notes to the cash basis basic financial statements.

**H. COMPENSATED ABSENCES**

Full-time employees earn sick leave at the rate of six days per year and vacation leave at a rate of two to three weeks per year determined by their length of employment. As of December 31, 2022, employees have accumulated \$22,135 of vacation leave. This amount is not recorded in the basic financial statements since the District uses the cash basis of accounting. Employees are not compensated for unused sick leave upon termination of employment.

**I. CAPITAL ASSETS**

The District does not keep a formal capital asset schedule. If there were a list, the value would not be recorded in the basic financial statements since the District uses the cash basis of accounting.

**SANTIAM WATER CONTROL DISTRICT  
MARION COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

**Level 1** – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

**Level 2** – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

**Level 3** – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

**2. CASH AND INVESTMENTS**

The cash management policies are governed by state statutes. Statutes authorized investments in bankers’ acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer’s Local Government Investment Pool.

**DEPOSITS**

Deposits with financial institutions are comprised of demand checking accounts. The total bank balance per the bank statements as of December 31, 2022 was \$41,592 all of which was covered by federal depository insurance. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

**CUSTODIAL CREDIT RISK**

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to the District. The District’s policy, in compliance with State Statutes, requires that the deposits be covered by the Federal Deposit Insurance Corporation (FDIC) and deposited in a bank that is qualified in the Oregon Public Funds Collateralization Program.

**SANTIAM WATER CONTROL DISTRICT**  
**MARION COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**2. CASH AND INVESTMENTS (CONTINUED)**

CONCENTRATION OF CREDIT RISK

At December 31, 2022, 100% of total investments were in the Oregon State Treasury's Local Government Investment Pool. State statutes do not limit the percentage of investment in the Pool.

Cash as of December 31, 2022 consisted of demand accounts and is reported as follows.

	<u>2022</u>
Cash on Hand	\$ 2,486
Deposit with Financial Institutions	15,807
Investments	<u>717,665</u>
Total Cash	<u>\$ 735,959</u>

INVESTMENTS

State statutes authorize investing in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Fitch Ratings and Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record (A-2/P-2 if Oregon commercial paper) and the state treasurer's investment pool.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at December 31, 2022. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it materially approximates fair value.

The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of December 31, 2022, the fair value of the position in the LGIP is 98.98% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.



**SANTIAM WATER CONTROL DISTRICT  
MARION COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**2. CASH AND INVESTMENTS (CONTINUED)**

INTEREST RATE RISK - INVESTMENTS

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments held that have a maturity date beyond 3 months.

CREDIT RISK - INVESTMENTS

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE.

As of December 31, 2022, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 3</u>	<u>3-18</u>	<u>18-59</u>
Local Government Investment Pool	\$ 717,665	\$ 717,665	\$ -	\$ -
Total	<u>\$ 717,665</u>	<u>\$ 717,665</u>	<u>\$ -</u>	<u>\$ -</u>

**3. INTERFUND TRANSFERS**

For the year ended December 31, 2022, the District had the following interfund transfers between the different funds:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 686,281	\$ -
Irrigation Subdistrict O&M Fund	-	679,239
Water Street Hydroelectric Fund	-	-
Irrigation Subdistrict Improvement Fund	-	773
Nonmajor Enterprise Funds	-	6,269
	<u>\$ 686,281</u>	<u>\$ 686,281</u>

The purpose of these transfers was to supplement the resources of specific funds for their respective activities.

**SANTIAM WATER CONTROL DISTRICT  
MARION COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**4. RETIREMENT PLAN – DEFINED CONTRIBUTION**

The District sponsors a money purchase retirement plan. All full-time employees who are at least 18 years of age are eligible after completing six months of employment with the District. The District's annual contribution is six percent of participant wages. The total payroll for employees covered by the plan for the year ended December 31, 2022 was \$319,111. For the year ended December 31, 2022 the District contributed \$18,754. Plan assets are held by a third party plan administrator for the exclusive benefit of the employees, and are not included in these cash basis basic financial statements.

**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; injury to employees; and natural disasters for which the District carries commercial insurance. The District reviews the coverage periodically, and there has not been a significant reduction in coverage from the prior years. Any settlements have not exceeded coverage in the prior three fiscal years.

**6. COMMITMENTS AND CONTIGENCIES**

The COVID-19 outbreak in the United States has caused substantial disruption to business and local governments due to the mandated and voluntary suspension of operations and stay at home orders. There is considerable uncertainty around the duration of the outbreak and the long-term impact to the overall economy. However, the impact of the reduction of economic activity is not determinable.

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**SANTIAM WATER CONTROL DISTRICT**

**MARION COUNTY, OREGON**

**SUPPLEMENTARY INFORMATION**

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SANTIAM WATER CONTROL DISTRICT

GENERAL FUND  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 For the Year Ended December 31, 2022

GENERAL FUND			
	BUDGET	ACTUAL	VARIANCE
<b>RECEIPTS:</b>			
Service construction	\$ 2,500	\$ 9,059	\$ 6,559
Other	24,000	38,592	14,592
Total Receipts	26,500	47,651	21,151
<b>DISBURSEMENTS:</b>			
<b>Personnel Services:</b>			
Hourly labor	324,000	319,111	4,889
Payroll taxes and insurance	38,500	34,472	4,028
Fringe benefits	79,500	74,990	4,510
Total Personnel Services	442,000	428,573	13,427
<b>Materials and Services:</b>			
Director's costs	3,800	4,345	(545)
Services contracted	-	7,866	(7,866)
Audit	17,500	9,200	8,300
Chemicals	5,000	6,772	(1,772)
Culverts and drain tile	3,500	4,466	(966)
Conference Expense	6,000	21,314	(15,314)
Dues and membership	22,000	14,766	7,234
Bank Service Charge	-	174	(174)
Equipment rental	2,500	-	2,500
Equipment repair	17,000	14,294	2,706
Elections	3,000	-	3,000
New Equipment	1,500	-	1,500
Repair and maintenance: hydro	8,000	17,646	(9,646)
Fuel and oil	11,000	13,310	(2,310)
Geo-Spatial	4,500	1,700	2,800
Insurance	42,500	43,119	(619)
Legal	95,000	33,294	61,706
Maintenance of land and building	25,000	1,089	23,911
Office supplies	4,600	2,958	1,642
Other	5,500	6,400	(900)
Other materials and supplies	10,000	1,329	8,671
Postage	1,600	587	1,013
Printing	1,800	6	1,794
Environmental monitoring	6,500	-	6,500
Water rights	2,500	13,037	(10,537)
Automation	17,500	-	17,500
Watershed Plan	-	8,689	(8,689)
WaterSMART drought planning	46,000	34,703	11,297
Power Plant Project	5,000	-	5,000
Bureau water	8,125	7,823	302
Travel	12,000	13,359	(1,359)
Utilities	20,000	21,340	(1,340)
Total materials and services	408,925	305,462	103,463
Total Disbursements	850,925	734,035	116,890
Excess (deficiency) of receipts over disbursements	(824,425)	(686,384)	(95,739)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	783,700	686,281	(97,419)
Total Other Financing Sources (Uses)	783,700	686,281	(97,419)
Net change in fund balance	(40,725)	(103)	(193,158)
Fund balance - beginning	40,725	18,396	(22,329)
Fund balance - ending	\$ -	\$ 18,293	\$ 18,293

**SANTIAM WATER CONTROL DISTRICT**

**IRRIGATION SUBDISTRICT OPERATIONS AND MAINTENANCE FUND  
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For the Year Ended December 31, 2022**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>RECEIPTS</b>			
O/M Assessments	\$ 595,000	\$ 616,781	\$ 21,781
Grants	60,000	108,476	48,476
Hydropower	-	422	422
Municipal	58,000	133,831	75,831
Assess Finance Charge	2,500	-	(2,500)
Interest	2,000	8,099	6,099
	<u>717,500</u>	<u>867,609</u>	<u>150,109</u>
<b>DISBURSEMENTS</b>			
Materials and services:			
LGIP fees	-	4	(4)
	<u>-</u>	<u>4</u>	<u>(4)</u>
Total disbursements	-	4	(4)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(717,500)	(679,239)	38,261
	<u>(717,500)</u>	<u>(679,239)</u>	<u>38,261</u>
Total Other Financing Sources (Uses)	(717,500)	(679,239)	38,261
Net Change in Fund Balance	-	188,366	188,366
Beginning Fund Balance	-	252,000	252,000
Ending Fund Balance	<u>\$ -</u>	<u>\$ 440,366</u>	<u>\$ 440,366</u>

SANTIAM WATER CONTROL DISTRICT

WATER STREET HYDROELECTRIC PROJECT FUND  
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Year Ended December 31, 2022

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	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>RECEIPTS</b>			
Interest	\$ -	\$ 659	\$ 659
Total receipts	<u>-</u>	<u>659</u>	<u>659</u>
Net Change in Fund Balance	-	659	659
Beginning Fund Balance	<u>-</u>	<u>48,327</u>	<u>48,327</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ 48,986</u>	<u>\$ 48,986</u>



**SANTIAM WATER CONTROL DISTRICT**  
**IRRIGATION SUBDISTRICT IMPROVEMENT FUND**  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2022**

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	<u>ORIGINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
RECEIPTS:			
Interest	\$ -	\$ 773	\$ 773
Total Receipts	<u>-</u>	<u>773</u>	<u>773</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	<u>-</u>	<u>(773)</u>	<u>(773)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(773)</u>	<u>(773)</u>
Net Change in Fund Balance	-	-	-
Beginning Fund Balance	<u>-</u>	<u>200,000</u>	<u>200,000</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>

**SANTIAM WATER CONTROL DISTRICT**

**COMBINING SCHEDULE OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS**

**CASH BASIS**

**December 31, 2022**

	McKinney Bottom Subdistrict Zone A		McKinney Bottom Subdistrict Zone B		<b>TOTALS</b>
	Improvement	Operations and Maintenance	Improvement	Operations and Maintenance	
<b>ASSETS</b>					
Cash and instruments	\$ 1,000	\$ 6,584	\$ 1,500	\$ 19,230	\$ 28,314
<b>NET POSITION</b>					
Unrestricted	\$ 1,000	\$ 6,584	\$ 1,500	\$ 19,230	\$ 28,314

SANTIAM WATER CONTROL DISTRICT

COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 CASH BASIS

For the Year Ended December 31, 2022

	McKinney Bottom Subdistrict Zone A		McKinney Bottom Subdistrict Zone B		TOTAL
	Improvement	Operations and Maintenance	Improvement	Operations and Maintenance	
<b>OPERATING RECEIPTS</b>					
Charges for services	\$ -	\$ 3,181	\$ -	\$ 6,368	\$ 9,549
Operating Income	-	3,181	-	6,368	9,549
Transfers out	-	(2,100)	-	(4,169)	(6,269)
Change in net position	-	1,081	-	2,199	3,280
Net position - beginning of year	1,000	5,503	1,500	17,031	25,034
Net position - end of year	<u>\$ 1,000</u>	<u>\$ 6,584</u>	<u>\$ 1,500</u>	<u>\$ 19,230</u>	<u>\$ 28,314</u>

SANTIAM WATER CONTROL DISTRICT

McKINNEY BOTTOM SUBDISTRICT IMPROVEMENT FUND - ZONE A  
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Year Ended December 31, 2022

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	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Beginning Fund Balance	\$ -	\$ 1,000	\$ 1,000
Ending Fund Balance	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>

**SANTIAM WATER CONTROL DISTRICT**

**McKINNEY BOTTOM SUBDISTRICT OPERATIONS AND MAINTENANCE FUND - ZONE A  
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Year Ended December 31, 2022**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
RECEIPTS:			
O/M Assessments	\$ 2,100	\$ 3,181	\$ 1,081
Interest	100	-	(100)
Total Receipts	2,200	3,181	981
OTHER FINANCING SOURCES (USES):			
Transfers Out	(2,100)	(2,100)	-
Total Other Financing Sources (Uses)	(2,100)	(2,100)	-
Net Change in Fund Balance	100	1,081	981
Beginning Fund Balance	-	5,503	5,503
Ending Fund Balance	\$ 100	\$ 6,584	\$ 6,484

**SANTIAM WATER CONTROL DISTRICT**

**McKINNEY BOTTOM SUBDISTRICT IMPROVEMENT FUND - ZONE B  
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For the Year Ended December 31, 2022**

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	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
RECEIPTS:			
Total Receipts	\$ -	\$ -	\$ -
DISBURSEMENTS:			
Total Disbursements	-	-	-
Net Change in Fund Balance	-	-	-
Beginning Fund Balance	\$ -	\$ 1,500	\$ 1,500
Ending Fund Balance	\$ -	\$ 1,500	\$ 1,500

**SANTIAM WATER CONTROL DISTRICT**

**McKINNEY BOTTOM SUBDISTRICT OPERATIONS AND MAINTENANCE FUND - ZONE B  
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Year Ended December 31, 2022**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
RECEIPTS:			
O/M Assessments	\$ 4,000	\$ 6,368	\$ 2,368
Interest	100	-	(100)
Total Receipts	4,100	6,368	2,268
OTHER FINANCING SOURCES (USES):			
Transfers Out	(4,100)	(4,169)	(69)
Total Other Financing Sources (Uses)	(4,100)	(4,169)	(69)
Net Change in Fund Balance	-	2,199	2,199
Beginning Fund Balance	-	17,031	17,031
Ending Fund Balance	\$ -	\$ 19,230	\$ 19,230

**SANTIAM WATER CONTROL DISTRICT  
MARION COUNTY, OREGON**

**Independent Auditors' Report Required by Oregon State Regulations**



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June 24, 2024

### **Independent Auditors' Report Required by Oregon State Regulations**

We have audited the cash basis basic financial statements of Santiam Water Control District as of and for the year ended December 31, 2022, and have issued our report thereon dated June 24, 2024. 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 the cash basis basic financial statements are free of material misstatement, we performed tests of 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 the cash basis basic 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)**
- **Indebtedness limitations, restrictions and repayment.**
- **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 Santiam Water Control 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 internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the cash basis basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

We noted matters involving the internal control structure and its operation that we consider to be a material weakness and significant deficiencies under standards established by the American Institute of Certified Public Accountants, which are noted in our management letter dated June 24, 2024.

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



ROY R. ROGERS, CPA  
PAULY, ROGERS AND CO., P.C.