

**WEST EXTENSION IRRIGATION DISTRICT**

**Financial Statements and  
Independent Auditors' Report**

**December 31, 2023**

**WEST EXTENSION IRRIGATION DISTRICT**

**Board of Directors as of December 31, 2023**

**Elected Officials**

**Term Expires**

Division 1	Robert Mueller	December 31, 2023
Division 2	Abe McNamee	December 31, 2024
Division 3	Von Studer	December 31, 2025
Division 4	Vern Frederickson, Vice Chairperson	December 31, 2024
Division 5	Dalarie Philippi, Chairperson	December 31, 2025

**Appointed Officials**

District Manager and Registered Agent:

Beverly J. Bridgewater  
PO Box 100  
Irrigon, OR 97844

**WEST EXTENSION IRRIGATION DISTRICT**

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985 N 1<sup>st</sup> St.  
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(541) 564-2200

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
West Extension Irrigation District  
Irrigon, Oregon

### **Opinions**

We have audited the accompanying financial statements of the business-type activities and the major fund of West Extension Irrigation District, as of and for the year ended December 31, 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 business-type activities and the major fund of West Extension Irrigation District as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof 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 standard generally accepted on 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 West Extension Irrigation 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.

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 West Extension Irrigation District's ability to continue as a going concern for twelve months beyond the financial statements 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 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 West Extension Irrigation 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 the aggregate, that raise substantial doubt about West Extension Irrigation 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 finding, 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 and pension schedules and notes on pages 6-9 and 37-41, respectively, 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 an appropriate operational, economic, or historical context. 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.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Extension Irrigation District's basic financial statements. The supplementary information on page 43 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financials 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 material respects, in relation to the basic financial statements as a whole.

**Other Matters**

*Other Reporting By Oregon Minimum Standards*

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated August 1, 2024, on our consideration of West Extension Irrigation 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 compliance and the results of that testing and not to provide an opinion on compliance.

Anderson Boylan Ramos, P.C.

By: Rebecca Ramos Bautista  
Rebecca K. Ramos Bautista, Shareholder  
August 1, 2024

# WEST EXTENSION IRRIGATION DISTRICT

## Management's Discussion and Analysis

December 31, 2023

This discussion and analysis provides highlights of financial activities of West Extension Irrigation District. The analysis focuses on the District's overall financial position, results of operations, and other important economic factors for the year ended December 31, 2023. This annual financial report consist of three parts - Management's Discussion and Analysis (this section), the Basic Financial Statements and the Required Supplementary Information.

### **Overview of the Financial Statements**

The District's basic financial statements are divided into several components. Together, they provide a comprehensive overview of the District's financial position. The components of the basic financial statements include:

1. **Basic financial statements:** The basic financial statements present information about the financial activities of the District as a whole.

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as Net Position. 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 Revenues, Expenses and Changes in Net Position presents information showing how the District's net position changed during the most recent fiscal year. 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 expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected assessments and earned but unused vacation leave).

The statement of cash flows provides information regarding the District's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories: operating, noncapital financing, capital financing, and investing. This statement differs from the statement of revenues, expenses, and changes in equity by only accounting for transactions that result from cash receipts or cash disbursements.

2. **Notes to Financial Statements:** The notes provide additional information necessary to gain a full understanding of the financial statements.

**WEST EXTENSION IRRIGATION DISTRICT**

**Management's Discussion and Analysis (continued)**

**December 31, 2023**

**Financial Highlights**

Over time, increases or decreases in net position may be useful in determining improvement or deterioration in the financial position of the District. The following tables provide information comparing the current year's government-wide financial statements to prior year's information for the District as a whole:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 744,576	\$ 624,393
Capital assets	1,793,710	1,776,742
Total assets	<u>2,538,286</u>	<u>2,401,135</u>
Deferred outflows	174,807	242,100
Total assets and deferred outflows	<u><u>2,713,093</u></u>	<u><u>2,643,235</u></u>
Capital debt outstanding	492,648	500,309
Other liabilities	588,300	411,045
Total Liabilities	<u>1,080,948</u>	<u>911,354</u>
Deferred inflows	192,059	337,388
Net Position:		
Investment in capital assets	1,301,062	1,276,433
Restricted	96,101	71,101
Unrestricted	42,923	46,959
Total Net Position	<u>1,440,086</u>	<u>1,394,493</u>
Total Liabilities, Deferred Inflows, and Net Position	<u><u>\$ 2,713,093</u></u>	<u><u>\$ 2,643,235</u></u>
	<u>Year Ending December 31,</u>	
	<u>2023</u>	<u>2022</u>
Revenues:		
Operating revenues		
Incurred Charges	\$ 1,369,844	\$ 1,249,050
Other Billings and Fees	212,791	386,103
Non - Operating Revenues:		
Investment Income	13,679	2,631
Misc. income (Expense)	3,874	26,931
Total Net Revenues	<u>1,600,188</u>	<u>1,664,715</u>
Operating expenses	1,554,595	1,347,017
Change in net position	45,593	317,698
Beginning net position	1,394,493	1,076,795
Ending net position	<u><u>\$ 1,440,086</u></u>	<u><u>\$ 1,394,493</u></u>



**WEST EXTENSION IRRIGATION DISTRICT**

**Management's Discussion and Analysis (continued)**

**December 31, 2023**

**Financial Highlights (cont.)**

During the year the District's net position increased by \$45,593. Operating revenues decreased by \$52,518, mainly due to the BPA contract ending in the prior year. Operating expenses increased by \$207,578 mainly due to increased personnel expenses, weed control and conjunctive use.

**Capital Assets**

Capital Assets at Year-End  
Net of Depreciation

	December 31,	
	2023	2022
Land	\$ 5,042	\$ 5,042
Construction in Progress	69,033	72,997
Machinery, equipment & vehicles	694,485	604,659
Irrigation system and buildings	4,242,192	4,201,692
Accumulated Depreciation	(3,217,042)	(3,107,648)
Total capital assets	<u>\$ 1,793,710</u>	<u>\$ 1,776,742</u>

The District had \$1,793,710 in capital assets net of depreciation at December 31, 2023. Total capital assets increased from the prior year due an increase in construction in progress. In addition, the increase was also due to capital assets added being greater than depreciation expense.

Additional information on capital assets can be found in Note 4 to the Financial Statements.

**Short-Term Debt**

The line of credit was set to mature in August 2023, however, the terms were updated, delaying the maturity until August 2026. It is shown as long-term debt in the December 31, 2023 financials because of this change.

**Capital Debt**

Capital Debt at Year End

	December 31,	
	2023	2022
Financing Leases		
US Bureau of Reclamation	\$ 112,399	\$ 115,360
Ally Bank	30,300	-
Loans Payable		
US Bank SDAO financing	225,000	260,000
Bank of Eastern Oregon	124,949	124,949
Total long-term debt	<u>\$ 492,648</u>	<u>\$ 500,309</u>

**WEST EXTENSION IRRIGATION DISTRICT**

**Management's Discussion and Analysis (continued)**

**December 31, 2023**

**Capital Debt (cont.)**

At December 31, 2023, the District had \$492,648 in debt outstanding, a decrease of \$7,660 from the prior year. The District's capital debt consists of financing leases with the Bureau of Reclamation and Ally Bank, a loan payable to US Bank SDAO financing, and a line of credit with Bank of Eastern Oregon. The financing lease with Ally Bank began in the year ended December 31, 2023 for the purchase of a vehicle.

**Economic Factors**

With rising costs of power and aging assets, the District continues to explore ways to be efficient with all phases of District operations. Overall, operations are stable. The District continues to incur legal fees with regard to water rights issues. The District has completed its Water Management and Conservation Plan. This provides direction and prioritization as the District seeks to further conserve water and streamline operations.

**Requests for Information**

This financial report is designed to provide our citizens, land owners, water users, customer, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional information, contact West Extension Irrigation District, 840 E. Highway 730, P.O. Box 100, Irrigon, OR 97844.

**WEST EXTENSION IRRIGATION DISTRICT**

**Statement of Net Position**

**December 31, 2023**

**ASSETS AND DEFERRED OUTFLOWS**

**Current assets:**

Cash, cash equivalents and investments	\$ 256,257
Accounts receivable	163,739
Inventory	82,674
Prepaid expenses	8,692
	<hr/>
Total current assets	511,362

**Noncurrent assets:**

Restricted assets	
Cash	96,101
	<hr/>
Capital assets:	
Non-depreciable assets:	
Land	5,042
Construction in Progress	69,033
Depreciable assets, net of accumulated depreciation:	
Irrigation system & buildings	1,608,829
Machinery, equipment and vehicles	110,806
Total capital assets	1,793,710
	<hr/>
Other assets:	
Investment in capital credits	123,229
Net OPEB asset	13,884
Total other assets	137,113
	<hr/>
Total noncurrent assets	2,026,924

**Deferred outflows of resources:**

Pension deferrals	174,807
	<hr/>
Total assets and deferred outflows of resources	\$ 2,713,093

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

**WEST EXTENSION IRRIGATION DISTRICT**

**Statement of Net Position (continued)**  
**December 31, 2023**

**LIABILITIES AND NET POSITION**

**Current liabilities:**

Accounts payable	\$ 69,743
Customer deposit - related party	39,073
Accrued interest payable	5,106
Accrued payroll and benefits payable	5,646
Accrued compensated absences	12,281
Current portion of long term debt	52,383
	<hr/>
Total current liabilities	184,232

**Long-term liabilities:**

Long-term debt	440,265
Net pension liability	456,451
Total long-term liabilities	896,716
	<hr/>
Total liabilities	1,080,948

**Deferred inflows of resources:**

Pension deferrals	192,059
	<hr/>

**Net position:**

Investment in capital assets	1,301,062
Restricted	96,101
Unrestricted	42,923
Total net position	1,440,086
	<hr/>
Total liabilities, deferred inflows of resources and net position	\$ 2,713,093

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

**WEST EXTENSION IRRIGATION DISTRICT**

**Statement of Revenues, Expenses, and Changes in Net Position**  
**Year Ended December 31, 2023**

**Operating revenues:**

Incurring charges	\$ 1,369,844
Customer fees	58,209
Other income	7,467
Power billings and other reimbursable billings	132,115
Grant income	15,000
	<hr/>
Total operating revenues	1,582,635
	<hr/>
Total operating expenses	1,554,595
	<hr/>
Operating Income	28,040
	<hr/>

**Non-operating revenues (expenses):**

Interest income	13,679
Patronage credits issued	11,194
Finance charges	11,645
Interest expense	(18,965)
	<hr/>
Net non-operating revenues (expenses)	17,553
	<hr/>
Change in net position	45,593
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Net position, Beginning of year	1,394,493
	<hr/>
Net position, End of year	\$ 1,440,086
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See accompanying independent auditors' report  
and notes to financial statements.

**WEST EXTENSION IRRIGATION DISTRICT**  
**Statement of Cash Flows**

**Year Ended December 31, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash receipts from customers	\$ 1,497,921
Receipts from contracts and reimbursements	154,582
Payments to employees and related expenses	(702,898)
Payments to vendors and suppliers	(684,923)
	<hr/>
Net cash provided by operating activities	264,682
	<hr/>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Capital credits received	17,232
Interest received	25,324
	<hr/>
Net cash provided by investing activities	42,556
	<hr/>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Acquisition of capital assets	(126,362)
Principal paid on capital debt	(55,440)
Interest paid on capital debt	(18,205)
Long-term debt proceeds	47,780
	<hr/>
Net cash used in capital and related financing activities	(152,227)
	<hr/>

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 155,011

**CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR** 

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197,347

**CASH AND CASH EQUIVALENTS - END OF YEAR** 

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\$ 352,358

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

**WEST EXTENSION IRRIGATION DISTRICT**  
**Statement of Cash Flows (continued)**

**Year Ended December 31, 2023**

**RECONCILIATION OF OPERATING**  
**INCOME TO NET CASH PROVIDED**  
**BY OPERATING ACTIVITIES:**

Operating income	\$ 28,040
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	109,394
Net pension and OPEB change	393
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	69,868
(Increase) decrease in prepaid costs	(2,161)
(Increase) decrease in inventory	10,701
Increase (decrease) in accounts payable	44,630
Increase (decrease) in accrued payroll and benefits	1,221
Increase (decrease) in accrued compensated absences	2,596
	<hr/>
Net cash provided by operating activities	<u><u>\$ 264,682</u></u>

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

# **WEST EXTENSION IRRIGATION DISTRICT**

## **Notes to Financial Statements**

**December 31, 2023**

### **NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES:**

West Extension Irrigation District was organized on June 16, 1919, for the purpose of distributing irrigation water to customers in specified areas of Umatilla and Morrow Counties. The District is governed by a five-member board of directors who are water users of the District. Board members are elected for three-year terms. Terms expire December 31 of each year, three years from the beginning of the term for each director. The District charges annually for water usage based upon the irrigable acres within its respective areas for the purpose of raising funds with which to pay the current operating and maintenance expenses.

The financial statements of West Extension Irrigation District have been prepared in accordance with the accounting principles generally accepted in the United States of America (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections on these notes.

#### **Reporting entity**

A component unit is a separate legal organization for which the District is considered to be financially accountable. The District has determined that no other organization meets the criteria to be included as a component unit of the District's financial statements.

#### **Measurement focus, basis of accounting, and financial statement presentation**

The financial statements are reported using the economic resources measurement focus and are presented on the full accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized as soon as they become both measurable and available. 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 District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period, with the exception of federal and state grants. Expenses are recorded when the liability is incurred or economic asset used. Revenues, expense, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The District's resources are allocated to and accounted for in these basic financial statements as a business-type of the proprietary fund group. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the District are operation and maintenance fees generally based on acreage.

Operating expenses for business-type funds include costs of sales and services, administrative expenses and overheads, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.



## WEST EXTENSION IRRIGATION DISTRICT

### Notes to Financial Statements

December 31, 2023

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

##### Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 expenses during the reporting period. Actual results could differ from those estimates.

##### Budgets and budgetary accounting

The District is not subject to Oregon Budget Law and its budget, therefore, is a non-appropriated budget adopted for assessment setting and management purposes. The District prepares its financial information for budgetary purposes on the cash basis, which recognizes revenue when cash is received and expenses when cash is paid out. Because the District's budget is not legally adopted, a statement comparing budgeted revenues, expenses, and changes in net position to actual is not required and has not been included in these financial statements.

##### Cash, cash equivalents and investments

Cash includes demand deposits and deposits in the Oregon Local Government Investment Pool (LGIP).

Oregon Revised Statutes authorize districts to invest in obligations of the U.S. Treasury, agencies and instrumentalities of the United States, bankers acceptances guaranteed by a qualified financial institution, repurchase agreements, interest bearing bonds of any city, county, or port, among others. The District does not have any investments.

For the purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less to be cash and cash equivalents. Cash and cash equivalents include cash on hand, demand deposits, and the State of Oregon's Treasurer's Local Government Investment Pool (LGIP).

##### Assessments and accounts receivable

No allowance for doubtful accounts is considered necessary for the assessment of accounts receivable. These accounts have been adjusted for all known uncollectible accounts. Real property is attached by lien for delinquent assessments and accrued interest, which the District believes is sufficient to insure collection.

##### Prepaid expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2023 are recorded as prepaid items.

## WEST EXTENSION IRRIGATION DISTRICT

### Notes to Financial Statements

December 31, 2023

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

##### Inventory

Inventory consists of meters, weed control chemicals, fuel, irrigation supplies and irrigation pipe, and is valued at the cost and identified individually. A physical count of inventory is conducted annually.

##### Capital assets

Capital assets, which include infrastructure, buildings and improvements, and equipment and vehicles, are reported in the financial statements. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at estimated fair market value as of the date of the donation.

Capital assets are defined by the District as assets with an initial, individual cost of \$2,500 or more, and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred.

Depreciation on exhaustible assets is recorded as an expense in the Statement of Revenues, Expenses, and Changes in Net Position with accumulated depreciation reflected in the Balance Sheet and is provided on the straight-line basis over the estimated useful lives, ranging from 5-40 years dependent upon the asset. One-half year of depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

##### Umatilla Electric Coop Credits

Capital credits are from an electric cooperative and are recorded as income in the year notification of the credit is received. These assets are not converted to cash until the cooperative elects to pay them.

##### Accrued compensated absences

After employees complete six consecutive months of full time services, they become eligible to accumulate annual paid leave benefits. Paid leave is accumulated as follows: Six months to six years - 19 hours per month; six to twelve years - 23 hours per month; Twelve years plus - 27 hours per month. Employees may accumulated up to 35 days or 280 hours of paid time off. All outstanding paid time off is payable upon resignation, retirement, or death. Accordingly, the District accrues a liability for paid time off. Cash payment in lieu of paid leave time off is not permitted, except in the case of termination.

**WEST EXTENSION IRRIGATION DISTRICT**

**Notes to Financial Statements**

**December 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to future periods, and so will not be recognized as an outflow of resources (expense) until that future period. The District has only one item that qualifies for reporting in this category, deferred outflows related to pension liabilities.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that future period. The District has only one item that qualifies for reporting in this category, deferred inflows related to pension liabilities.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement Systems (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net position

The District records restrictions to indicate that a portion of net position is legally segregated for a specific future use. When both restricted and unrestricted resources are available for appropriation, the District's policy is to use restricted resources first.

Due to the nature of the District's operations, certain legal or contractual requirements state that net position must be restricted for a specific future purpose. At December 31, 2023, contractually restricted net position consisted of the following:

O&M emergency funds	\$ 60,000
Conjunctive use emergency funds	36,101
Total	<u>\$ 96,101</u>

**WEST EXTENSION IRRIGATION DISTRICT**

**Notes to Financial Statements**

**December 31, 2023**

**NOTE 2 – CASH AND CASH EQUIVALENTS:**

The District maintains four depository accounts with two financial institutions, and deposits in the Oregon Local Government Investment Pool. The cash balances of the District at December 31, 2023 were as follows:

Demand deposits	\$ 103,668
Local government investment pool	248,390
Petty cash	300
Total	<u>\$ 352,358</u>

Cash, cash equivalents and investments are shown in the financial statements as:

Cash, cash equivalents and investments	\$ 256,257
Restricted assets	96,101
Total cash and investments	<u>\$ 352,358</u>

**Custodial Credit Risk - Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned. 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 December 31, 2023, the total bank balance was insured by federal depository insurance. It is the District's policy to maintain its funds at a financial institution deemed to be a qualified depository by the Office of the State Treasurer.

**Local Government Investment Pool (LGIP)**

The State Treasurer of the State of Oregon maintains the Oregon Short-term Fund (OSTF), of which the Local Government Investment Pool (LGIP) is a part. The OSTF is a cash and investment pool available for use by all state funds and eligible local governments. The OSTF is managed by the Investment Division of the Oregon State Treasury within the guidelines established in the OSTF Portfolio Rules. The LGIP is an open-ended, no-load diversified portfolio offered to eligible participants who by law are made custodian of, or have control over, any public funds. At December 31, 2023, the fair value of the District's deposits with LGIP approximates cost. Fair value of the LGIP is the same as the District's value in pool shares. The OSTF financial statements and the OSTF Portfolio Rules can be downloaded at [www.ost.state.or.us](http://www.ost.state.or.us).

## **WEST EXTENSION IRRIGATION DISTRICT**

### **Notes to Financial Statements**

**December 31, 2023**

#### **NOTE 2 – CASH AND CASH EQUIVALENTS (continued):**

##### **Interest rate risk**

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. The District has a formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value losses arising from changes in market rates.

##### **Credit risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Oregon Revised Statutes authorizes the District to invest primarily in general obligations of the US Government and its agencies, certain bonded obligation of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's investment pool, among others. The District's investment policy has been approved by the Board of Directors and specifies the District's investment objectives, required diversification, certain limitations, and reporting requirements. As of December 31, 2023 the District's investment in Oregon State Treasurer's investment pool is not rated.

##### **Custodial credit risk**

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the government will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The District's investment policy provides that brokers/dealers and financial institutions meet certain qualifications, which are reviewed annually. The Local Government Investment Pool is not subject to custodial risk because it is not evidenced by securities that exist in physical or book entry form.

##### **Restricted cash balances**

The restricted assets as reported on the Statement of Net Position consist of cash restricted by statute or contract.

#### **NOTE 3 – ACCOUNTS RECEIVABLE:**

Accounts receivable at December 31, 2023 consisted of trade accounts receivable of \$163,739. Accounts aged over 90 days included in this balance totaled \$51,203. These accounts have been adjusted for all known uncollectible accounts. Real property is attached by lien for delinquent assessments and accrued interest, which the District believes is sufficient to ensure collection. Therefore, no allowance for doubtful accounts has been made.

**WEST EXTENSION IRRIGATION DISTRICT**

**Notes to Financial Statements**

**December 31, 2023**

**NOTE 4 – CAPITAL ASSETS:**

A summary of changes in capital assets during the year ending December 31, 2023 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b><u>Capital assets not being depreciated:</u></b>				
Land	\$ 5,042	\$ -	\$ -	\$ 5,042
Construction in Progress	72,997	33,554	(37,518)	69,033
Total capital assets not being depreciated	<u>78,039</u>	<u>33,554</u>	<u>(37,518)</u>	<u>74,075</u>
<b><u>Capital assets being depreciated:</u></b>				
Irrigation system	4,201,692	40,500	-	4,242,192
Equipment	604,659	89,826	-	694,485
Total capital assets being depreciated	<u>4,806,351</u>	<u>130,326</u>	<u>-</u>	<u>4,936,677</u>
Less accumulated depreciation for:				
Irrigation system	(2,535,309)	(98,054)	-	(2,633,363)
Equipment	(572,339)	(11,340)	-	(583,679)
Total accumulated depreciation	<u>(3,107,648)</u>	<u>(109,394)</u>	<u>-</u>	<u>(3,217,042)</u>
Total capital assets being depreciated, net	<u>1,698,703</u>	<u>20,932</u>	<u>-</u>	<u>1,719,635</u>
Total capital assets, net	<u>\$ 1,776,742</u>	<u>\$ 54,486</u>	<u>\$ (37,518)</u>	<u>\$ 1,793,710</u>

Construction in progress assets include amounts for enclosing Lateral 17, building a pump station at Lateral 25 and telemetry upgrades District-wide. The decrease is due to Lateral 13 being finished and put in service. Lateral 17 was started in 2021 and is expected to be completed in 2026 and cost an additional \$650,000. Telemetry upgrades are planned to be completed in 2024 and are expected to cost approximately \$60,000. Lateral pump station 25 is expected to be completed in 2024 and cost approximately \$80,000.

**NOTE 5 – LONG-TERM DEBT:**

Changes in financing lease obligations during the fiscal year ended December 31, 2023, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Ally Bank	\$ -	\$ 47,780	\$ (17,480)	\$ 30,300	\$ 14,422
Bureau of Reclamation	115,360	-	(2,961)	112,399	2,961
	<u>\$ 115,360</u>	<u>\$ 47,780</u>	<u>\$ (20,441)</u>	<u>\$ 142,699</u>	<u>\$ 17,383</u>

**WEST EXTENSION IRRIGATION DISTRICT**

**Notes to Financial Statements**

**December 31, 2023**

**NOTE 5 – LONG-TERM DEBT (continued):**

The District entered into a financing lease with Ally Bank in November 2023. Payment of \$17,479 including interest of 10.09% is due annually. Final payment is due November 2025. Collateralized by vehicle.

The District has a financing lease contract with the United States Bureau of Reclamation. The contract remains in force past the date of the final payment in the year 2061 at which time title is still retained by the United States. Implicit interest rate of the lease is zero percent. Therefore, the total lease payments are also the net and present value of the net minimum payments. Payments totaling \$2,961 are due annually.

Future debt requirements for financing leases are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 17,383	\$ 3,057	\$ 20,440
2025	18,569	1,602	20,171
2026	2,961	-	2,961
2027	2,961	-	2,961
2029	2,961	-	2,961
2030-2034	14,805	-	14,805
2035-2039	14,805	-	14,805
2040-2044	14,805	-	14,805
2045-2049	14,805	-	14,805
2050-2054	14,805	-	14,805
2055-2059	14,805	-	14,805
2060-2064	9,034	-	9,034
Total	<u>\$ 142,699</u>	<u>\$ 4,659</u>	<u>\$ 147,358</u>

Changes in direct borrowings during the fiscal year ended December 31, 2023 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revolving Line of Credit	\$ 124,949	\$ -	\$ -	\$ 124,949	\$ -
US Bank Series 2016A	260,000	-	(35,000)	225,000	35,000
	<u>\$ 384,949</u>	<u>\$ -</u>	<u>\$ (35,000)</u>	<u>\$ 349,949</u>	<u>\$ 35,000</u>

**WEST EXTENSION IRRIGATION DISTRICT**

**Notes to Financial Statements**

**December 31, 2023**

**NOTE 5 – LONG-TERM DEBT (continued):**

The District borrowed \$500,000 from U.S. Bank in 2015 to make major improvements on the Irrigon Pump Station. The US Bank SDAO Financing certificates of participation for the Project carries an interest rate of 1% to 4.6% with annual principal payments (periodically adjusted) plus interest due each January 1 and interest only due each July 1. This debt matures January 1, 2030.

The District opened a \$400,000 revolving line of credit with Bank of Eastern Oregon in August 2020 to help finance operations and lateral piping projects. The line was originally supposed to mature in August 2023, however, the terms were updated prior to maturity, extending the maturity date until August 2026. The loan update also increased the interest rate from 5% to 7%. Interest only payments are due semi-annually. A balloon payment of total principal outstanding plus accrued interest is due at maturity.

Future debt service requirements for direct borrowings are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 35,000	\$ 16,261	\$ 51,261
2025	35,000	15,019	50,019
2026	159,949	13,724	173,673
2027	40,000	4,900	44,900
2028	40,000	3,300	43,300
2029-2033	40,000	1,660	41,660
Total	<u>\$ 349,949</u>	<u>\$ 54,863</u>	<u>\$ 404,812</u>

**NOTE 6 – PENSION PLAN:**

**Plan Description**

Employees of the District are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.



## WEST EXTENSION IRRIGATION DISTRICT

### Notes to Financial Statements

December 31, 2023

#### NOTE 6 – PENSION PLAN (continued):

##### Tier One/Tier Two Retirement Benefit (Chapter 238).

###### **Pension Benefits**

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2021. The limit will be equal to \$210,582 in 2022 and will be indexed with inflation in later years.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

###### **Death Benefits**

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

###### **Disability Benefits**

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

**WEST EXTENSION IRRIGATION DISTRICT**

**Notes to Financial Statements**

**December 31, 2023**

**NOTE 6 – PENSION PLAN (continued):**

**Benefit Changes After Retirement**

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living (COLA) changes. The COLA is capped at 2.0 percent.

**OPSRP Pension Program (ORS Chapter 238A)**

**Pension Benefits**

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

For general service, 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit will be equal to \$210,582 in 2022 and will be indexed with inflation in later years.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

**Death Benefits**

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

**Disability Benefits**

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

**Benefit Changes After Retirement**

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA will vary: 1.25 percent for beneficiaries receiving yearly benefits below \$60,000 or \$750 plus 0.15 percent for beneficiaries receiving yearly benefits above \$60,000.

## **WEST EXTENSION IRRIGATION DISTRICT**

### **Notes to Financial Statements**

**December 31, 2023**

#### **NOTE 6 – PENSION PLAN (continued):**

##### **OPSRP Individual Account Program (OPSRP IAP)**

###### **Pension Benefits**

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

###### **Death Benefits**

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

###### **Recordkeeping**

PERS contracts with VOYA Financial to maintain IAP participant records.

###### **Contributions:**

###### **Employer Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions. Employer contributions for the year ended December 31, 2023 were \$62,074 excluding amounts to fund employer specific liabilities. The rates in effect through June 30, 2023 were 17.77 percent for Tier One/Tier Two General Service Member, and 15.44 percent for OPSRP Pension Program General Service Members. The rate for OPSRP Pension Program General Service Members increased to 15.75 percent on July 1, 2023.

**WEST EXTENSION IRRIGATION DISTRICT**

**Notes to Financial Statements**

**December 31, 2023**

**NOTE 6 – PENSION PLAN (continued):**

**Employee Contributions**

Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements.

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than \$3,333 per month, 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:**

At December 31, 2023, the District reported a liability of \$456,451 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. At June 30, 2022, the District's proportion was 0.002981%, compared to its proportion of 0.00307089% measured as of June 30, 2021.

**WEST EXTENSION IRRIGATION DISTRICT**

**Notes to Financial Statements**

**December 31, 2023**

**NOTE 6 – PENSION PLAN (continued):**

For the year ended December 31, 2023, the District recognized pension expense of \$57,433, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,157	\$ 2,847
Changes of assumptions	71,620	654
Net differences between projected and actual earnings	-	81,605
Changes in proportion and differences between employer contributions and proportionate share of contributions	26,110	100,584
Contributions subsequent to the measurement date	54,066	-
	<u>\$ 173,953</u>	<u>\$ 185,690</u>
Net deferred outflow / (inflow) of resources		<u>\$ (11,737)</u>

Contributions subsequent to the measurement date will be expensed in the year ended December 31, 2024. Other deferred inflow of resources and deferred outflow of resources will be recognized in pension expense/(income) in the following years:

	<u>Year</u>	<u>Amount</u>
	2024	\$ (14,806)
	2025	(26,562)
	2026	(45,941)
	2027	27,232
	2028	(5,726)
		<u>(65,803)</u>
Contributions subsequent to the measurement date		54,066
Net deferred outflow / (inflow) of resources		<u>\$ (11,737)</u>

**WEST EXTENSION IRRIGATION DISTRICT**

**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 6 – PENSION PLAN (continued):**

**Actuarial Assumptions:**

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation rate	2.40 percent
Long-Term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.4 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2% COLA and grade COLA(1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	<u>Healthy retirees and beneficiaries:</u> Pub-2010 Healthy retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustment and set-backs as described in the valuation. <u>Active members:</u> Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <u>Disabled retirees:</u> Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Date Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far in to the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

**WEST EXTENSION IRRIGATION DISTRICT**

**Notes to Financial Statements**

**December 31, 2023**

**NOTE 6 – PENSION PLAN (continued):**

**Long-Term Expected Rate of Return:**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

**Assumed Asset Allocation:**

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Debt Securities	15.0 %	25.0 %	20.0 %
Public Equity	25.0 %	35.0 %	30.0 %
Real Estate	7.5 %	17.5 %	12.5 %
Private Equity	15.0 %	27.5 %	20.0 %
Risk Parity	- %	3.5 %	2.5 %
Real Assets	2.5 %	10.0 %	7.5 %
Diversifying Strategies	2.5 %	10.0 %	7.5 %
Opportunity Portfolio	- %	5.0 %	- %
Total			<u>100.0 %</u>

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compound Annual Return (Geometric)</u>
Global Equity	30.62 %	5.85 %
Private Equity	25.50 %	7.71 %
Core Fixed income	23.75 %	2.73 %
Real Estate	12.25 %	5.66 %
Master Limited Partnerships	0.75 %	5.71 %
Infrastructure	1.50 %	6.26 %
Commodities	0.63 %	3.10 %
Hedge Fund of Funds - Multistrategy	1.25 %	5.11 %
Hedge Fund Equity - Hedge	0.63 %	5.31 %
Hedge Fund - Macro	5.62 %	5.06 %
US Cash	(2.50) %	1.76 %
Total	<u>100.00 %</u>	
Assumed Inflation - Mean		2.40 %

## **WEST EXTENSION IRRIGATION DISTRICT**

### **Notes to Financial Statements**

**December 31, 2023**

#### **NOTE 6 – PENSION PLAN (continued):**

##### **Depletion Date Projection**

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

##### **Discount Rate**

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.



**WEST EXTENSION IRRIGATION DISTRICT**

**Notes to Financial Statements**

**December 31, 2023**

**NOTE 6 – PENSION PLAN (continued):**

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	<b>1% Decrease (5.9%)</b>	<b>Current Discount Rate (6.9%)</b>	<b>1% Increase (7.9%)</b>
<b>District's proportionate share of the net pension liability (asset)</b>	<u>\$ 809,476</u>	<u>\$ 456,451</u>	<u>\$ 160,985</u>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

**Changes in Plan Provisions During the Measurement Period**

There were no changes during the June 30, 2022 measurement period that require disclosure

**Changes in Plan Provisions Subsequent to Measurement Date**

There were no changes subsequent to the June 30, 2022 measurement period that require disclosure.

**WEST EXTENSION IRRIGATION DISTRICT**

**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 7 – POSTEMPLOYMENT HEALTH INSURANCE PLAN:**

**Retirement Health Insurance Account (RHIA):**

**Plan description:**

ORS 238.420 established the Retirement Health Insurance Account (RHIA) and authorizes a payment of up to \$60 from RHIA toward the monthly cost of health insurance for eligible PERS members. RHIA is a cost-sharing multiple-employer Other Postemployment Benefit (OPEB) plan. The plan was closed to new entrants hired on or after August 29, 2003. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

**Contributions:**

PERS employers contributed 0.06 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:**

At December 31, 2023, the District reported an asset of \$13,884 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022. The total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020 and rolled forward to the measurement date of June 30, 2022. The basis for the employer's proportion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actuarial contributions in the fiscal year of all employers. At June 30, 2022, the District's proportion was 0.00390722% compared to its proportion of 0.00097221% measured as of June 30, 2021.

For the year ended December 31, 2023, the District recognized OPEB income of \$3,272. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 376
Change of assumptions	109	463
Net differences between projected and actual earnings on investments	-	1,059
Changes in proportionate share	704	4,471
Contributions subsequent to the measurement date	41	-
	<u>\$ 854</u>	<u>\$ 6,369</u>
Net deferred Outflow / (Inflow) of resources		<u>\$ (5,515)</u>

**WEST EXTENSION IRRIGATION DISTRICT**

**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 7 – POSTEMPLOYMENT HEALTH INSURANCE PLAN:**

Contributions subsequent to the measurement date will be expensed in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>Year</u>	<u>Amount</u>
	2023	\$ (3,091)
	2024	(2,136)
	2025	(668)
	2026	339
	2027	-
		<u>(5,556)</u>
Contributions subsequent to the measurement date		41
Net deferred Outflow / (Inflow) of resources		<u>\$ (5,515)</u>

**Actuarial assumptions:**

Experience studies are performed as of December 31 of even numbered years. The methods and assumptions are based on the 2020 experience study, which reviewed the experience for the four-year period ended on December 31, 2020. The Retirement Health Insurance Account is a benefit of the Oregon Public Employees Retirement System. Actuarial methods and assumptions, including the long-term expected rate of return, are the same as reported for the District's pension plan.

**Discount rate:**

The discount rate used to measure the total OPEB liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate:**

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9 percent) or 1-percentage-point higher (7.9 percent) than the current discount rate:

**WEST EXTENSION IRRIGATION DISTRICT**

**Notes to Financial Statements**

**December 31, 2023**

**NOTE 7 – POSTEMPLOYMENT HEALTH INSURANCE PLAN (continued):**

	<b>1% Decrease (5.9%)</b>	<b>Current Discount Rate (6.9%)</b>	<b>1% Increase (7.9%)</b>
<b>Employers' Net Pension Liability</b>			
<b>Defined Benefit Pension Plan:</b>	<u>\$ (12,513)</u>	<u>\$ (13,884)</u>	<u>\$ (15,059)</u>

Oregon PERS produces an independently audited CAFR which can be found at: <https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf>

**NOTE 8 - PENSION AND OPEB DEFERRALS:**

Deferrals resulting from pension and OPEB deferrals described in Notes 6 and 7 are as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension deferrals	\$ 173,953	\$ 185,690
Other postemployment benefit deferrals - RHIA	854	6,369
Totals	<u>\$ 174,807</u>	<u>\$ 192,059</u>

**NOTE 9 – COMMITMENTS AND CONTINGENCIES:**

The District is periodically involved in legal actions, claims and assessments that arise as a result of events that occur in the normal course of operations. The ultimate resolution of these actions is not expected to have a material adverse effect on the District's financial position as of December 31, 2023.

**NOTE 10 – 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; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims have not exceeded commercial coverage for any of the past three years. There were no significant reductions in insurance coverage from the prior year.

**NOTE 11 – SUBSEQUENT EVENTS:**

Management evaluated all activity of the District through the date of this report, which is the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

**NOTE 12 – RELATED PARTIES:**

All board members are required to be water users of the District. At December 31, 2023, the District had a deposit of \$39,073 on a board member's customer account.

**REQUIRED SUPPLEMENTARY INFORMATION**

**WEST EXTENSION IRRIGATION DISTRICT**

**Schedule of Proportionate Share of the Net Pension Liability**  
**December 31,**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Proportion of the net pension liability (asset)	0.00317%	0.00332%	0.00300%	0.00216%	0.00312%	0.00312%	0.00286%	0.00307%	0.00298%
Proportionate share of the net pension liability (asset)	\$ (71,775)	\$ 190,706	\$ 450,102	\$ 291,322	\$ 472,837	\$ 539,042	\$ 625,087	\$ 367,477	\$ 456,451
Covered employee payroll	\$ 293,822	\$ 293,822	\$ 237,448	\$ 353,933	\$ 411,928	\$ 458,298	\$ 432,327	\$ 372,308	\$ 335,197
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-24.43%	64.91%	189.56%	82.31%	114.79%	117.62%	144.59%	98.70%	136.17%
Plan fiduciary net position as a percentage of the total pension liability (asset)	103.59%	91.88%	80.53%	83.12%	82.07%	80.20%	75.80%	87.60%	84.50%

Note:

The District implemented GASB 68, which requires that ten years of comparative information be presented, in 2015. Over time, ten years of information will be presented.

**WEST EXTENSION IRRIGATION DISTRICT**

**Schedule of Pension Contributions**  
**December 31,**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contributions	\$ 42,212	\$ 34,973	\$ 49,479	\$ 58,825	\$ 78,188	\$ 81,677	\$ 69,330	\$ 70,108	\$ 62,074
Contributions in relation to contractually required contributions	<u>(42,212)</u>	<u>(34,973)</u>	<u>(49,479)</u>	<u>(58,825)</u>	<u>(78,188)</u>	<u>(81,677)</u>	<u>(69,330)</u>	<u>(70,108)</u>	<u>(62,074)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 293,822	\$ 237,448	\$ 353,933	\$ 411,928	\$ 458,298	\$ 432,327	\$ 372,308	\$ 335,197	\$ 376,300
Contributions as a percentage of covered employee payroll	14.37%	14.73%	13.98%	14.28%	17.06%	18.89%	18.62%	20.92%	16.50%

Note:

The District implemented GASB 68 in 2015, which requires that ten years of comparative information be presented. Over time, ten years of information will be presented.

**WEST EXTENSION IRRIGATION DISTRICT**

**Schedule of Proportionate Share of the Net OPEB Liability - RHIA**  
**December 31,**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Proportion of the net OPEB liability (asset)	0.003615%	0.004006%	0.002366%	0.097221%	0.003907%
Proportionate share of the net pension OPEB (asset)	\$ (4,035)	\$ (7,741)	\$ (4,822)	\$ (3,339)	\$ (13,884)
Covered employee payroll	\$ 411,928	\$ 458,298	\$ 432,327	\$ 372,308	\$ 335,197
Proportionate share of the net pension OPEB (asset) as a percentage of its covered employee payroll	-0.98%	-1.69%	-1.12%	-0.90%	-4.14%
Plan fiduciary net position as a percentage of the total OPEB	123.99%	144.40%	150.10%	183.90%	194.60%

Note:

The District implemented GASB 75, which requires that ten years of comparative information be presented, in 2018. Over time, ten years of information will be presented.



**WEST EXTENSION IRRIGATION DISTRICT**

**Schedule of OPEB Contributions - RHIA**  
**December 31,**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contributions	\$ 2,291	\$ 2,594	\$ 2,234	\$ 2,011	\$ 2,258
Contributions in relation to contractually required contributions	<u>(2,291)</u>	<u>(2,594)</u>	<u>(2,234)</u>	<u>(2,011)</u>	<u>(2,258)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 458,298	\$ 432,327	\$ 372,308	\$ 335,197	\$ 376,300
Contributions as a percentage of covered employee payroll	0.50%	0.60%	0.60%	0.60%	0.60%

Note:

The District implemented GASB 75, which requires that ten years of comparative information be presented, in 2018. Over time, ten years of information will be presented.

## **WEST EXTENSION IRRIGATION DISTRICT**

### **Notes to Required Supplementary Information**

**December 31, 2023**

#### **Change in Benefit Terms**

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

A legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2022, annual salary in excess of \$210,582 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation. Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

A legislative change that occurred after the December 31, 2019 actuarial valuation date affected the plan provisions reflected for June 2021 financial reporting liability calculations. Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age. For GASB 67 and GASB 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 Total Pension Liability. The increase in the Total Pension Liability resulting from Senate Bill 111, measured as of June 30, 2021, is shown in Exhibit A as the “Effect of plan changes” during the measurement period. While Senate Bill 111 also made changes to certain aspects of the System’s funding and administration, the change in the death benefit provision is the only change that affects the measured Total Pension Liability. As a result, the death benefit provision is the only difference between June 30, 2020 and June 30, 2021 in the plan provisions basis used to determine the Total Pension Liability as of those two respective Measurement Dates.

#### **Changes of Assumptions**

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability. The changes include the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. For June 30, 2021, the long-term expected rate of return was lowered to 6.90 percent, and the inflation rate was lowered from, 2.5 to 2.4 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

**SUPPLEMENTARY INFORMATION**

**WEST EXTENSION IRRIGATION DISTRICT**

**Schedule of Operating Expenses**  
**Year Ended December 31, 2023**

Operating Expenses:

Personnel services expense	\$ 706,715
Administrative	54,873
Professional fees	27,100
Dues, fees and licenses	20,991
Office supplies and postage	14,850
Travel	7,602
Utilities	96,812
Communications	7,065
Conjunctive use	104,425
Pumping	31,259
Water measurement	7,472
Safety and shop	28,762
Equipment repairs and maintenance	32,036
Equipment fuel	7,420
Building, office and system repairs	36,168
Lateral repairs	22,832
Main canal repairs	23,606
Pump station repairs	18,484
Miscellaneous	9,618
Meters	35,207
Weed control	108,855
Vehicle fuel	23,928
Vehicle repairs and maintenance	18,728
Pension expense	393
Depreciation expense	109,394
	<hr/>
Total operating expenses	<u>\$ 1,554,595</u>

**INDEPENDENT AUDITORS' REPORT**  
**REQUIRED BY OREGON STATE REGULATIONS**

Board of Directors  
West Extension Irrigation District  
Irrigon, Oregon

We have audited the basic financial statements of West Extension Irrigation District as of and for the year ended December 31, 2023, and have issued our report thereon dated August 1, 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 West Extension Irrigation 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).
- 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 West Extension Irrigation 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 Corporation.

### **OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered West Extension Irrigation 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 West Extension Irrigation District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of West Extension Irrigation District's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal controls over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 material weakness in overall internal accounting control exists because the functions of handling cash and the recording of financial transactions are not adequately separated due to the small number of staff employed by the District. The District Manager reviews bank reconciliations, signed checks and related documents. The District has determined adequate mitigating controls are in place and does not plan to hire additional staff to segregate duties further.

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.

Anderson Boylan Ramos, P.C.

By: Rebecca Ramos Bautista  
Rebecca K. Ramos Bautista, Shareholder  
Hermiston, Oregon  
August 1, 2024