

**| LINCOLN COUNTY SOLID WASTE DISPOSAL
SERVICE DISTRICT (A COMPONENT UNIT OF
LINCOLN COUNTY)
NEWPORT, OREGON**

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023

WITH
INDEPENDENT AUDITOR'S REPORT



**LINCOLN COUNTY SOLID WASTE DISPOSAL SERVICE DISTRICT
(A COMPONENT UNIT OF LINCOLN COUNTY, OREGON)**

Principal Officials

June 30, 2023

BOARD OF COMMISSIONERS

Title	Name
Commissioner, Chair	Kaety Jacobson
Commissioner	Claire Hall
Commissioner	Casey Miller

All individuals receive mail at the address listed below:

225 West Olive Street
Newport, OR 97365

Administrative Staff

Kristin Yuille, County Counsel
Tim Johnson, County Administrator



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| INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

Board of Commissioners
Lincoln County Solid Waste Disposal Service District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of the Lincoln County Solid Waste Disposal Service District ("District"), a component of Lincoln County, Oregon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of June 30, 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 standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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

As described in *Note 1* to the financial statements, the 2023 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents are presented for purposes of additional analysis and are 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 basic 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 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 basic financial statements as a whole.

Other Reporting Required by Oregon State Regulations

In accordance with Oregon State Regulations, we have also issued our report dated October 4, 2024 on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.

A handwritten signature in black ink that reads "Donald F. Ewalt". The signature is written in a cursive, flowing style.

Donald F. Ewalt, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
October 4, 2024



| MANAGEMENT'S DISCUSSION AND ANALYSIS

LINCOLN COUNTY SOLID WASTE DISPOSAL SERVICE DISTRICT
Management's Discussion and Analysis
JUNE 30, 2023

The management of the Lincoln County Solid Waste Disposal Service District ("District") offers readers of its financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the additional information in the financial statements that follow.

FINANCIAL HIGHLIGHTS

- The District's total net position increased by \$459,348 or 46.95% over the course of the year's operations.
- Assets increased by \$476,373 or 48.08% from the previous year.
- Operating revenue increased by \$222,845 or 40.10% from the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. These statements consist of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows, along with the Notes to the Financial Statements. Complementing these statements and notes is a Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, which provides additional details about the District's finances and operations.

The Statement of Net Position presents information on all of the District's assets, liabilities and net position. Over time, changes in assets, liabilities, and net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information related to increases and decreases in total net position. This statement is prepared on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Statement of Cash Flows is an analysis of the change in the District's cash balance during the fiscal year. It is divided into three components; cash provided from operating activities, cash provided from noncapital financing activities, and cash provided by investing activities.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided in the basic financial statements.

LINCOLN COUNTY SOLID WASTE DISPOSAL SERVICE DISTRICT
Management's Discussion and Analysis
JUNE 30, 2023

FINANCIAL SUMMARY AND ANALYSIS

Net Position. The District's net position was \$1,37,262, which is an increase of \$459,348 between fiscal years 2023 and 2022. Cash and cash equivalents increased by \$385,942.

	Business-Type Activities	
	2023	2022
<u>Assets:</u>		
Current assets	\$ 1,456,237	\$ 975,486
Capital assets, net	10,944	15,322
Total assets	<u>1,467,181</u>	<u>990,808</u>
<u>Liabilities:</u>		
Current liabilities	19,600	4,996
Other liabilities	9,919	7,498
Total liabilities	<u>29,519</u>	<u>12,494</u>
<u>Net position:</u>		
Net investment in capital assets	10,944	15,322
Unrestricted	1,426,718	962,992
Total net position	<u>1,437,662</u>	<u>978,314</u>
Total liabilities and net position	<u>\$ 1,467,181</u>	<u>\$ 990,808</u>

Changes in Net Position. The District's total operating revenues increased by \$222,845 or 40.10% and operating expenses increased by \$189,841 or 65.57% for the year ending 2023 in comparison to 2022.

	Business-Type Activities	
	2023	2022
<u>Operating revenues:</u>		
Charges for services	\$ 729,662	\$ 513,351
Operating grant	31,000	42,426
Miscellaneous	17,960	-
Total revenues	<u>778,622</u>	<u>555,777</u>
<u>Operating expenses:</u>		
General and administrative costs	116,216	112,203
Operations and maintenance	358,760	172,933
Depreciation	4,378	4,377
Total operating expenses	<u>479,354</u>	<u>289,513</u>
Operating income (loss)	<u>299,268</u>	<u>266,264</u>
<u>Nonoperating revenues:</u>		
Investment earnings	32,235	5,818
Change in net position	331,503	272,082
Net position beginning of the year	978,314	-
Restatement	127,845	-
Net position beginning of year - as restated	1,106,159	706,232
Net position end of year	<u>\$ 1,437,662</u>	<u>\$ 978,314</u>

Budgetary Highlights. The adopted budget for 2023 for the District did not require adjustment during the fiscal year.

LINCOLN COUNTY SOLID WASTE DISPOSAL SERVICE DISTRICT
Management's Discussion and Analysis
JUNE 30, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The District's investment of capital assets as of June 30, 2023, amounts to \$10,944 (net of accumulated depreciation). This investment in capital assets includes a vehicle (listed under equipment).

Net capital assets decreased by current year depreciation in the amount of \$4,378.

Long-term obligations. The Lincoln County Solid Waste Disposal Service District currently carries no long-term obligations.

ECONOMIC FACTORS AND BUDGET INFORMATION

The budget outlook for 2024 estimates a continuation of the activity levels of 2023, with the addition of the Abandoned RV Abatement Program (ARVAP). The ARVAP included a \$500,000 appropriation of fund reserves and is anticipated to span a 2-year period.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Lincoln County Solid Waste Disposal Service District's financial condition. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Lincoln County, 210 SW 2nd St., Newport, OR 97365.



| FINANCIAL STATEMENTS

LINCOLN COUNTY SOLID WASTE DISPOSAL SERVICE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS

Current assets:

Cash and investments	\$ 1,361,428
Receivables	94,809
Capital assets, net	<u>10,944</u>

TOTAL ASSETS

1,467,181

LIABILITIES

Current liabilities:

Accounts payable	17,991
Accrued payroll and related liabilities	1,609
Accrued compensated absences	<u>9,919</u>

TOTAL LIABILITIES

29,519

NET POSITION:

Net investment in capital assets	10,944
Unrestricted	<u>1,426,718</u>

TOTAL NET POSITION

\$ 1,437,662

**LINCOLN COUNTY SOLID WASTE DISPOSAL SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023**

OPERATING REVENUES:	
Charges for services	\$ 729,662
Operating grant	31,000
Miscellaneous	17,960
TOTAL OPERATING REVENUES	778,622
 OPERATING EXPENSES:	
Operations and maintenance	116,216
Materials and services	358,760
Depreciation	4,378
TOTAL OPERATING EXPENSES	479,354
OPERATING INCOME (LOSS)	299,268
 NONOPERATING REVENUES (EXPENSES):	
Investment income (loss)	32,235
TOTAL NONOPERATING REVENUES (EXPENSES)	32,235
CHANGE IN NET POSITION	331,503
NET POSITION - JULY 1, 2022, AS RESTATED	1,106,159
NET POSITION - JUNE 30, 2023	\$ 1,437,662

**LINCOLN COUNTY SOLID WASTE DISPOSAL SERVICE DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 780,658
Operating grants	31,000
Payments to suppliers	(345,430)
Payments to employees	<u>(112,521)</u>
Net cash provided (used) by operating activities	<u>353,707</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>32,235</u>
Net cash provided (used) by investing activities	<u>32,235</u>
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	385,942
CASH AND INVESTMENTS - BEGINNING OF THE YEAR	<u>975,486</u>
CASH AND INVESTMENTS - END OF THE YEAR	<u><u>\$ 1,361,428</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 299,268
Adjustments to reconcile operating income to cash provided by operating activities:	
Depreciation	4,378
Change in assets and liabilities:	
Accounts receivable	33,036
Accounts payable	13,330
Accrued payroll	1,274
Accrued compensated absence	<u>2,421</u>
Net cash provided (used) by operating activities	<u><u>\$ 353,707</u></u>



**| NOTES TO THE FINANCIAL
STATEMENTS**

LINCOLN COUNTY SOLID WASTE DISPOSAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Lincoln County Solid Waste Disposal Service District ("District") is an Oregon Revised Statutes ("ORS") Chapter 451 County Service District. The District is the primary public sector entity in Lincoln County ("County") involved in managing solid waste on a countywide basis with an emphasis on overall solid waste management planning, waste reduction/recycling program promotion, and technical assistance and clean-up/prevention of illegal dumping. A twelve-member Solid Waste Advisory Committee ("SWAC") advises the District in current and future waste management policies/programs. The SWAC membership consists of representatives from the seven incorporated cities and Lincoln County (eight total representatives) along with individuals representing the Lincoln County Haulers Association, the general public, and a recycling advocate.

As an ORS Chapter 451 County Service District, it is the responsibility of the Lincoln County Board of Commissioners to serve as the governing body of the District. The District does not own solid waste management facilities. The District provides solid waste management program assistance for any governmental entity which requests such services, including joint projects combining the efforts of the private haulers, the County, and one or more of the cities.

The District has no potential component units. Since Lincoln County is financially accountable for, and significantly influences the operations of the District, and the County Board of Commissioners also serves as the District's Board, the District is included as a blended component unit in the Annual Financial Report of Lincoln County, copies of which can be obtained from the County's finance department located at 210 SW Second Street, Newport, OR 97365. Fiscal and accounting functions are provided by personnel of Lincoln County.

Basis of Presentation and Accounting

The statement of net position and statement of revenues, expenses, and changes in net position display information about the District. These statements include all the financial activities of the District. The District's activities are supported by a \$4 per ton surcharge on disposed waste, membership fees paid by the Association of Concerned Landowners, and are periodically supplemented by grant funds.

The District's financial statements are maintained on a flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded at the time they are earned and expenses are recorded at the time liabilities are incurred.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with ongoing solid waste disposal operations. Operating expenses include the cost of services and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. Investment income is reflected as nonoperating.

When both restricted and unrestricted net position are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

LINCOLN COUNTY SOLID WASTE DISPOSAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

Generally, Oregon Local Budget Law requires annual budgets to be adopted for all funds except agency funds. The modified accrual basis of accounting is used for the District's budget. All annual appropriations lapse at the fiscal year end.

The District begins its budgeting process by appointing a Budget Committee in January. Budget recommendations are developed by management through the month of April with the Budget Committee meeting and approving the budget document in May. Public notices for the budget hearing are published and the hearing is held in June. The Board of County Commissioners adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-spent, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations sets the level at which expenditures cannot legally exceed appropriations. The District established the levels of budgetary control at the personal services, material and services, capital outlay, operating contingencies, debt service, and all other requirement levels.

Receivables

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances at year-end are considered by management to be immaterial.

Capital Assets

The District defines capital assets as assets with an initial, individual cost of more than \$10,000, and an estimated useful life in excess of 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 incurred 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 following estimated useful lives:

Equipment	3 to 15 years
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Monthly depreciation is taken from the month of the fiscal year the assets are acquired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

Compensated Absences

All benefit-eligible employees (after six months of continuous service) earn vacation leave. The amount earned per pay period is determined based upon length of service and representation. Accumulation limits of vacation leave differ by length of service.

All non-exempt benefit-eligible employees are eligible for compensatory time with a maximum accumulation of 80 hours for most employees, with the exception of employees who work 24-hour operations, in which case the maximum accumulation is 120 hours.

LINCOLN COUNTY SOLID WASTE DISPOSAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position Classifications

Net position is comprised of three components:

Net investment in capital assets – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.

Restricted net position – consists of restricted assets reduced by liabilities relate to those assets, with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – all other net position is reported in this category.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts, and disclosures. Accordingly, actual results could differ from those estimates.

Adoption of New GASB Pronouncement

During the year ended June 30, 2023, the District implemented the following GASB Pronouncements:

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. There is no effect on the District's financial statements upon adoption of this Statement.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement's objective is to address accounting and financial reporting for arrangements in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a capital asset for a period of time in an exchange or exchange-like transaction. There was no effect on the District's financial statements upon adoption of this Statement.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement's objective is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. There was no effect on the District's financial statements upon adoption of this Statement.

GASB Statement No. 99, *Omnibus 2022*. This Statement includes a variety of small technical revisions to previously issued GASB Statements. There was no effect on the District's financial statements upon adoption of this Statement.

GASB Statement No. 101, *Compensated Absences*. Issued in June 2022, this Statement updates recognition and measurement guidelines for compensated absences. There was no material effect on the District's financial statements upon adoption of this Statement.

LINCOLN COUNTY SOLID WASTE DISPOSAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future GASB Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2023:

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement clarifies the presentation and disclosures requirements for prior period adjustments to beginning net position. This Statement will be effective for the District for fiscal year ending June 30, 2024.

The District will implement new GASB pronouncements no later than the required effective date. The District is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the District's financial statements

Restatement of Beginning Net Position

During the fiscal year ended June 30, 2023, the District identified \$127,845 of revenue that should have been recognized in June 2022. Beginning net position increased to account for this correction.

NOTE 2 - CASH AND INVESTMENTS

The District's cash and investments consists of cash held by Lincoln County in pooled cash and investment accounts, and are considered to be cash on hand, demand deposits, and investments in the State of Oregon Treasury Department's LGIP.

State statutes govern the County's cash management policies because the County does not have an official investment policy. State statutes authorize the County to invest in the Oregon State Treasurer's Local Government Investment Pool, time certificates of deposit, U.S. Government Treasury Obligations, and obligations of the United States and its agencies and instrumentalities.

The Oregon LGIP is an open-ended, no-load diversified portfolio offered to any municipality, political subdivision, or public corporation of the State that by law is made the custodian of, or has control of, any public funds. The Office of the State Treasurer (OST) manages the LGIP. The LGIP is commingled with other State funds in the Oregon Short-Term Fund (OSTF). The OSTF is not managed as a stable net asset value fund; therefore the preservation of principal is not assured. The LGIP is not rated by a national rating service. Additional information about the OSTF can be obtained at www.ost.state.or.us and www.oregon.gov/treasury. The weighted-average maturity of LGIP is less than one year.

Custodial Credit Risk Deposits - Custodial credit risk is the risk that in the event of a bank failure, The County's deposits may not be returned to it. Deposits with financial institutions include bank demand deposits. Cash, is covered by federal depository insurance (FDIC), or by collateral held in a multiple financial institution collateral pool called the Public Funds Collateralization Program (PFCP), administered by the Office of the State Treasurer for the State of Oregon.

**LINCOLN COUNTY SOLID WASTE DISPOSAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Transfers/ Deletions	Balance June 30, 2023
Capital assets being depreciated:				
Equipment	\$ 21,888	-	-	21,888
Total capital assets being depreciated	21,888	-	-	21,888
Less accumulated depreciation for:				
Equipment	(6,566)	(4,378)	-	(10,944)
Total accumulated depreciation	(6,566)	(4,378)	-	(10,944)
Total capital assets, net	<u>\$ 15,322</u>	<u>\$ (4,378)</u>	<u>\$ -</u>	<u>\$ 10,944</u>

NOTE 4 – NONCURRENT LIABILITIES

Noncurrent liabilities activity for the year ended June 30, 2023, was as follows:

	Accrued July 1, 2022	Net Change	Accrued June 30, 2023	Balance Due Within One Year
Compensated absences	<u>\$ 7,498</u>	<u>\$ 2,421</u>	<u>\$ 9,919</u>	<u>\$ 9,919</u>

NOTE 5 – DEFINED CONTRIBUTION PLAN

The District contributes to the Lincoln County Retirement Plan ("The Plan"). The Plan is a defined contribution 401(k) plan established by the County to provide benefits to substantially all County and District employees. Reference should be made to the County's Annual Financial Report for the year ended June 30, 2023 for more information regarding the plan.

NOTE 6 DEFERRED COMPENSATION PLAN

The District's employees can contribute to the Lincoln County Deferred Compensation Plan created in accordance with the Internal Revenue Code Section 457(g) ("457 Plan"). Reference should be made to the County's Financial Statements for the year ended June 30, 2023 for more information regarding the plan.

NOTE 7 – RISK MANAGEMENT

The District is exposed to various risks of loss related to errors and omissions; automobile; damage to and destruction of assets; bodily injury; and workers' compensation for which the District carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year, and settled claims have not reached the level of commercial coverage in any of the past three fiscal years.



| SUPPLEMENTARY INFORMATION

**LINCOLN COUNTY SOLID WASTE DISPOSAL SERVICE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Intergovernmental	\$ 31,500	\$ 31,500	\$ 31,000	\$ (500)
Charges for services	424,288	424,288	729,662	305,374
Investment income (loss)	6,000	6,000	32,235	26,235
Miscellaneous	-	-	17,960	17,960
TOTAL REVENUES	<u>461,788</u>	<u>461,788</u>	<u>810,857</u>	<u>349,069</u>
EXPENDITURES:				
Current:				
Personnel services	117,462	117,462	113,795	3,667
Materials and services	348,226	848,226	358,760	489,466
Contingency	956,373	456,373	-	456,373
TOTAL EXPENDITURES	<u>1,422,061</u>	<u>1,422,061</u>	<u>472,555</u>	<u>949,506</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(960,273)</u>	<u>(960,273)</u>	<u>338,302</u>	<u>1,298,575</u>
CHANGE IN FUND BALANCE	(960,273)	(960,273)	338,302	(600,437)
FUND BALANCE - JULY 1, 2022, AS RESTATED	<u>960,273</u>	<u>960,273</u>	<u>1,098,335</u>	<u>138,062</u>
FUND BALANCE - JUNE 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>1,436,637</u>	<u>\$ 1,436,637</u>
Add (deduct) adjustments to budgetary basis fund balance to reconcile ending net position.				
Capital assets being depreciated/amortized, net			10,944	
Compensated absences			(9,919)	
ENDING NET POSITION			<u>\$ 1,437,662</u>	



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

Board of Commissioners
Lincoln County Solid Waste Disposal Service District

We have audited the basic financial statements of Lincoln County Solid Waste Disposal Service District, Oregon ("the District") as of and for the year ended June 30, 2023 and have issued our report thereon dated September 30, 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 District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-10-0000 through 162-10-0330 of *the Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of 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 under ORS Chapter 295.
- Budgets legally required under ORS Chapter 294.
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds under ORS Chapter 294.
- Public contracts and purchasing under ORS Chapters 279A, 279B, 279C.

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-0000 through 162-10-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in a separately issued Communication with Governance letter, that we consider to be a material weakness.

Restrictions on Use

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

A handwritten signature in black ink that reads "Donald F. Ewalt". The signature is written in a cursive, flowing style.

Donald F. Ewalt, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
October 4, 2024