



July 31, 2024

Board of Directors
Medford Irrigation District
5045 Jacksonville Hwy
Jacksonville, OR 97530

We have audited the basic financial statements of Medford Irrigation District as of and for the year ended December 31, 2023, and have issued our report thereon dated July 31, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As communicated in our engagement letter dated March 28, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with the Modified Cash Basis of accounting. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Medford Irrigation District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material weaknesses in a separate letter to you dated July 31, 2024.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you in the engagement letter.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

The governance structure at Medford Irrigation District provides appropriate oversight regarding the non-audit services we have provided.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Medford Irrigation District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023.

Gerrin P. DeGroot C.P.A ~ Terrence J. Scroggin C.P.A ~ Raymond D. Lang C.P.A

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No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the depreciation expense is based on estimated useful lives of capital assets. We evaluated the key factors and assumptions used to develop the depreciation expense and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Medford Irrigation District's financial statements relate to:

- The disclosure of investments in Notes 1 and 3 to the financial statements are subject to management's estimates of fair value and holding periods.
- The disclosure of related party transactions in Note 5 to the financial statements as Medford Irrigation District is a relatively small district with many interrelated transactions, both public and private.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule of misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management (see Appendix A).

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Medford Irrigation District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in a separate letter dated July 31, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.


Other Significant Findings or Issues

In the normal course of our professional association with Medford Irrigation District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Medford Irrigation District's auditors.

This report is intended solely for the information and use of the board of directors and management of Medford Irrigation District and is not intended to be and should not be used by anyone other than these specified parties.

Regards,

Molatore, Scroggin, Peterson & Co. LLP



Raymond D. Lang, Partner

APPENDIX A

Client: **59611 - Medford Irrigation District**
 Engagement: **AUD23 - Medford Irrigation District**
 Period Ending: **12/31/2023**
 Trial Balance: **TB**
 Workpaper: **3710 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1			PY Audited FS	
To correct net asset balance based on prior year audited financial statements				
106.00	Accounts Receivable - Other		110.00	
108.00	Interest Receivable		52,157.54	
200.01	Debt - US Contract		28,978.69	
204.00	Payroll Liabilities			43.55
204.05	PR Tax Employee Liab			12.24
32000.00	Unrestricted Net Assets			81,190.44
Total			81,246.23	81,246.23
Adjusting Journal Entries JE # 2			Client QB Detail	
To convert back to modified cash basis of accounting				
107.00	W.U. Charges		33,964.83	
107.01	A/R W.U. Charges		17,169.43	
108.30	A/R Other		7,800.39	
201.00	Elan - Visa 3282		794.21	
204.00	Payroll Liabilities		66.73	
429.00	Membership dues		9,804.97	
450.00	Debt - US Contract		28,894.78	
701.00	Safety of Dams		32,400.59	
106.00	Accounts Receivable - Other			13.15
107.20	20 Accrued W.U. Charges			33,964.83
200.00	Accounts Payable			71,100.34
204.05	PR Tax Employee Liab			8.47
243.00	Prepaid WUP			264.44
305.00	Water User Revenue			16,891.84
418.00	Employer PR taxes			58.26
418.00	Employer PR taxes			7,800.39
431.00	Postage			794.21
Total			130,895.93	130,895.93
Adjusting Journal Entries JE # 3			US BOR 11-16-2024	
Reclass Debt - US Contract to Safety of Dams expense according to US BOR contract #17SD101933 Safety of Dams				
701.00	Safety of Dams		28,894.78	
450.00	Debt - US Contract			28,894.78
Total			28,894.78	28,894.78
Adjusting Journal Entries JE # 4			4623	
To correct asset balance and record amount financed on John Deere tractor and flail mowers.				
152	Machinery and Equipment		121,362.95	
202.20	2022 John Deere Tractor			121,362.95
Total			121,362.95	121,362.95
Adjusting Journal Entries JE # 5			5310	
Adjust John Deere loan balance per statement at 12/31/2023				
202.20	2022 John Deere Tractor		931.25	
457.00	Interest John Deere Tractor/Mow			931.25
Total			931.25	931.25
Adjusting Journal Entries JE # 6			4608	
Record current year depreciation expense				
800	Depreciation Expense		131,927.00	
158	Accumulated Depreciation			131,927.00
Total			131,927.00	131,927.00
Adjusting Journal Entries JE # 7			32005	
Adjust net investment in capital assets to current year balance				
32005.00	Net Investment in Capital Assets		101,833.00	
32000.00	Unrestricted Net Assets			101,833.00
Total			101,833.00	101,833.00