

**COLUMBIA COUNTY SOIL & WATER
CONSERVATION DISTRICT
COLUMBIA COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025



**12700 SW 72nd Ave.
Tigard, OR 97223**

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COLUMBIA SOIL & WATER CONSERVATION DISTRICT
COLUMBIA COUNTY, OREGON

FINANCIAL REPORT

For the Year Ended June 30, 2025

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COLUMBIA SOIL & WATER CONSERVATION DISTRICT
COLUMBIA COUNTY, OREGON

BOARD OF DIRECTORS

TERM EXPIRES

Michael Calhoun, Chair

December 31, 2026

Debra Brimacombe, Vice Chair

December 31, 2028

Bill Eagle, Secretary

December 31, 2028

Paul Gibbons, Director

December 31, 2026

Jason Busch, Director

December 31, 2026

Dave Freytag, Director

December 31, 2028

Registered Agent

Taylor Murray, Executive Director
35285 Millard Road
St. Helens, OR 97051

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PAULY, ROGERS, AND CO., P.C.
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April 24, 2026

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Columbia Soil & Water Conservation District
St. Helens, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Columbia Soil & Water Conservation District (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Basic 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.

Other Matters

The financial statements as of the year ended June 30, 2024, were audited by other auditors whose report dated January 16, 2025, issued an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of a system of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the basic financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the basic financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the basic financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of controls. 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 basic financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the basic financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the basic financial statements.
- Obtain an understanding of the District's system 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 system of 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 basic financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain 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 required supplementary information, as listed in the table of contents, 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 Management's Discussion and Analysis, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

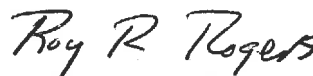
Other Information

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

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated April 24, 2026, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



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

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MANAGEMENT'S DISCUSSION
AND
ANALYSIS

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COLUMBIA SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2025

The discussion and analysis of Columbia Soil and Water Conservation District's financial performance provides an overview of the District's financial activities for the fiscal year that ended June 30, 2025. This discussion and analysis intend to evaluate the District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2025, are as follows:

- The District's net position increased by \$241,404 which represents a 13.61% increase from the previous year.
- The general revenues constituted \$707,712, representing 67% of the total revenues. Conversely, program-specific revenues, which include grants, contributions, and charges for services, amounted to \$341,272, accounting for 33%. In total, the revenues reached \$1,048,984
- The total assets of the governmental activities have registered an increase of \$126,550, resulting from the current assets outpacing the decrease in capital assets. This financial development implies that the current assets have grown by \$153,600 whereas the capital assets have decreased by \$27,050.
- The District had \$807,580 in expenses related to governmental activities. This is a decrease of \$133,906 compared to the prior fiscal year.
- The District's General Fund had \$1,040,681 in revenues and the Lower Columbia River Watershed Council (LCRWC) had no revenue in current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: 1) government-wide financial statements and fund financial statements, which have been combined into a single page, and 2) notes to the financial statements. This report also includes additional supplementary information to supplement the basic financial statements.

Government-wide Financial Statements

The first of the government-wide statements is the *Statement of Net Position*. This is the District-wide statement of financial position presenting information that includes all of the District's assets and liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other non-financial factors such as the condition of capital assets and changes in the operation of and demand for conservation services within the District.

COLUMBIA SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2025

The second government-wide statement is the *Statement of Activities* which reports how the District's net position changed during the current fiscal year. All current-year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the distinct activities or functions of the District that are primarily supported by governmental grants. The governmental activities of the District include the operation of conservation services.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the District's most significant fund rather than the District as a whole.

At this time the District has only one kind of fund:

Governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Unlike the government-wide financial statements, the fund financial statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year. They are useful in evaluating whether the annual financing requirements of governmental programs were financed in the short term and evaluating the commitment of spendable resources for the near term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental statement of assets, liabilities, and fund equities and the governmental fund statement of receipts, expenditures, and changes in fund balances provide a column of adjustments to government-wide statements to assist in understanding the differences between these two perspectives. The items in the adjustment column are explained below the statements.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents additional informational schedules, including a schedule of expenses.

COLUMBIA SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2025

Financial Analysis of the District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's net position at fiscal year-end is \$1,999,401. This is a \$241,404 increase from last year's net position and represents a 13.61% increase from the previous year.

The following table provides a summary of the District's net position. Prior year information is provided for comparative purposes.

Summary of Net Position

	<u>Governmental Activities</u>		
	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>% Change</u>
Assets:			
Current Assets	\$ 1,066,124	\$ 912,524	16.83%
Capital Assets, Net	1,016,587	1,043,637	-2.59%
Total Assets	<u>2,082,711</u>	<u>1,956,161</u>	6.47%
Liabilities:			
Current Liabilities	83,310	196,329	-57.57%
Total Liabilities	<u>83,310</u>	<u>196,329</u>	-57.57%
Net Position			
Net Investment in Capital Assets	1,014,386	1,043,637	-2.80%
Restricted	23,960	161,785	-85.19%
Unrestricted	961,055	554,410	73.35%
Total Net Position	<u>\$ 1,999,401</u>	<u>\$ 1,759,832</u>	13.61%

COLUMBIA SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2025

The following table shows the changes in net position. The prior-year information is presented for comparative analysis of government-wide revenue and expense information.

Changes in Net Position			
	Governmental Activities		
	2025	2024	% Change
REVENUES:			
Charges for Services	\$ 34,282	\$ 34,001	0.83%
Operating Grants & Contributions	306,990	308,265	-0.41%
Property Taxes	661,001	643,539	2.71%
Investment Income	43,847	36,587	19.84%
Other	2,864	1,331	115.18%
Total Revenues	1,048,984	1,023,723	2.47%
EXPENSES			
Conservative Projects	807,580	941,486	-14.22%
Total Expenses	807,580	941,486	-14.22%
Change in Net Position	241,404	82,237	193.55%
Beginning Net Position- Restated	1,757,997	1,677,595	4.79%
Ending Net Position	\$ 1,999,401	\$ 1,759,832	13.61%

The Statement of Activities shows the cost of program services and the grants and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the major functional activity of the District. The table also shows the function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the general revenue sources for this function.

	Governmental Activities			
	2024-2025		2023-2024	
	Total Cost of Services	Net (Cost) Profit of Services	Total Cost of Services	Net (Cost) Profit of Services
Conservation Projects	\$ 807,580	\$ (466,308)	\$ 941,486	\$ (599,220)
Total Revenues	807,580	(466,308)	941,486	(599,220)

COLUMBIA SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2025

For the current year, property taxes, grants, and contributions are by far the primary sources of support for the Columbia Soil and Water Conservation District.

Financial Analysis of the District's Funds

Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year. The financial performance of the District as a whole is reflected in its governmental funds.

As the District completed the year, its governmental funds reported a fund balance of \$972,765, an increase of \$261,570. Of the current fund balance, \$12,786 is considered non-spendable since it is for disbursements made before the end of the year related to next year's expenses. The fund balance also had \$23,960 of restricted amounts for conservation projects for which funding was received in advance from grantors. The remaining \$936,019 of fund balance is unassigned and available for spending at the District's discretion.

Budgetary Highlights

The General Fund had budgeted \$4,214,952 for spending but only spent \$758,495 leaving a surplus of \$ 3,456,457. This indicates that the fund was able to control its spending and reduce it significantly. However, the actual revenues were \$2,899,271 less than anticipated, totaling \$1,040,681 in revenue. The shortfall of revenue was effectively offset, which ultimately led to an ending fund balance of \$1,023,492.

The LCRWC Fund initially projected a budgeted revenue of \$82,520; however, the district did not receive any revenue through grants. On the expenditure side, the actual expenditure was \$61,904 lower than originally anticipated. Similar to the General Fund, the LCRWC Fund successfully exercised expenditure control, resulting in a significant reduction in costs. The financial statement for the LCRWC Fund reflected a negative ending fund balance of \$(50,727).

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2025, the District reported capital assets totaling \$1,016,587 net of accumulated depreciation. These capital assets encompass land, buildings and building improvements, machinery, and equipment. The District recorded additions amounting to \$7,161 along with depreciation expenses totaling \$32,836. The overall change in capital assets resulted in a net decrease of 2.59%

Additional information on the District's capital assets can be found in the notes to the basic financial statements section of this report.

COLUMBIA SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2025

Long-Term Debt

As of June 30, 2025, the District has no outstanding debt obligations.

Economic Factors and Next Year's Budget and Rates

Looking ahead, the District plans to continue its innovative efforts to restore the county's watersheds and assist agriculture producers. The General Fund budget for the fiscal year ending June 30, 2026, is \$2,768,023. Out of this, \$2,593,023 is appropriated, while the remaining \$175,000 is unappropriated and can be used at the District's discretion. This budget is \$1,671,929 less than the previous fiscal year. This budget also includes \$200,000 for Operating Contingency, which is used in the event there are any unforeseen shortfalls in the other budget categories. Permanent tax rate for 2025-26 \$0.10/\$1,000 of Assessed Value of property in Columbia County.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have any questions about this report or need additional information, contact the Business Office, Columbia Soil and Water Conservation District, 35285 Millard Rd. St. Helens, Oregon 97051.

**COLUMBIA COUNTY SOIL & WATER CONSERVATION DISTRICT
COLUMBIA COUNTY, OREGON**

BASIC FINANCIAL STATEMENTS

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COLUMBIA SOIL & WATER CONSERVATION DISTRICT
STATEMENT OF NET POSITION
June 30, 2025

ASSETS

Cash and Cash Equivalents	\$ 1,005,734
Taxes Receivable	31,356
Accounts Receivable	8,316
Lease Right to Use Assets, Net	7,932
Prepaid Expenses	12,786
Capital Assets, net	<u>1,016,587</u>
 Total Assets	 <u>2,082,711</u>

LIABILITIES

Accounts Payable	17,539
Payroll Liabilities	2,103
Lease Liability	10,133
Accrued Vacation Payable	27,248
Prepaid Rent	2,327
Deferred Grants	23,960
 Total Liabilities	 <u>83,310</u>

NET POSITION

Net Investment in Capital Assets	1,014,386
Restricted for Conservation Projects	23,960
Unrestricted	<u>961,055</u>
 TOTAL NET POSITION	 <u>\$ 1,999,401</u>

See accompanying notes to the basic financial statements

COLUMBIA SOIL & WATER CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

FUNCTIONS	EXPENDITURES	PROGRAM REVENUES		REVENUE (EXPENSE) AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Conservation Projects	\$ 807,580	\$ 34,282	\$ 306,990	\$ (466,308)
Total Governmental Activities	\$ 807,580	\$ 34,282	\$ 306,990	(466,308)
General Revenues:				
				661,001
				43,847
				2,864
				<u>707,712</u>
				241,404
				<u>1,757,997</u>
				<u>\$ 1,999,401</u>

See accompanying notes to the basic financial statements

COLUMBIA SOIL & WATER CONSERVATION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

	General Fund	LCRWC Fund	Total Governmental Fund
ASSETS:			
Cash and cash equivalents	\$ 1,056,461	\$ (50,727)	\$ 1,005,734
Accounts Receivable	8,316	-	8,316
Property Taxes Receivable	31,356	-	31,356
Prepaid Expenses	12,786	-	12,786
Total Assets	\$ 1,108,919	\$ (50,727)	\$ 1,058,192
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 17,539	\$ -	\$ 17,539
Payroll Liability	2,103	-	2,103
Prepaid rents received	2,327	-	2,327
Total Liabilities	21,969	-	21,969
Deferred Inflows of Resources:			
Deferred revenue -Property Taxes and Grants	63,458	-	63,458
Total Deferred Inflows of Resources	63,458	-	63,458
Fund Balances			
Nonspendable:			
Prepaid amounts	12,786	-	12,786
Restricted for:			
Conservation Projects	23,960	-	23,960
Unassigned	986,746	(50,727)	936,019
Total Fund Balances	1,023,492	(50,727)	972,765
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,108,919	\$ (50,727)	\$ 1,058,192

See accompanying notes to the basic financial statements

**COLUMBIA SOIL & WATER CONSERVATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30,2025**

Total Fund Balance - Governmental Funds	\$ 972,765
<p>The cost of capital assets (equipment) purchased or constructed is reported as an expenditure in the governmental fund. The Statement of Net Position includes those capital assets among the assets of the District as a whole.</p>	
Net Capital Assets (Net of Depreciation)	1,016,587
Deferred revenue related to property taxes	
General Fund	39,498
Long-term lease liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities both current and long-term are reported in the statement of net Position	(10,133)
Right to use assets are not financial resources and therefore are not reported in the governmental funds	7,932
Accrued liabilities for compensated absences after fiscal year end are not reported as expenditures in the fund statemnets	(27,248)

Net Position	\$ 1,999,401

See accompanying notes to the basic financial statements

COLUMBIA SOIL & WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	General Fund	LCRWC (A Component Unit of the District)	Total Governmental Funds
REVENUES			
Property Taxes	\$ 652,698	\$ -	652,698
State Grants	306,990	-	306,990
Interest on Investments	43,847	-	43,847
Rental Income	27,924	-	27,924
Reimbursements	2,864	-	2,864
Miscellaneous Revenues	6,358	-	6,358
Total Revenues	1,040,681	\$ -	1,040,681
EXPENDITURES			
Personnel Services	431,061	-	431,061
Materials and Services	318,102	20,616	338,718
Capital Outlay	9,332	-	9,332
Total Expenditures	758,495	20,616	779,111
Net Change in Fund Balance	282,186	\$ (20,616)	261,570
Beginning Fund Balance - Restated	741,306	(30,111)	711,195
Ending Fund Balance	<u>\$ 1,023,492</u>	<u>(50,727)</u>	<u>\$ 972,765</u>

See accompanying notes to the basic financial statements

**COLUMBIA SOIL & WATER CONSERVATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025**

Net Change in Fund Balances - Governmental Funds \$ 261,570

Capital outlays are reported in the governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay.

Capital Outlay	\$ 7,161	
Depreciation Expense	<u>(34,211)</u>	(27,050)

Property tax revenue in the Statement of Activities differs from the amount in the governmental funds. In the governmental funds, which are on modified accrual basis, the District recognizes a deferred revenue for all property taxes levied but not received, however in the Statement of Activities, there is no deferred revenue and the full property tax receivable is accrued.

8,303

Expenditures for Right-to-use assets reduces the prepaid expense in the Statement of net Position and Amortization Expenses increases the expenses on the Statement of Activities

Amortization Expense		(3,400)
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Payments on Lease Liability decreases liabilities in the Statement of Net Position 3,034

Compensated Absences are expensed when used in the governmental funds, whereas compensated absences are accrued as a payable in the Statement of net Position (1,053)

Change in Net Position \$ 241,404

See accompanying notes to the basic financial statements

**COLUMBIA COUNTY SOIL & WATER CONSERVATION DISTRICT
COLUMBIA COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

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COLUMBIA SOIL & WATER CONSERVATION DISTRICT
THE DALLES, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

Columbia Soil and Water Conservation District's (District) work involves the prevention and control of soil erosion, prevention of flood water and sediment damage, conservation and development of water resources, and water quality management. As defined by GAAP, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. The relevant definition of financial accountability for Columbia Soil and Water Conservation District is that an organization (the component unit) is fiscally dependent on the District (the primary government) and there is a potential for the component unit to provide specific financial benefits to or impose specific financial burdens on the primary government.

The accompanying financial statements present the Columbia Soil and Water Conservation District (the primary government) and its component unit. The District is a municipal corporation governed by a Board of Directors comprised of seven members, five elected by and representing the citizens of five different zones of the District and two at large directors representing the citizens of the entire District. The component unit discussed in the next paragraph is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

Blended Component Unit. The Lower Columbia River Watershed Council is a legally separate organization and governed by a Council appointed by Council members who are representatives of various interest groups in the area served by the Council. Because the District's management is responsible for the Council's operations based on a Fiscal and Employment Sponsorship Agreement, the funds of the Council are blended with those of the District by including them in the appropriate statements and schedules of this financial report.

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

GOVERNMENT WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Position and Statements of Activities display information about the District as a whole.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions." The District has no business-type activities that rely, to a significant extent, on fees and charges for support.

COLUMBIA SOIL & WATER CONSERVATION DISTRICT
THE DALLES, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

GOVERNMENT WIDE FINANCIAL STATEMENTS (GWFS) (CONTINUED)

Program Revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from general revenues. Governmental activities include programs supported primarily by grants and other intergovernmental revenues.

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

C. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for the general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period, which is 60 days. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, pension and OPEB costs, inventory which is expensed when purchased instead of when used, and certain compensated absences and claims and judgments which are not recognized as expenditures because they will be liquidated with future expendable financial resources.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

These are the following major governmental funds:

COLUMBIA SOIL & WATER CONSERVATION DISTRICT
THE DALLES, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION - FUND ACCOUNTING (CONTINUED)

GOVERNMENTAL FUND TYPES (CONTINUED)

GENERAL FUND

The General Fund is used to account for resources and activities directly associated with carrying out those operations related to the District's basic objectives. It accounts for all resources and activities that are not required to be accounted for in another fund.

LCRWC FUND

This fund is used to account for all financial resources and disbursements that were used to perform the various conservation projects of the Lower Columbia River Watershed Council, which are administered by the District. The Lower Columbia River Watershed Council is a component unit of the District, as described above.

NET POSITION

Net position is comprised of the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any debt that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – consists of external constraints placed on assets used by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.

It is the District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

CASH AND CASH EQUIVALENTS

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

COLUMBIA SOIL & WATER CONSERVATION DISTRICT
THE DALLES, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION - FUND ACCOUNTING (CONTINUED)

GRANTS

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability in the balance sheet and statement of net position.

RECEIVABLES

Revenues that are earned but not received by the fiscal year end are reported as receivable in the current assets section in the government-wide statement of net position by the District. Government grant reimbursement and entitlement amounts for which all eligibility requirements imposed by the provider have been met, but which were not received by the fiscal year end, are reported as grants receivables in the current assets section in the government-wide state-ment of net position by the District. All receivables are considered fully collectible; consequently, no allowance for uncollectible has been established.

INVENTORY

The District does not maintain inventory. Materials and supplies are expensed as they are purchased.

PREPAID ITEMS

Payments made to vendors for operating expenses that will significantly benefit periods beyond June 30, 2025, are recorded as prepaid items.

BUDGET

A budget is required by State Law to budget all governmental funds. The budget is prepared for each governmental fund in accordance with legal requirement as set forth in the Oregon Budget Law.

The budget process includes a series of notices and publications culminating with the budget hearing. After the public hearing has been held, the District enacts the resolutions to adopt the budget, make appropriations and declare the ad valorem tax levy for all funds. The budget is prepared on the same accounting basis as applied to the governmental funds in the basic financial statements.

Total expenditures are controlled by annual appropriations at the following organizational levels: Personnel services, material and services, capital outlay, vehicle fund and other expenditures. Appropriations lapse as of the fiscal year-end. A detailed budget document is required that contains more detailed information for the above-mentioned expenditure categories.

COLUMBIA SOIL & WATER CONSERVATION DISTRICT
THE DALLES, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION - FUND ACCOUNTING (CONTINUED)

BUDGET (CONTINUED)

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the District Board of Directors. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the District Board of Directors.

Expenditures did not exceed appropriations in any fund during the year ending June 30, 2025.

CAPITAL ASSETS

Capital assets are reported in the government wide financial statements. Capital assets are defined as assets with an initial cost of more than \$5,000 and a useful life extending beyond a single reporting period. Capital assets are valued at historical cost or estimated historical cost if actual is unavailable.

Donated Capital assets are recorded at their estimated fair market value on the date donated. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized but rather are charged to expenditures in the governmental funds. The District does not possess any infrastructure. Depreciation is computed using the straight-line method over the estimated useful life of 5 to 10 years for equipment and furnishings and 40 years for buildings and improvements.

RETIREMENT PLAN

A SIMPLE 408(p) is an employer-sponsored retirement plan designed specifically for small businesses (typically those with 100 or fewer employees) that do not maintain any other retirement plan. Established under Section 408(p) of the Internal Revenue Code, it allows employees to make elective salary-reduction contributions while requiring the employer to provide mandatory match or a fixed nonelective contribution.

For each calendar year, the District will contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction contributions of 3% of the employee's compensation for the calendar year. Contributions paid by the District for the year ended June 30, 2025 were \$9,690.

ESTIMATES

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the 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 reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

COLUMBIA SOIL & WATER CONSERVATION DISTRICT
THE DALLES, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION - FUND ACCOUNTING (CONTINUED)

PROPERTY TAX

Uncollected real and personal property taxes are reflected on the statement of net position and the balance sheet as receivables. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are payable in three installments due on November 15, February 15 and May 15. Property tax collections are distributed monthly except for November, when such distributions are made weekly.

DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In addition to assets, the basic financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the basic financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the governmental funds, unavailable revenues from property taxes and grants are deferred and not considered measurable and available and are therefore not recognized as revenue, but rather as deferred inflows of resources.

FUND BALANCE

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions is followed. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds.

COLUMBIA SOIL & WATER CONSERVATION DISTRICT
THE DALLES, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION - FUND ACCOUNTING (CONTINUED)

FUND BALANCE (CONTINUED)

Under this standard, the fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

Restricted resources are spent first when both restricted and unrestricted (committed, assigned, or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable), and unassigned.

At June 30, 2025, there were no committed or assigned fund balances.

ACCRUED COMPENSATED ABSENCES

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – sick leave and vacation leave. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

COLUMBIA SOIL & WATER CONSERVATION DISTRICT
THE DALLES, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION - FUND ACCOUNTING (CONTINUED)

ACCRUED COMPENSATED ABSENCES (CONTINUED)

Leave Policy

The District's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employment of the District and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will more likely than not be used by employees as time off is included in the liability for compensated absences. Vacation leave is paid out at separation from the District and is therefore accrued for in the liability for compensated absences

D. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

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

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

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

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

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. There were no securities held at year end.

COLUMBIA SOIL & WATER CONSERVATION DISTRICT
THE DALLES, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

DEPOSITS

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. The District's cash is deposited in an approved depository for public funds and thus is collateralized under ORS 295.

Cash and Investments are comprised of the following at June 30, 2025:

Checking	\$	126,726
Investments		879,008
Total Cash and Investments	\$	<u>1,005,734</u>

CREDIT RISK – DEPOSITS

In the case of deposits, this is the risk that in the event of a bank failure, deposits may not be returned. The District does not have a deposit policy for custodial credit risk. The total bank balance per the bank statements as of June 30, 2025 was \$128,618; all of which was covered by Federal Depository Insurance.

INVESTMENTS

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2025. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it materially approximates fair value.

COLUMBIA SOIL & WATER CONSERVATION DISTRICT
THE DALLES, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund’s audited financial report. As of June 30, 2025, the fair value of the position in the ***LGIP is 100.49%*** of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer’s Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)
If the link has expired, please contact the Oregon Short Term Fund directly.

At June 30, 2025, the investment balance was as follows:

Investment Type	Fair Value	Investment Maturities (months)		
		Less than 3	3-18	18-59
State Treasurer's Investment Pool	\$ 879,008	\$ 879,008	\$ -	\$ -
Total	<u>\$ 879,008</u>	<u>\$ 879,008</u>	<u>\$ -</u>	<u>\$ -</u>

INTEREST RATE RISK - INVESTMENTS

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

CREDIT RISK - INVESTMENTS

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The state investment pool is not rated.

CONCENTRATION OF CREDIT RISK - INVESTMENTS

At June 30, 2025, 100% of total investments were in the State Treasurer’s Investment Pool. State statutes do not limit the percentage of investments in these instruments. Oregon Revised Statutes require no more than 25 percent of the moneys of a local government be invested in bankers’ acceptances of any qualified financial institution. At June 30, 2025, there appeared to be compliance with all percentage restrictions.

COLUMBIA SOIL & WATER CONSERVATION DISTRICT
THE DALLES, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS

The following is a summary of capital asset activity for the fiscal year ended June 30, 2025

	Beginnig Balance July 1, 2024	Adjustments	Additions	Deletions	Balance June 30, 2025
Non-Depreciable Assets					
Land	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000
Total Non-Depreciable Assets	150,000	-	-	-	150,000
Depreciable Assets					
Buildings and Building improvements	1,273,408	-	7,161	-	1,280,569
Machinery & Equipment	43,257	-	-	-	43,257
Subtotal	1,316,665	-	7,161	-	1,323,826
Accumulated Depreciation					
Buildings and Building improvements	381,146	-	32,836	-	413,982
Machinery & Equipment	41,882	1,375	-	-	43,257
Subtotal	423,028	1,375	32,836	-	457,239
Capital Assets, Net	\$ 1,043,637				\$ 1,016,587

Adjustments to accumulated depreciation represent updates to the capital asset register.

COLUMBIA SOIL & WATER CONSERVATION DISTRICT
THE DALLES, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. LEASE LIABILITY

The basic financial statements follow GASB No. 87, *Leases*. The primary-objective of this statement is to enhance the relevance and consistency of information about the District's leasing activities. This statements establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a Lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

The District entered into a 60-month lease as Lessee for the use of Konica Copier. An initial lease liability was recorded in the amount of \$16,999. As of 06/30/2025, the value of the lease liability is \$10,133. The District is required to make an annual minimum payment of \$462. The lease has an interest rate of 21.22%. The value of the right to use asset as of 06/30/2025 of \$16,999 with accumulated amortization of \$9,067 is included with Equipment on the Lease Class activities table found below.

	Changes in Lease Liability			Balance at June 30, 2025	Due within a Year
	Balance at July 1, 2024	Adjustment	Reductions		
Equipment					
Konica Copier	\$ -	\$ 13,167	\$ 3,034	\$ 10,133	\$ 3,744
Total	\$ -	\$ 13,167	\$ 3,034	\$ 10,133	\$ 3,744

Principal and Interest Requirements to Maturity		
Governmental Activities		
Fiscal Year Ending June 30,	Equipment	
	Principal Payments	Interest Payments
2026	\$ 3,744	\$ 1,800
2027	4,620	924
2028	1,769	79
Total	\$ 10,133	\$ 2,803

An adjustment to the Lease Liability was made during the 204-2025 year due to a lease not previously recorded. See Note 5 for additional information.

COLUMBIA SOIL & WATER CONSERVATION DISTRICT
THE DALLES, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. RIGHT TO USE ASSETS

Right to use assets are for leases in Note 4

Asset Class	Changes in Right-to-Use Asset				Balance at June 30, 2025
	Balance at July 1, 2024	Adjustment	Additions	Reductions	
Equipment					
Konica Copier	\$ -	\$ 16,999	\$ -	\$ -	\$ 16,999
Accumulated Amortization					
Konica Copier	-	5,667	3,400	-	9,067
Total Lease Assets, Net	\$ -	\$ 11,332	\$ (3,400)	\$ -	\$ 7,932

In the fiscal year ending 2022-23, the District did not record an addition to its Lease Liability and Right to Use Assets for the copier lease. Therefore, an adjustment of \$16,999 to the Right to Use Assets and \$5,667 for Accumulated Amortization was required.

6 RISK MANAGEMENT

The District is exposed to various risks of loss related to limited torts; theft of damage to and destruction of assets; errors and omissions and natural disasters. The District is joined together with other special districts in the state, as a member of the Special Districts Association of Oregon (SDAO). SDAO oversees the Special Districts Insurance Services Trust, a public entity risk pool currently operating as a common risk management and insurance program for member governments. The District has an annual renewable contract to pay SDAO an annual premium for its general liability, property liability, automobile liability, boiler and machinery, comprehensive crime, and umbrella insurance coverage. The District carries commercial insurance for all other losses, including workers' compensation insurance.

There have been no significant reductions in coverage from the prior years and settlements have not exceeded insurance coverage in the past three years.

7. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amount, if any, to be immaterial. The potential effects of an illegal act or material revenue derived from transactions involving illegal acts or significant unusual risks may constitute the liability of the applicable fund. The District expects such liability amounts, if any, to be immaterial.

COLUMBIA SOIL & WATER CONSERVATION DISTRICT
THE DALLES, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. PROPERTY TAX LIMITATIONS

The voters of the State of Oregon passed a constitutional limit on property taxes for governmental operations. Under the limitation, tax receipts are separated into those for public schools and those for local governments other than public schools. The limitation specifies a maximum rate for all local government operations of \$10 per \$1,000 of real market value. This limitation does not apply to taxes levied for principal and interest on general obligation-bonded debt. Local government taxes in the District do not exceed the \$10 rate limit; however, this limitation may affect the availability of future tax receipts for the District.

In May 1997 state voters approved Measure 50, which rolled back assessed values to 90% of the assessed value of 1995-96 and limited future increases of taxable assessed values to 3% per year, except for major improvements. Tax rates are fixed and not subject to change. Voters may approve local initiatives above the fixed rate provided that a majority approves at either (1) a general election in an even number year, or (2) any other election in which at least 50% of registered voters cast a ballot.

9. CORRECTION OF ERRORS IN PREVIOUSLY ISSUED FINANCIAL STATEMENTS

In fiscal year ended 2022-2023, the District did not report an addition to its Lease Liability and Right to Use Asset for GASB 87, Leases. See Note 4 and 5. Therefore, a net adjustment of \$1,835 to net position was made. This represents the difference between the Net Asset added of \$11,332 and the Net Lease Liability added of \$13,167. See Note 4 and 5. The effect of correcting the error is shown in Note 10.

In prior fiscal years, the District had recorded accrued vacation as a reduction to Fund Balance on the governmental funds balance sheet. This accrual is a government-wide liability only. Therefore, an adjustment of \$26,195 to fund balance was required. The effect of correcting the error is shown in Note 10.

10. ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES

Total prior period adjustment for Note 9 in the governmental fund statements is as follows:

	6/30/2024		6/30/2024
	Fund Balance	Accrued Vacation	Fund Balance
	As Previously	Error	As Restated
	<u>Reported</u>	<u>Correction</u>	<u>As Restated</u>
Governmental Funds	<u>\$ 685,000</u>	<u>\$ 26,195</u>	<u>\$ 711,195</u>

Total prior period adjustment for Note 9 in the government-wide statements is as follows:

	6/30/2024		6/30/2024
	Net Position	GASB 87 - Leases	Net Position
	As Previously	Error	As Restated
	<u>Reported</u>	<u>Corrections</u>	<u>As Restated</u>
Government-Wide Government Activities	<u>\$ 1,759,832</u>	<u>\$ (1,835)</u>	<u>\$ 1,757,997</u>

COLUMBIA SOIL & WATER CONSERVATION DISTRICT
THE DALLES, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

11. DEFICIT FUND BALANCE

At fiscal year end, the Lower Columbia River Watershed Council Fund had a deficit balance of \$50,727. The District plans to eliminate this balance through transfers from the General Fund and property taxes in the future.

12. TAX ABATEMENTS

As of June 30, 2025, the District had tax abatements through two state-allowed programs: Strategic Investment and Enterprise Zone that impacted their levied taxes and require disclosure under GASB 77.

Strategic Investment (ORS 285C.600):

- The purpose of the Strategic Investment program is to improve employment in areas where eligible projects are to be located and urges business firms that will benefit from an eligible project to hire employees from the region in which the eligible project is to be located whenever practicable.

In order to be eligible for the SIP exemption:

- 1) The project must be an eligible project
- 2) The project must benefit a traded sector industry as defined in ORS 285B.280, and
- 3) The total cost of the project must equal or exceed:
 - a. \$100 million; or
 - b. \$25 million, for rural areas

Enterprise Zone (ORS 285C.175):

- The Oregon Enterprise Zone program is a State of Oregon economic development program established, that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor.

The Enterprise Zone program allows industrial firms that will be making a substantial new capital investment a waiver of 100% of the amount of real property taxes attributable to the new investment for a 5-year period after completion. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

For the fiscal year ended June 30, 2025, the District had abated property taxes under these programs.

Tax Abatement Program	Amount of Taxes Abated during the Fiscal year
Enterprise Zone	\$ 317
Strategic Investment Program	21,410
	\$ 21,727

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REQUIRED SUPPLEMENTARY INFORMATION

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COLUMBIA COUNTY SOIL & WATER CONSERVATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - GENERAL FUND
For the Year Ended June 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Property Taxes	\$ 685,302	\$ 685,302	\$ 652,698	\$ (32,604)
Grants Income	3,198,226	3,198,226	306,990	(2,891,236)
Interest on Investments	18,500	18,500	43,847	25,347
Rental Income	27,924	27,924	27,924	-
Reimbursements	-	-	2,864	2,864
Miscellaneous Revenues	10,000	10,000	6,358	(3,642)
Total Revenues	3,939,952	3,939,952	1,040,681	(2,899,271)
EXPENDITURES				
Personal Services	611,874	611,874 (1)	431,061	180,813
Materials and Services	3,336,078	3,336,078 (1)	318,102	3,017,976
Capital Outlay	67,000	67,000 (1)	9,332	57,668
Contingency	200,000	200,000 (1)	-	200,000
Total Expenditures	4,214,952	4,214,952	758,495	3,456,457
Net Change in Fund Balance	(275,000)	(275,000)	282,186	-
Beginning Fund Balance	500,000	500,000	741,306	241,306
Ending Fund Balance	\$ 225,000	\$ 225,000	1,023,492	\$ 798,492

(1) Appropriation Level

**COLUMBIA COUNTY SOIL & WATER CONSERVATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
ACTUAL AND BUDGET - LOWER COLUMBIA RIVER WATERSHED COUNCIL FUND
(A Component Unit of the District)
For the Year Ended June 30, 2025**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Grant Income	\$ 82,520	\$ 82,520	\$ -	\$ (82,520)
Total Revenues	<u>82,520</u>	<u>82,520</u>	<u>-</u>	<u>(82,520)</u>
EXPENDITURES				
Personnel Services	82,520	82,520 (1)	20,616	61,904
Total Expenditures	<u>82,520</u>	<u>82,520</u>	<u>20,616</u>	<u>61,904</u>
Excess of Receipts, Over (Under) Disbursements	<u>-</u>	<u>-</u>	<u>(20,616)</u>	<u>(20,616)</u>
Net Change in Fund Balance	-	-	(20,616)	(20,616)
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>(30,111)</u>	<u>(30,111)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50,727)</u>	<u>\$ (50,727)</u>

(1) Appropriation Level

**REPORTS ON LEGAL AND
OTHER REGULATORY REQUIREMENTS**

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April 24, 2026

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Columbia Soil & Water Conservation District (the District) as of and for the year ended June 30, 2025, and have issued our report thereon dated April 24, 2026. 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 basic 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 the basic financial statements amounts. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, 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.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Programs funded from outside sources.**

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the District's system of internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's system of internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's system of internal control over financial reporting.

We noted matters involving the internal control structure and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, which are noted in our management letter dated April 24, 2026.

This report is intended solely for the information and use of the Board of Directors and 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.

Roy R Rogers
ROY R. ROGERS, CPA
PAULY, ROGERS AND CO.