

**NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025



CLEAR TRAIL CPAS
Clear Solutions, Clear Results

**NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON**

2024-2025

FINANCIAL REPORT

**NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON**

**2024-2025
FINANCIAL REPORT**

BOARD OF COMMISSIONERS

TERM EXPIRES

Peter S Lovely

2027

Mark Roberts

2027

David Boone, President

2027

Craig Nern

2029

Barbara Rippey, Secretary

2029

All commissioners receive their mail at the address below.

REGISTERED AGENT

Carrie Mock, General Manager
9155 Nehalem Road
Nehalem, Oregon 97131

NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON

T A B L E O F C O N T E N T S

PAGE
NUMBER

Independent Auditors' Report

1

BASIC FINANCIAL STATEMENTS:

Statement of Net Position – Cash Basis

4

Statement of Activities – Cash Basis

5

Notes to Basic Financial Statements

6

SUPPLEMENTARY INFORMATION

Combining Balance Sheet - All Funds (Cash Basis)

15

Schedule of Receipts, Disbursements and Changes in Fund

Balance-Actual and Budget (Cash Basis):

 General Fund

16

 Capital Improvement Fund

17

 Capital Improvement Reserve Fund

18

REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS

Independent Auditors' Report Required by Oregon State Regulations

19



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January 15, 2026

To the Board of Commissioners
Neah-Kah-Nie Water District
Nehalem, Oregon

INDEPENDENT AUDITORS' REPORT

Opinions

We have audited the accompanying cash basis basic financial statements of the Neah-Kah-Nie Water 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 financial statements referred to previously present fairly, in all material respects, the respective cash basis basic financial position of the Neah-Kah-Nie Water District, as of June 30, 2025, and the respective changes in cash basis financial position, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Neah-Kah-Nie Water District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

As discussed in Note 1, the Neah-Kah-Nie Water District prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified in respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 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 Neah-Kah-Nie Water 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 Neah-Kah-Nie Water District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Neah-Kah-Nie Water District's financial statements. The supplementary information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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, as listed in the table of contents, is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the listing of board members containing their term expiration dates, 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 January 15, 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.

A handwritten signature in black ink, appearing to read "Ken Allen", is positioned above the printed name.

**Kenneth Allen, CPA, Municipal Auditor
Clear Trail CPAs**

NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON

BASIC FINANCIAL STATEMENTS

NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON

STATEMENT OF NET POSITION - CASH BASIS
June 30, 2025

	<u>2025</u>
ASSETS:	
Cash and Cash Equivalents	\$ 759,968
Restricted Cash	<u>182,297</u>
Total Assets	<u><u>\$ 942,265</u></u>
CASH BASIS NET POSITION	
Restricted	\$ 182,297
Unrestricted	<u>759,968</u>
Total Net Position	<u><u>\$ 942,265</u></u>

The accompanying notes are an integral part of this statement.

NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON

STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2025

	<u>2025</u>
OPERATING RECEIPTS:	
Water Service	\$ 201,954
Other Operating Receipts	<u>407,424</u>
Total Operating Receipts	<u>609,378</u>
OPERATING DISBURSEMENTS:	
Personal Services	219,916
Materials and Services	<u>192,140</u>
Total Operating Disbursements	<u>412,056</u>
Operating Income	<u>197,322</u>
NON-OPERATING RECEIPTS (DISBURSEMENTS):	
Property Tax Receipt	162,116
Interest Income	39,862
Grants	17,612
Fixed Asset Purchases	(81,314)
Principal and Interest Payments on debt	<u>(302,110)</u>
Total Non-Operating Receipts (Disbursements)	<u>(163,834)</u>
CAPITAL CONTRIBUTIONS	
System Development Charges	<u>6,429</u>
Change in Net Position	39,917
Beginning Net Position	<u>902,348</u>
Ending Net Position	<u>\$ 942,265</u>

The accompanying notes are an integral part of this statement.

NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

Neah-Kah-Nie Water District is a domestic supply district and operates under the authority granted by Oregon Revised Statutes Chapter 264. The District is governed by a board of commissioners, whose members are elected by registered voters within the District.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. Neah-Kah-Nie has no component units.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

The District's accounting records are maintained on a fund accounting basis for budgetary and legal purposes; but, for financial reporting purposes, the financial statements are presented as a unitary enterprise operation, and as such, are reported as a single enterprise fund in the basic financial statements.

Financial operations of the District are accounted for in the following budgetary funds:

GENERAL FUND

This fund is the primary operating fund of the District. It is used to account for all general operating revenues and expenses of the District's water system. The primary sources of revenue are property taxes and user fees. Primary expenses include personnel and water systems operation costs.

CAPITAL IMPROVEMENT FUND

This fund accumulates resources that are restricted to expenditures for expanding and improving the water storage and distribution system. The primary sources of revenue are systems development charges and system enhancement fees. Primary expenses are for capital outlay and debt service.

CAPITAL IMPROVEMENT RESERVE FUND

This fund reserves resources that are restricted for future capital expenses for expanding and improving the water storage and distribution system. The primary source of revenue is transfers from other funds.

NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF ACCOUNTING

The accounts of the District are organized and operated on the basis of a single proprietary fund, an enterprise fund. Enterprise funds are proprietary funds used to account for business-type activities provided to the general public. These activities are financed primarily by water service and the measurement of financial activity focuses on net income measurement similar to the private sector.

Proprietary fund financial statements are reported using the economic resources measurement focus and the cash basis of accounting. The accounting objectives of this measurement focus are the determination of cash basis operating income, changes in net position, and financial position.

The financial statements are presented using the cash basis of accounting. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payables and expense for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements.

If the district utilized the basis of accounting recognized as generally accepted, the financial statements would be presented on the accrual basis of accounting.

D. BUDGET

A budget is prepared and legally adopted for each fund on the cash basis of accounting in the main program categories required by the Oregon Local Budget Law. The budgets for all funds are adopted on a basis consistent with the cash basis of accounting. The District begins its budget process each fiscal year with the establishment of the budget committee. Generally, recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The board may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is adopted and appropriations are made no later than June 30th.

Disbursement budgets are appropriated at the following levels for each fund:

Personal Services	Contingency
Materials and Services	Transfers to Other Funds
Capital Outlay	Debt Service

Disbursements cannot legally exceed the above appropriation levels. Supplemental appropriations may occur if the Board approves them due to a need, which was not determined at the time the budget was adopted. Budget amounts shown in the financial statements reflect the original budget amounts and appropriation transfers.

NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BUDGET (CONTINUED)

Disbursements of the various funds were all within authorized appropriations.

E. OPERATING RECEIPTS AND DISBURSEMENTS

Proprietary funds (enterprise) distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating receipts of the enterprise fund is water charges. Water receipts are recorded when payments are received. Operating disbursements for enterprise funds include the cost of sales and services, administrative expenses, and purchases of materials and services. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Capital contributions include system development fees and related items associated with new connections to the District's facilities.

F. PROPERTY TAXES

Property taxes are recorded when received. Real and personal property are assessed and property taxes become a lien against the property as of July 1 of each year. Property taxes are payable in three installments, following the lien date on November 15, February 15, and May 15. Taxes not received by May 15th are considered delinquent. As required by law, Tillamook County manages tax collections for the District. Substantially all taxes receivable are considered collectible through liens on the underlying property.

G. INVESTMENTS

Investments are reported at fair value based on quoted market prices for securities purchased by the District and for cash reported by the investment pool in which the District participates. All investments held have readily available market prices. The change in fair value is reported in the statement of receipts, disbursements and changes in net position as investment earnings. Realized gains or losses on the maturity or disposition of securities are not separately disclosed.

H. INVENTORIES

Supply inventory is not considered material by management. Supplies are recorded as disbursements when purchased.

I. NET POSITION

Net position is comprised of the various net earnings from operations, nonoperating receipts, disbursements and contributions of capital. Restricted resources are spent first when both restricted and unrestricted resources are available for expenditures. Net position is classified in the following categories:

NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. NET POSITION (CONT.)

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

Unrestricted net position – consists of all net position items that are not restricted.

J. RETIREMENT PLANS

The District has established a defined contribution plan for employees under Internal Revenue Code Section 408 (p), Savings Incentive Match Plan for Employees (SIMPLE). The plan requires the District to match elective employee contributions to the plan up to three percent of qualified employee compensation.

K. INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund for disbursements initially made from it that are properly applicable to another fund are recorded as disbursements in the reimbursing fund and as reductions of disbursements in the fund that is reimbursed. Operating interfund transactions are reported as transfers.

L. CASH AND CASH EQUIVALENTS

For purposes of financial reporting, cash and cash equivalents are defined as short-term, highly liquid investments that are both:

- a. Readily convertible to known amounts of cash.
- b. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Generally only investments with original maturities of three months or less meet this definition.

M. LONG-TERM OBLIGATIONS

Although the cash basis of accounting does not require that debt be displayed, the District believes that presentation of this information is important. Accordingly, the details of debt are presented in these notes to the financial statements.

N. ESTIMATES

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

State statutes govern the District’s cash management policies, because the District does not have an official investment policy. Statutes authorize the District to invest in banker’s acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

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 approximates fair value, and since the entity uses the cash basis of accounting. Amounts in the State Treasurer’s Local Government Investment Pool are not required to be collateralized.

Cash and Investments at June 30, 2025, (recorded at fair value) consisted of:

Deposits With Financial Institutions:		<u>2025</u>	
Demand Deposits:			
Checking	\$	112,409	
Cash with Fiscal Agent		182,297	
Investments		<u>647,559</u>	
Total	\$	<u>942,265</u>	

The District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)	
		Less than 3	More than 3
State Treasurer's Investment Pool	\$ 647,559	\$ 647,559	\$ -
Total	\$ 647,559	\$ 647,559	\$ -

NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates.

Credit Risk

Oregon Revised Statutes does 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

The District does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100% of the District's investments are in the Oregon Local Government Investment Pool.

The District's cash management policies are governed by state statutes. Statutes authorize the District to invest in banker's acceptances, time certificates of deposit, commercial paper, repurchase agreements, and obligations of the United States and its agencies and instrumentalities, Local Government Investment Pools and fixed or variable life insurance or annuity contracts for the amount that may be invested in any one insurer.

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of a counter party, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a policy that limits the amount of investments that can be held by counterparties.

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified public funds bank depositories is available to repay deposits of public funds of government entities.

The District holds interest bearing-accounts at 1st Security Bank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2025, the District had total deposits of \$113,079 all of which were insured by the FDIC.

NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. RETIREMENT PLAN

Plan Description and Provisions

The District has established a defined contribution plan for employees under Internal Revenue Code Section 408(p), Savings Incentive Match Plan for Employees (SIMPLE). The plan requires the District to match elective employee contributions to the plan up to three percent of qualified employee compensation.

The District's contributions to the Plan for the years ended June 30, 2025, 2024 and 2023 amounted to \$3,557, \$4,142, and \$3,693, respectively.

4. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

5. DEBT

Notes Payable from Direct Obligations

On January 14, 2003, the District entered into a Financial Assistance Award Contract with the State of Oregon Economic and Community Development Department (OECDD) to borrow from the Safe Drinking Water Revolving Loan fund for Spring 1 and Spring 2 upgrades and transmission line improvements. The loan is in the amount of \$230,000, with a forgivable loan component of \$57,500. The remaining \$172,500 is non-forgivable and is scheduled to be repaid over 30 years of annual installments of \$6,684, including interest at 1%. The Capital Improvement Fund has traditionally been used to liquidate the debt.

On April 10, 2018, the District executed a promissory note payable to the State of Oregon Infrastructure Finance Authority (IFA) to refinance the 2007 Promissory note to OECDD. The note is amortized over a 14-year period with the first payment due on December 1, 2007 and additional payments due annually on December 1 of each year until paid in full. The note bears interest at 3.177% per annum. The Capital Improvement Fund has traditionally been used to liquidate the debt.

The above notes both contain restrictive covenants limiting the tax-exempt obligation issuance of the District to \$5,000,000 within the current year.

On September 29 2020, the District adopted Resolution 2020-2 authorizing the execution and delivery of a financing agreement, and the related negotiated sale and delivery of its Full Faith and Credit Obligations, Series 2020, in the aggregate principal amount of \$1,100,000 to finance the costs associated with the purchase of property to preserve the District's watershed and certain related capital costs.

On December 13, 2022, the District adopted Resolution 2022-7, as supplemented by Resolution 2023-1, adopted on March 21, 2023, authorizing the execution and delivery of a financing agreement, and the related negotiated sale and delivery of its Full Faith and Credit Obligations, Series 2023, in the aggregate principal amount of \$2,000,000 to finance the costs associated with the purchase of property to preserve the District's watershed and certain related capital costs.

**NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEBT (CONT.)

	<u>Issue</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>
OECCD - SPDWRLF	1/14/2003	\$ 230,000	1%	12/1/2034
Oregon IFA	4/10/2018	\$ 728,160	3.177%	12/1/2031
2020 Full Faith	10/14/2020	\$ 1,100,000	2.21-1.80 %	10/1/2040
2023 Full Faith	4/1/2023	\$ 2,000,000	4.79%	10/1/2042

Changes in long-term obligations for the year ended June 30, 2025 are as follows:

	<u>Direct Borrowings</u>			
	<u>OECCD - SPDWRLF</u>	<u>OR IFA</u>	<u>2020 Full Faith</u>	<u>2023 Full Faith</u>
Balance, June 30, 2024	\$ 69,297	\$ 467,308	\$ 965,000	\$ 2,000,000
Additions	-	-	-	-
Payments	(5,991)	(48,814)	(45,000)	(65,000)
Balance, June 30, 2025	<u>\$ 63,306</u>	<u>\$ 418,494</u>	<u>\$ 920,000</u>	<u>\$ 1,935,000</u>

Future Maturities of Long-Term Obligations:

<u>Year</u>	<u>OECCD - SPDWRLF</u>		<u>OR IFA</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025-2026	\$ 6,051	\$ 633	\$ 54,200	\$ 20,465
2026-2027	6,111	573	54,602	17,813
2027-2028	6,173	511	55,023	15,143
2028-2029	6,234	450	60,460	12,454
2029-2030	6,297	387	60,918	9,497
2030-2035	32,440	980	133,291	9,789
Totals	<u>\$ 63,306</u>	<u>\$ 3,534</u>	<u>\$418,494</u>	<u>\$ 85,161</u>

NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEBT (CONT.)

Year	2020 Full Faith		2023 Full Faith	
	Principal	Interest	Principal	Interest
2025-2026	\$ 50,000	\$ 20,332	\$ 70,000	\$ 91,010
2026-2027	50,000	19,227	75,000	87,537
2027-2028	50,000	18,122	75,000	83,945
2028-2029	50,000	17,017	80,000	80,233
2029-2030	55,000	15,912	85,000	76,281
2030-2035	285,000	61,217	490,000	314,224
2035-2040	315,000	24,688	615,000	183,337
2040-2043	65,000	1,170	445,000	32,692
Totals	<u>\$ 920,000</u>	<u>\$ 177,685</u>	<u>\$ 1,935,000</u>	<u>\$ 949,259</u>

6. PROPERTY TAX LIMITATIONS

The State of Oregon imposes a constitutional limit on property taxes for schools and nonschool government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for nonschool operations are limited to \$10 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997.

This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

7. RESTRICTED CASH

As a part of the financing agreement for the Full Faith and Credit Obligations, Series 2024, the District is required to establish and maintain an account designated as the “2024 Debt Service Reserve Account.” The District shall keep the 2024 Debt Service Reserve Account separate and apart from all other funds and monies held by it for the purposes of securing the payment of the principal of, premium, if any, purchase price and interest on the Series 2024 Obligations. Amounts in excess of the Obligation Reserve Requirement shall be used to pay the principal of, premium, if any, purchase price and interest on the Series 2024 Obligations, or may be transferred to the fund or account specified by an Authorized Representative of the District.

**NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON**

SUPPLEMENTARY INFORMATION

(Individual Fund and Other Financial Schedules)

**NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON**

COMBINING BALANCE SHEET - ALL FUNDS (CASH BASIS)

June 30, 2025

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	CAPITAL IMPROVEMENT RESERVE FUND	TOTAL
ASSETS:				
Current:				
Cash and Cash Equivalents	\$ 22,384	\$ 430,416	\$ 489,465	\$ 942,265
Total Assets	\$ 22,384	\$ 430,416	\$ 489,465	\$ 942,265
FUND BALANCE:				
Unreserved	\$ 22,384	\$ 430,416	\$ 489,465	\$ 942,265
Total Fund Balance	\$ 22,384	\$ 430,416	\$ 489,465	\$ 942,265

**NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (CASH BASIS)
For the Year Ended June 30, 2025**

<u>GENERAL FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	
RECEIPTS:				
Water Use Fees	\$ 59,121	\$ 60,000	\$ 60,000	\$ (879)
Water Base Rate	141,333	136,080	136,080	5,253
Water Hook-ups	1,500	6,000	6,000	(4,500)
Property Taxes	162,116	160,343	160,343	1,773
Investment Earnings		200	200	(200)
Miscellaneous Income	10	1,500	1,500	(1,490)
Total Receipts	364,080	364,123	364,123	(43)
DISBURSEMENTS:				
Current				
Personal Services	214,916	230,240	230,240	(1) 15,324
Materials and Services	176,593	152,380	182,380	(1) 5,787
Contingency	-	10,000	10,000	(1) 10,000
Total Disbursements	391,509	392,620	422,620	31,111
Excess of Receipts Over, -Under Disbursements	(27,429)	(28,497)	(58,497)	31,068
Other Financing Sources, -Uses:				
Transfers In	30,000	-	30,000	-
Transfers Out	-	-	-	(1) -
Total Other Financing Sources, -Uses	30,000	-	30,000	-
Net Change in Fund Balance	2,571	(28,497)	(28,497)	31,068
Beginning Fund Balance	19,813	30,000	30,000	(10,187)
Ending Fund Balance	<u>\$ 22,384</u>	<u>\$ 1,503</u>	<u>\$ 1,503</u>	<u>\$ 20,881</u>

(1) Appropriation Level

**NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (CASH BASIS)
For the Year Ended June 30, 2025**

<u>CAPITAL IMPROVEMENT FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	
RECEIPTS:				
Enhancement Fees	\$ 407,414	\$ 409,020	\$ 379,020	\$ 28,394
System Development Charges	6,429	25,716	25,716	(19,287)
Grants	-	1,000	1,000	(1,000)
Total Receipts	413,843	435,736	405,736	8,107
DISBURSEMENTS:				
Current				
Personal Services	5,000	5,000	5,000	(1) -
Materials and Services	15,547	70,000	70,000	(1) 54,453
Debt Service	302,110	302,110	302,110	(1) -
Capital Outlay	81,314	150,000	90,000	(1) 8,686
Contingency	-	20,000	20,000	(1) 20,000
Total Disbursements	403,971	547,110	487,110	83,139
Excess of Receipts Over, -Under Disbursements	9,872	(111,374)	(81,374)	91,246
Other Financing Sources, -Uses:				
Transfers out	(30,000)	-	(30,000)	(1) -
Total Other Financing Sources (Uses)	(30,000)	-	(30,000)	-
Net Change in Fund Balance	(20,128)	(111,374)	(111,374)	91,246
Beginning Fund Balance	450,544	443,958	443,958	6,586
Ending Fund Balance	\$ 430,416	\$ 332,584	\$ 332,584	\$ 97,832

(1) Appropriation Level

**NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (CASH BASIS)
For the Year Ended June 30, 2025**

<u>CAPITAL IMPROVEMENT RESERVE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	
RECEIPTS:				
Investment Earnings	\$ 39,862	\$ 12,000	\$ 12,000	\$ 27,862
Grants	17,612	-	-	17,612
Total Receipts	<u>57,474</u>	<u>12,000</u>	<u>12,000</u>	<u>45,474</u>
Excess of Receipts Over, -Under Disbursements	57,474	12,000	12,000	45,474
OTHER FINANCING SOURCES, -USES:				
Transfers In	-	-	-	-
Net Change in Fund Balance	57,474	12,000	12,000	45,474
Beginning Fund Balance	<u>431,991</u>	<u>415,000</u>	<u>415,000</u>	<u>16,991</u>
Ending Fund Balance	<u>\$ 489,465</u>	<u>\$ 427,000</u>	<u>\$ 427,000</u>	<u>\$ 62,465</u>

(1) Appropriation Level

**NEAH-KAH-NIE WATER DISTRICT
NEHALEM, OREGON**

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS



CLEAR TRAIL CPAS

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Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of Neah-Kah-Nie Water District as of and for the year ended June 30, 2025, and have issued our report thereon dated January 15, 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 Neah-Kah-Nie Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **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).**

In connection with our testing nothing came to our attention that caused us to believe Neah-Kah-Nie Water 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 internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

This report is intended solely for the information and use of the Board of Commissioners, management 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, appearing to read "Ken Allen". The signature is fluid and cursive, with the first name "Ken" and the last name "Allen" clearly distinguishable.

**Kenneth Allen, CPA, Municipal Auditor
Clear Trail CPAs**