

GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT
Condon, Oregon

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

June 30, 2025

**GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT**
Condon, Oregon

DISTRICT OFFICIALS

June 30, 2025

BOARD MEMBERS

		<u>Term Expires</u>
Jordan Maley Chairman	At Large 1	2028
John Anderson Vice Chairman	Zone 3	2026
Richard Harper Secretary/Treasurer	Zone 2	2026
Chet Wilkins Director	Zone 1	2026
Doug Potter Director	At Large 2	2028

REGISTERED AGENT AND OFFICE

Jordan Maley
PO Box 106
Condon, OR 97823

GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT
Condon, Oregon

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June 30, 2025

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BARNETT + MORO

INDEPENDENT AUDITORS' REPORT

Members of the Board
Gilliam County Soil and Water Conservation District
Condon, Oregon

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Gilliam County Soil and Water Conservation District, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gilliam County Soil and Water Conservation District's ability to continue as a going concern for twelve months beyond the 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 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 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated January 12, 2026, on our consideration of Gilliam County Soil and Water Conservation District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Barnett & Moro, P.C.

By: 
Paul A. Barnett, Shareholder
January 12, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT
Condon, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

As management of Gilliam County Soil and Water Conservation District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended June 30, 2025. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Financial Highlights

Operating grants and contribution revenues were \$1,340,767 during the year ended June 30, 2025, an increase of \$179,031 compared to the prior year.

Total expenses were \$1,329,850 during the year ended June 30, 2025, an increase of \$129,696 compared to the prior year. Revenues and expenses both increased because of increased grant activities.

The District reported a net position of \$1,305,895 an increase of \$205,934 from June 30, 2024. Of this amount \$692,833 is invested in capital assets, \$32,116 is restricted for soil and water conservation projects, and \$580,946 is unrestricted.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business and include the statement of net position and the statement of activities.

The statement of net position presents information on all of the District's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT
Condon, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

In the government-wide financial statements, the District's activities are shown in one category: governmental activities. The governmental activity of the District is to provide local natural resource conservation projects and directions to citizens of Gilliam County. Charges for services and grants provide the resources for these projects.

Fund Financial Statement

The District maintains two funds, the General Fund and the Watershed Fund. The District's primary activities are reported in the general fund, a governmental fund which focuses on how money flows in and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Notes to the Financial Statements

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanations and detail regarding information reported in the statements.

Financial Analysis of the District as a Whole

During the fiscal year June 30, 2025, governmental activities revenue increased by \$269,529 while expenditures increased by \$129,699.

The increase in revenue was related to increased grant activities. The District earned \$93,727 in rent income from renting a portion of its office building. The District has a 10 year lease, and will receive \$8,218 monthly through September 2028. The difference of \$4,889 during the fiscal year June 30, 2025 is the result of an overpayment the year before.

Grant related expenses increased by \$274,153. This increase in grant related expenses was augmented by a \$41,274 increase in payroll and benefits and a \$74,260 increase in other administrative expenses. The District also added a capital asset in the amount of \$134,059. -9-

**GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT**
Condon, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

A condensed version of the statement of net position as follows:

	<u>Governmental Activities</u>	
	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Current assets	\$ 736,444	\$ 773,851
Capital assets, net	1,407,077	1,346,233
Total assets	2,143,521	2,120,084
Current liabilities	205,308	309,486
Non-current liabilities	632,318	710,637
	837,626	1,020,123
Net position		
Invested in capital assets	692,835	557,851
Restricted	32,116	57,016
Unrestricted	580,944	485,094
Total net position	\$ 1,305,895	\$ 1,099,961

**GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT
Condon, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

A condensed version of the statement of activities as follows:

	<u>Governmental Activities</u>	
	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Program revenues		
Operating grants and contributions	\$ 1,435,889	\$ 1,161,736
General Revenues		
Interest income	4,986	4,714
Rent Income	93,727	98,613
Miscellaneous	1,185	1,195
Total revenues	1,535,787	1,266,258
Program expenditures		
Soil and water conservation	1,292,937	1,169,681
Interest expense	36,916	30,473
Total program expenditures	1,329,853	1,200,154
Change in net position	205,934	66,104
Net position beginning of year	1,099,961	1,033,857
Net position end of year	\$ 1,305,895	\$ 1,099,961

Financial Analysis of the Government's Funds

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, unassigned fund balance serves as a useful measure of a government's net resources available for spending at the end of the fiscal year.

GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT
Condon, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

Capital Assets

The District's investment in capital assets includes vehicles, land, building, furniture and equipment. During the year the District added capital assets totaling \$134,059. Capital assets net of depreciation totaled \$1,407,077 at June 30, 2025. The District incurred no new debt as a result of the capital additions.

Economic Factors and Next Year's Budget

The District's Budget Committee considered many factors when preparing the District's budget for the fiscal year ending June 30, 2025. These factors included estimating the amount of revenues that will be received from state sources and grants. State and grant revenues are irregular as they are based on grants available from other entities and general economic conditions.

Requests for Information

This financial report is designed to provide a general overview of Gilliam County Soil and Water Conservation District. Copies of the financial statements and budget can be obtained at the office of Gilliam County soil and Water Conservation District, PO Box 106, Condon, OR 97823. The District telephone number is (541) 384-2672.

BASIC FINANCIAL STATEMENTS

**GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT**
Condon, Oregon

STATEMENT OF NET POSITION

June 30, 2025

	Governmental Activities
ASSETS	
Current assets	
Cash and investments	\$ 403,025
Grants receivable	330,202
Prepaid Interest	2,967
Deposits	250
Total current assets	736,444
Capital assets	
Non-depreciable assets	15,581
Depreciable assets, net of accumulated depreciation	1,391,496
Net capital assets	1,407,077
TOTAL ASSETS	2,143,521
LIABILITIES	
Current liabilities	
Accounts payable	101,956
Payroll liabilities	4,462
Accrued interest payable	1,952
Accrued compensated absences	5,241
Prepaid Rent	9,771
Current portion of long-term debt	81,926
Total current liabilities	205,308
Long-term liabilities	632,318
TOTAL LIABILITIES	837,626
NET POSITION	
Invested in capital assets	692,833
Restricted for soil and water conservation	32,116
Unrestricted	580,946
TOTAL NET POSITION	\$ 1,305,895

See accompanying notes and
independent auditors' report.

**GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT
Condon, Oregon**

STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Change in Net Position</u>
			<u>Governmental Activities</u>
Governmental activities			
Soil and water conservation	\$ 1,292,937	\$ 1,435,889	\$ 142,952
Interest expense	36,916	-	(36,916)
	<u>\$ 1,329,853</u>	<u>\$ 1,435,889</u>	<u>106,036</u>
 General revenues			
Interest			4,986
Rent income			93,727
Miscellaneous			<u>1,185</u>
 Change in net position			205,934
 Net position - beginning of year			<u>1,099,961</u>
 Net position - end of year			<u>\$ 1,305,895</u>

See accompanying notes and independent auditors' report.

**GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT
Condon, Oregon**

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2025

	Governmental Fund Types		Total
	General Fund	Watershed Fund	
ASSETS			
Cash and investments	\$ 350,928	\$ 52,097	\$ 403,025
Grants receivable	286,233	43,969	330,202
Deposits	250	-	250
Prepaid Interest	2,967	-	2,967
Total assets	\$ 640,378	\$ 96,066	\$ 736,444
 LIABILITIES AND FUND BALANCE			
Current liabilities			
Accounts payable	\$ 99,545	\$ 285	\$ 99,830
Payroll liabilities	6,589	-	6,589
Prepaid Rent	9,771	-	9,771
Total liabilities	115,905	285	116,190
 DEFERRED INFLOWS			
Unearned revenue	128,895	43,969	172,864
Total deferred inflow	128,895	43,969	172,864
 Fund balance			
Nonspendable	250	-	250
Restricted for soil and water conservation	32,116	-	32,116
Unassigned	363,212	51,812	415,024
	395,578	51,812	447,390
Total liabilities and fund balance	\$ 640,378	\$ 96,066	\$ 736,444

See accompanying notes and independent auditors' report.

**GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT**
Condon, Oregon

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

June 30, 2025

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

Fund Balances		\$ 447,390
<p>Capital assets are not financial resources and thus are not reported in governmental funds, but are reported in the Statement of Net Position at their depreciable value.</p>		
Capital assets	1,792,479	
Less: accumulated depreciation	<u>(385,401)</u>	1,407,078
<p>Revenue is reported as unavailable in the governmental fund statements until collected. However, the revenue is recognized when earned in the governmental activities.</p>		
		172,864
<p>All liabilities are reported in the Statement of Net Position whereas in governmental funds, liabilities not due and payable in the current period are not reported.</p>		
Accrued compensated absences	(5,241)	
Accrued interest	(1,952)	
Long-term liabilities	<u>(714,244)</u>	<u>(721,437)</u>
Net Position		<u>\$ 1,305,895</u>

**GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT
Condon, Oregon**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

Year Ended June 30, 2025

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General Fund</u>	<u>Watershed Fund</u>	
Revenues			
Charges for service	\$ 94,912	\$ -	\$ 94,912
Operating grants	1,363,794	72,094	1,435,888
Interest income	4,986	-	4,986
Total revenues	<u>1,463,692</u>	<u>72,094</u>	<u>1,535,786</u>
Expenditures			
Current			
Soil and water conservation			
Personnel services	456,247	54,716	510,963
Materials and services	628,623	6,273	634,896
Capital outlay	134,059	-	134,059
Debt service	74,139	-	74,139
Total expenditures	<u>1,293,068</u>	<u>60,989</u>	<u>1,354,057</u>
Net Change in fund balance	170,624	11,105	181,729
Fund balance - beginning of year	<u>297,488</u>	<u>40,707</u>	<u>338,195</u>
Fund balance - end of year	<u>\$ 468,112</u>	<u>\$ 51,812</u>	<u>\$ 519,924</u>

See accompanying notes and independent auditors' report.

GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT
Condon, Oregon

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

Explanation of certain differences between the governmental fund statement of revenues, expenditures and change in fund balance and the government-wide statement of activities.

Net Change in fund Balance	\$ 181,729
 Capital asset additions are reported as capital outlay expenditures in governmental funds. However, the Statement of Activities allocated the cost of these assets over their estimated useful lives as depreciation expense.	
Capital asset additions	134,059
Depreciation expense	(73,214)
 Governmental funds defer revenues that do not provide current financial resources. However, the statement of activities recognizes such revenues at their net realizable value when earned, regardless of when collected.	
	(110,779)
 Repayment of debt principal is reported as an expenditure in the governmental funds, but repayment reduces liabilities in the Statement of Net Position.	
	<u>74,139</u>
 Change in Net Position	 <u><u>\$ 205,934</u></u>

See accompanying notes and independent auditors' report.

**GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT
Condon, Oregon**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Gilliam County Soil and Water Conservation District (the District) is a municipal corporation governed by a five member Board of Directors. Two members of the Board are elected at-large and three are elected by zone. The District was established under provisions of Oregon Revised Statutes Chapter 568 and provides local natural resource conservation information and direction to citizens in Gilliam County.

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

Financial reporting Entity

The District is a legally separate, fiscally independent government entity of the State of Oregon with its own elected governing body. The Board of Directors is not financially accountable of any legally separate organizations. In addition, there are not organizations that due to their nature of significance to the District would make the basic financial statements incomplete or misleading by their exclusion. Accordingly, for financial reporting purposes, the District has no component units.

Government-Wide and fund Financial Statements

Government-wide financial statements include the statement of net position and the statement of activities and display information about the reporting government as a whole. The statements report activity as a whole. For the most part, the effect of interfund activity has been removed from these statements.

Program revenues include grants from state and local organizations. The District reports one function - soil and water conservation; all expenses are reported in this function, including indirect expenses. Rent income includes income received from renting unused office space. Rent income is reported as general revenue because it does not relate to any District program.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT**
Condon, Oregon

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued):

Measurement Focus, Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available if they are received during the current period or soon enough thereafter to pay liabilities of the current period. The District considers this to be revenues collected within 60 days after the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The following major governmental funds are reported:

The *General Fund* is the primary operation fund. It accounts for all financial resources, except those required to be accounted for in another fund. Principal source of revenues are from grants. Expenditures are primarily for the soil and water conservation for Gilliam County, Oregon.

The *Watershed Fund's* principal source of revenues is from grants. Expenditures are primarily for the development and implementation of projects to maintain and restore the sustainability of watersheds for Gilliam County, Oregon.

Budget Policy

The District is not subject to Oregon Local Budgeted Law. The District does, however, prepare a budget each year for its own guidance.

Cash and Cash Equivalents

Cash and cash equivalents include amounts held in demand deposits as well as short-term investments with original maturities of 90 days or less. The cash balance of all funds are pooled and invested according to the Board's directions.

**GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT
Condon, Oregon**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued):

Capital Assets

Capital assets include land, buildings, vehicles, furniture and equipment and are reported in the Statement of Net Position. Capital assets are defined by the District as assets with an initial cost of \$1,000 and a useful life of over one year. Capital assets are recorded at cost. Donated capital assets are recorded at fair-market value at the date of donation.

Furniture and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which is 3-7 years for assets reported in these statements. Expenditures related to the construction of capital assets are accumulated and reported as construction in progress.

In the fund financial statements, capital outlays are accounted for as expenditures when incurred.

Accrued Compensated Absences

District employees are allowed to accumulated earned but unused vacation and sick leave. A liability of the vested portion of such leave is reported in the statement of net position. Up to 40 hours of accrued vacation is payable upon termination. Accrued sick leave is not paid upon termination.

Equity Classifications

In government-wide financial statements, equity is classified and displayed in three components:

Investment in capital assets - Consists of capital assets, net of accumulated depreciation.

Restricted net positions - Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net assets that do not meet the definition of "restricted" or "net investment in capital assets".

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

**GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT**
Condon, Oregon

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued):

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent.

Fund balance is reported in five components - nonspendable, restricted, committed assigned and unassigned.

Nonspendable - This component includes amounts that cannot be spent because they are either not spendable in form or legally or contractually required to be maintained intact.

Restricted - This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation.

Committed - This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, the Board of Directors, which includes a majority vote or a resolution. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action it employed to commit those amounts.

Assigned - This component consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the District Manager as established by the District's fund balance policy.

Unassigned - This classification represents amounts that have not been restricted, committed or assigned to specific purposes.

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

**GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT**
Condon, Oregon

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued):

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS:

A reconciliation of cash and investments as shown on the financial statements for the District follows:

Cash on deposit with financial institution	\$ 301,605
Local Government Investment Pool	101,420
Total	<u>\$ 403,025</u>

Deposits with Financial Institutions

At June 30, 2025, the District held cash of \$301,605 with a bank balance of \$292,702.

Custodial Credit Risk - Deposits

All of the District's deposits were covered by depository insurance at June 30, 2025. The District has not adopted a policy addressing custodial credit risk.

Investments - External Investment Pools

The District's investments are invested in an external investment pool, The Local Government Investment Pool (LGIP.) Numerous local governments in Oregon, as well as state of Oregon agencies, participate in the Fund. The fair value of the District's position in the pool is the same as the value of the pool shares. The Fund is not registered with the U.S. Securities and Exchange Commission. The State's investment policies are governed by Oregon Revised Statutes and the Oregon Investment Council. The State Treasurer is the investment officer for the Council. Investments in the Fund are further governed by portfolio guidelines issued by the Fund Board.

**GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT**
Condon, Oregon

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 2 - CASH AND INVESTMENTS - (continued):

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the LGIP.

Credit Risk - Investments

The Local Government Investment Pool's credit risk is not rated.

Custodial Credit Risk - Investments

The Local Government Investment Pool is not subject to custodial credit risk because it is not evidenced by securities that exist in physical or book entry form. The pool is not required to be categorized within the fair value hierarchy required for other investments.

NOTE 3 - RISK MANAGEMENT:

The District is exposed to various risk of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injury to employees; and natural disasters. The District is a participant in the Oregon Insurance Fund for general and auto liability coverage. The District reviews the coverage periodically, and there has not been a significant reduction in coverage from the prior years. Any settlements have not exceeded coverage in the past three years.

NOTE 4 - ECONOMIC DEPENDENCY:

The District relies on government funding through departments of the State of Oregon for substantially all revenues. If reductions in these funding sources were to occur it would impact the District's ability to provide soil and water conservation services.

**GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT**
Condon, Oregon

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year is as follows:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>
Non-depreciable assets:				
Land	\$ 15,581	\$ -	\$ -	\$ 15,581
Total non-depreciable assets	<u>15,581</u>	<u>-</u>	<u>-</u>	<u>15,581</u>
Depreciable assets:				
Buildings	1,448,012	-	-	1,448,012
Vehicles and equipment	194,827	134,059	-	328,886
Total depreciable assets	<u>1,642,839</u>	<u>134,059</u>	<u>-</u>	<u>1,776,898</u>
Less accumulated depreciation:				
Building	(202,515)	(36,189)	-	(238,704)
Furniture and equipment	(109,672)	(37,026)	-	(146,698)
Total accumulated depreciation	<u>(312,187)</u>	<u>(73,215)</u>	<u>-</u>	<u>(385,402)</u>
Total depreciable assets, net	<u>1,330,652</u>	<u>60,844</u>	<u>-</u>	<u>1,391,496</u>
Total capital assets, net	<u>\$ 1,346,233</u>	<u>\$ 60,844</u>	<u>\$ -</u>	<u>\$ 1,407,077</u>

Depreciation expense for the year ended June 30, 2024 was \$73,215 and this amount was allocated to the soil and water conservation governmental activity in the statement of activities.

**GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT
Condon, Oregon**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 6 - LONG-TERM LIABILITIES:

The District had a business line of credit with the Bank of Eastern Oregon. The line of credit matured in February 2019, incurred interest at 5.0%, with a maximum advance of \$750,000. The line was secured by a deed of trust on three parcels of land owned by the District in Condon, Oregon. The District used the line to fund the construction of a new office building.

The Line was replaced by a \$750,000 note payable to Bank of Eastern Oregon in January 2019: due \$8,041 monthly including interest at 5.25%. Final payment January 2029. Secured by real property. In the event of default, the lender may declare the outstanding loan immediately due and payable.

The District borrowed \$400,000 from Gilliam County, Oregon in July 2018: due \$2,967 interest only quarterly payments, interest at 2.97%, secured by real property. Repayment terms will be renegotiated with an effective date of October 2028. Interest will be the average rate of return of Gilliam County investments and the commercial rate of interest charged by the Bank of Eastern Oregon. Final payment due October 2038. In the event of default, the lender may declare the outstanding loan immediately due and payable.

Long-term liability activity from direct borrowings for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2019 Building Loan	\$ 388,382	\$ -	\$ (74,139)	\$ 314,243	\$ 81,926
2018 Building Loan	400,000	-	-	400,000	-
	<u>788,382</u>	<u>-</u>	<u>(74,139)</u>	<u>714,243</u>	<u>81,926</u>
Compensated Absences	5,241	16,293	(15,817)	5,717	5,717
	<u>\$ 793,623</u>	<u>\$ 16,293</u>	<u>\$ (89,956)</u>	<u>\$ 719,960</u>	<u>\$ 87,643</u>

Long-term liabilities are paid from the general fund. Debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2026	81,926	26,428	108,354
2027	86,332	22,022	108,354
2028	90,975	17,379	108,354
2029-2030	451,404	6,902	458,306
	<u>\$ 710,637</u>	<u>\$ 72,731</u>	<u>\$ 783,368</u>

**GILLIAM COUNTY SOIL AND WATER
CONSERVATION DISTRICT
Condon, Oregon**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 7 - CONCENTRATIONS:

The District had three major grantors that exceed 10% of revenues. For the year ended June 30, 2025, approximately 78% of the District's total grants came from these agencies.

NOTE 8 - PENSION PLAN:

The District contributes to a SIMPLE IRA defined contribution pension plan. Under provisions of the plan, established by the Board of Trustees, the District matches employee contributions up to 3% of eligible employees' salaries. Provisions of the plan may be modified by action of the District's Board of Trustees. During the year, \$8,994 was contributed by the employer, with \$8,994 contributed by the employees.

NOTE 9 - RELATED PARTIES:

District employees also perform contracted services when approved by the Board of Directors.

The District participates in conservation programs available to all landowners within the District; including members of the Board of Directors. The District does not require board members to resign to be eligible to participate in conservation programs.

A member of the Board of Directors is an insurance professional. The District purchases insurance from the board member's insurance office. The District purchases goods and services from the vendor that it considers the best value to the District.

NOTE 10 - LEASE:

Upon completion of construction of its office building in September 2018, the District leased excess space to the US Department of Agriculture under a 10 year lease. The lease is cancellable by providing 120 days written notice. Monthly rent is \$8,218 through September 23, 2028.

The office building cost \$1,448,012, and is included in capital assets in the government-wide financial statements net of \$238,243 in accumulated depreciation at a value of \$1,209,769.

NOTE 11 - SUBSEQUENT EVENTS:

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

INDEPENDENT AUDITORS' REPORT AS
REQUIRED BY OREGON STATE REGULATION

**INDEPENDENT AUDITORS' REPORT AS
REQUIRED BY OREGON STATE REGULATION**

Board of Directors
Gilliam County Soil and Water Conservation District
Condon, Oregon

We have audited the basic financial statements of the Gilliam County Soil and Water Conservation District as of the for the year ended June 30, 2025, and have issued our report thereon dated January 12, 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 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 162-10-0000 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).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing nothing came to our attention that caused us to believe 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 Districts' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Barnett & Moro, P.C.

By: 

Paul A. Barnett, Shareholder
January 12, 2026