

**NORTH COUNTY RECREATION
DISTRICT
Nehalem, Oregon**

ANNUAL FINANCIAL REPORT

June 30, 2025



**NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon**

DISTRICT OFFICIALS

June 30, 2025

BOARD OF DIRECTORS

Michael Howes, Chair
Nehalem, Oregon 97131
Term Ends June 30, 2027

Mary Gallagher, Vice Chair
Nehalem, Oregon 97131
Term Ends: June 30, 2027

Erin Laskey-Wilson, Secretary
Nehalem, Oregon 97131
Term Ends June 30, 2027

Doug Sparks
Nehalem, Oregon 97131
Term Ends June 30, 2025

Frankie Knight, III
Nehalem, Oregon 97131
Term Ends June 30, 2025

EXECUTIVE DIRECTOR

Justin Smith
P.O. Box 207
Nehalem, Oregon 97131

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

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FINANCIAL SECTION



KOONTZ, BLASQUEZ
ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
North County Recreation District
Nehalem, Oregon 97131

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of North County Recreation District, Nehalem, Oregon 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of North County Recreation 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North County Recreation 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.

Responsibilities of Management for the Financial Statements

North County Recreation District's 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 North County Recreation 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 33, respectively, 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 management's discussion and analysis in accordance with GAAS, 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.

The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North County Recreation District's basic financial statements. The individual fund schedules, taxable property values schedule, major taxpayers schedule, long-term debt schedules, outstanding long-term borrowings schedule, taxable property values schedule, and schedule of property tax transactions are presented for purposes of additional analysis and are not a required part of the basic financial statements.

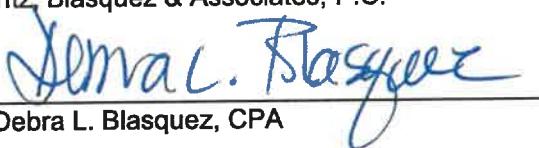
The individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The taxable property values schedule, major taxpayers schedule, long-term debt schedules, outstanding long-term borrowings schedule, taxable property values schedule, and schedule of property tax transactions have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 30, 2025, 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.

Koontz, Blasquez & Associates, P.C.

By: 
Debra L. Blasquez, CPA

Albany, Oregon
December 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of North County Recreation District, Nehalem, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2025, total net position of North County Recreation District amounted to \$11,427,285. Of this amount, \$8,959,808, was invested in capital assets, net of related debt. The remaining balance included \$1,151,848 restricted for capital acquisitions and \$1,315,629 of unrestricted net position.
- The District's total net position increased by \$2,838,317 during the current fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to North County Recreation District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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.

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.

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., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 10 through 11 of this report.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of North County Recreation District are governmental funds.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

□ Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General and Aquatic Center Project Funds, which are considered major governmental funds, and the Capital Asset Reserve fund which is considered non-major.

North County Recreation District adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets.

The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 16 through 32 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes budgetary comparison information for the General Fund. This required supplementary information can be found on page 33 of this report.

The individual fund schedules are presented immediately following the required supplementary information on pages 34 through 35 of this report.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2025, the District's assets exceeded liabilities by \$11,427,285.

A large portion of the District's net position (78.4%) reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

District's Net Position

The District's net position increased by \$2,838,317 during the current fiscal year.

Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Governmental Activities	
	2025	2024
Assets		
Current assets	\$ 2,142,161	\$ 1,253,546
Non-current assets	5,000	-
Restricted assets	1,151,848	4,397,744
Capital assets, net	<u>18,031,611</u>	<u>10,926,193</u>
Total assets	<u>21,330,620</u>	<u>16,577,483</u>
Liabilities		
Current liabilities	526,470	222,582
Noncurrent liabilities	<u>9,376,865</u>	<u>7,765,933</u>
Total liabilities	<u>9,903,335</u>	<u>7,988,515</u>
Net position		
Net investment in capital assets	8,959,808	3,683,959
Restricted	1,151,848	4,397,744
Unrestricted	<u>1,315,629</u>	<u>507,265</u>
Total net position	<u>\$ 11,427,285</u>	<u>\$ 8,588,968</u>

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

District's Changes in Net Position

The condensed statement of activities information shown below explains changes in net position.

Condensed Statement of Activities

	Governmental Activities	
	2025	2024
Program revenues		
Charges for services	\$ 239,277	\$ 228,321
Operating grants and contributions	16,566	30,126
Capital grants and contributions	<u>2,527,546</u>	<u>720,737</u>
Total program revenues	<u>2,783,389</u>	<u>979,184</u>
General revenues		
Property taxes	1,467,518	1,413,881
Timber revenue	358,462	269,366
Unrestricted grants and contributions	27,569	18,410
Investment earnings	157,066	425,359
Amortization of bond premiums	32,863	32,862
Miscellaneous	<u>76,216</u>	<u>83,903</u>
Total general revenues	<u>2,119,694</u>	<u>2,243,781</u>
Total revenues	<u>4,903,083</u>	<u>3,222,965</u>
Program expenses		
Recreational facilities and activities	1,788,865	1,461,882
Interest on long-term debt	<u>275,901</u>	<u>237,809</u>
Total program expenses	<u>2,064,766</u>	<u>1,699,691</u>
Change in net position	<u>2,838,317</u>	<u>1,523,274</u>
Net position - beginning of year	<u>8,588,968</u>	<u>7,065,694</u>
Net position - end of year	<u>\$ 11,427,285</u>	<u>\$ 8,588,968</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the District's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's major governmental funds reported combined fund balances of \$2,812,964, a decrease of \$2,784,942 from the prior year. This amount included \$38,315 of non-spendable fund balance related to prepaid expenses, and \$1,151,848 restricted for capital acquisitions. The remaining \$1,315,629 constitutes unassigned fund balance available for spending at the District's discretion.

Significant Changes in Major Governmental Fund Balances

- General Fund: The 38% increase in unassigned fund balance can be attributed to a decrease in General Fund expenditures.
- Aquatic Center Project Fund: The 92% decrease in fund balance can be attributed to pool construction.

BUDGETARY HIGHLIGHTS: GENERAL FUND

Significant variances between budgeted and actual amounts in the General Fund for the year ended June 30, 2025, include:

- Grants and contributions were budgeted for \$73,450. Actual revenues were \$921,350 (1154.4% over budget) due to receiving unbudgeted grants and contributions.
- Investment earnings were budgeted for \$30,000. Actual revenues were \$149,497 (398.3% over budget) due to unexpected significant rate increases in the LGIP account.
- Expenditures in the aquatics department was budgeted for \$586,075. Actual expenditure was \$324,947 (44.6% under budget) due to additional budgeted expenditures being unnecessary in the current fiscal year.
- Expenditures in the performing arts department were budgeted for \$98,350. Actual expenditure was \$68,634 (30.2% under budget) due to additional budgeted expenditures being unnecessary in the current fiscal year.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2025, amounted to \$18,031,611, net of accumulated depreciation and amortization. This investment in capital assets includes land, construction in progress, buildings and facility improvements, office equipment and furnishings, machinery and equipment, infrastructure, and intangible right to use lease assets for a copier. The total depreciation and amortization expense related to the District's investment in capital assets for the current fiscal year amounted to \$150,088.

Additional information on the District's capital assets can be found in Note III-B on pages 26 through 27 of this report.

Long-Term Liabilities

At the end of the current fiscal year, the District had total long-term liabilities outstanding of \$9,750,663, including bond premiums of \$678,860. This amount is comprised of a lease payable and bonds payable. The District's total long-term liabilities outstanding increased by \$1,802,137 during the current fiscal year.

Additional information on the District's long-term liabilities can be found in Note III-E on pages 28 through 29 of this report.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could affect its future financial health:

- The District is in the process of constructing a new pool. The project will be partially funded by the Aquatic Center Project Fund and is expected to cost \$16.5 million.

This factor was considered in preparing the District's budget for the 2025-2026 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: North County Recreation District, P.O. Box 207, Nehalem, Oregon 97131.

BASIC FINANCIAL STATEMENTS

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

STATEMENT OF NET POSITION

June 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 2,045,246
Property taxes receivable	58,600
Prepaid insurance	<u>38,315</u>
Total current assets	<u>2,142,161</u>
Non-current assets	
Note receivable	<u>5,000</u>
Restricted assets	
Cash and cash equivalents	<u>1,151,848</u>
Capital assets	
Land and construction in progress	16,077,542
Capital assets, net of accumulated depreciation	1,937,503
Intangibles - right to use lease assets, net of accumulated amortization	<u>16,566</u>
Total capital assets	<u>18,031,611</u>
Total assets	<u>21,330,620</u>
LIABILITIES	
Current liabilities	
Accounts payable	60,339
Accrued liabilities	51,445
Compensated absences, current portion	20,228
Lease payable, current portion	5,596
Bonds payable, current portion	356,000
Bond premiums, current portion	<u>32,862</u>
Total current liabilities	<u>526,470</u>
Noncurrent liabilities	
Compensated absences, less current portion	7,107
Lease payable, less current portion	11,207
Bonds payable, less current portion	8,699,000
Bond premiums, less current portion	645,998
Accrued interest	<u>13,553</u>
Total noncurrent liabilities	<u>9,376,865</u>
Total liabilities	<u>9,903,335</u>
NET POSITION	
Net investment in capital assets	8,959,808
Restricted	1,151,848
Unrestricted	<u>1,315,629</u>
Total net position	<u>\$ 11,427,285</u>

The accompanying notes are an integral part of these financial statements.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities					
Recreational facilities and activities	\$ 1,788,865	\$ 239,277	\$ 16,566	\$ 2,527,546	\$ 994,524
Interest on long-term debt	275,901	-	-	-	(275,901)
Total governmental activities	<u>\$ 2,064,766</u>	<u>\$ 239,277</u>	<u>\$ 16,566</u>	<u>\$ 2,527,546</u>	<u>718,623</u>
General revenues					
Property taxes					1,467,518
Timber revenue					358,462
Unrestricted grants and contributions					27,569
Investment earnings					157,066
Amortization of bond premiums					32,863
Miscellaneous					76,216
Total general revenues					<u>2,119,694</u>
Change in net position					2,838,317
Net position - beginning					<u>8,588,968</u>
Net position - ending					<u>\$ 11,427,285</u>

The accompanying notes are an integral part of these financial statements.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2025

	General Fund	Capital Projects Fund	Nonmajor Governmental Fund	Total Governmental Funds
		Aquatic Center Project	Capital Asset Reserve Fund	
ASSETS				
Cash and cash equivalents	\$ 2,531,786	\$ 349,647	\$ 315,661	\$ 3,197,094
Property taxes receivable	58,600	-	-	58,600
Prepaid expenses	38,315	-	-	38,315
Notes receivable	5,000	-	-	5,000
Total assets	\$ 2,633,701	\$ 349,647	\$ 315,661	\$ 3,299,009
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 60,339	\$ -	\$ -	\$ 60,339
Accrued liabilities	51,445	-	-	51,445
Total liabilities	111,784	-	-	111,784
Deferred inflows of resources				
Unavailable revenue - property taxes	58,600	-	-	58,600
Fund balances (deficit)				
Nonspendable	38,315	-	-	38,315
Restricted	802,201	349,647	-	1,151,848
Assigned	-	-	315,661	315,661
Unassigned	1,622,801	-	-	1,622,801
Total fund balances (deficit)	2,463,317	349,647	315,661	3,128,625
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,633,701	\$ 349,647	\$ 315,661	\$ 3,299,009

The accompanying notes are an integral part of these financial statements.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF
GOVERNMENTAL ACTIVITIES**

June 30, 2025

Total fund balances	\$ 3,128,625
Capital assets are not financial resources and are therefore not reported in the governmental funds:	
Cost of non-depreciable capital assets	19,840,229
Accumulated depreciation	(1,825,184)
Cost of intangible right to use lease assets	28,007
Accumulated amortization	<u>(11,441)</u>
	18,031,611
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 15 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.	58,600
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:	
Compensated absences payable	(27,335)
Lease payable	(16,803)
Bonds payable	(9,055,000)
Bond premiums	(678,860)
Accrued interest	<u>(13,553)</u>
Net position of governmental activities	<u>\$ 11,427,285</u>

The accompanying notes are an integral part of these financial statements.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

	General Fund	Capital Projects Funds	
		Capital Asset Reserve	Aquatic Center Project
REVENUES			
Property taxes	\$ 1,460,848	\$ -	\$ -
Timber revenue	-	-	-
Charges for services	239,277	-	-
Grants and contributions	921,350	-	1,650,331
Investment earnings	149,497	-	7,322
Miscellaneous	76,216	-	-
Total revenues	2,847,188	-	1,657,653
EXPENDITURES			
Current			
Activities	18,762	-	-
Administration	786,608	-	-
Aquatics	324,947	-	-
Fitness	229,098	-	-
Performing arts	68,634	-	-
Youth	158,184	-	-
Debt service	-	-	436,938
Capital outlay	-	-	7,266,612
Total expenditures	1,586,233	-	7,703,550
Excess (deficiency) of revenues over (under) expenditures	1,260,955	-	(6,045,897)
OTHER FINANCING SOURCES (USES)			
Bond Proceeds	-	-	2,000,000
Net change in fund balances	1,260,955	-	(4,045,897)
Fund balances - beginning, as previously presented	1,202,362	(1,668)	4,395,544
Change within the financial reporting entity (major to nonmajor fund)	-	1,668	-
Fund balances - as adjusted	1,202,362	-	4,395,544
Fund balances - ending	\$ 2,463,317	\$ -	\$ 349,647

Nonmajor Governmental Fund	Total Governmental Funds
Capital Asset Reserve Fund	
\$ -	\$ 1,460,848
358,462	358,462
-	239,277
-	2,571,681
247	157,066
-	76,216
<u>358,709</u>	<u>4,863,550</u>
 - 18,762	 786,608
- 324,947	- 229,098
- 68,634	- 158,184
- 436,938	- 436,938
<u>41,380</u>	<u>7,307,992</u>
<u>41,380</u>	<u>9,331,163</u>
<u>317,329</u>	<u>(4,467,613)</u>
 - 2,000,000	
317,329	(2,467,613)
<u>-</u>	<u>5,596,238</u>
<u>(1,668)</u>	<u>-</u>
<u>(1,668)</u>	<u>5,596,238</u>
<u>\$ 315,661</u>	<u>\$ 3,128,625</u>

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2025

Net change in fund balances	\$ (2,467,613)
Amounts reported for governmental activities on the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, on the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Expenditures for capital assets	7,255,506
Less current year depreciation	<u>(144,487)</u>
	7,111,019
Governmental funds report the costs of right to use lease assets as expenditures; however, on the statement of activities, the costs of these assets are allocated over the terms of the leases and reported as amortization expense.	
Current year amortization	(5,601)
Long-term liabilities are not due or payable in the current period and are therefore not reported in the governmental fund statements. These liabilities consist of:	
Compensated absences payable	(5,489)
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations.	
	6,670
Long-term debt proceeds are reported as other financing sources in the governmental funds. On the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability on the statement of net position.	
Lease liability payments	5,431
Accrued interest payable	(3,963)
Bond proceeds	(2,000,000)
Bonds payable	165,000
Bond premiums	<u>32,863</u>
	<u>(1,800,669)</u>
Change in net position	\$ 2,838,317

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of North County Recreation District have been prepared in accordance with generally accepted accounting principles (GAAP) 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 more significant of the District's accounting policies are described below.

A. Reporting Entity

North County Recreation District became operational in 1997 following voter approval of a proposal to maintain and enhance a community center, fitness center, and a pool. The District is currently governed by a five-member board of directors elected from the District at large.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges for goods and services provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 15 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting; however, principal and interest on long-term debt, as well as expenditures related to compensated absences, are recorded only when payment is due.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, investment earnings, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and have therefore been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports on the following major governmental funds:

General Fund – The General Fund is the District's primary operating fund. It accounts for all financial resources of the District except for those required to be accounted for in another fund. The primary source of revenue is property taxes.

Capital Projects Funds

Aquatic Center Project Fund – The Aquatic Center Project Fund accounts for the revenues and expenditures associated with the purchase and construction of the new aquatic center site and facilities. The primary sources of revenue are property taxes and investment earnings.

The District reports on the following nonmajor governmental funds:

Capital Projects Funds

Capital Asset Reserve Fund – The Capital Asset Reserve Fund accounts for the revenues and expenditures associated with the purchase, construction, and major repair of capital assets. The primary sources of revenue are timber revenue, grants and contributions, and investment earnings.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

**NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position, and Fund Balance (Continued)

1. Deposits and Investments

The District's 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.

State statutes authorize the District to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

1. Property Taxes

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 remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the associated property. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15.

Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 15 days of fiscal year end are recognized as revenue, while the remaining amount of taxes receivable are recorded as unavailable revenue because they are not deemed available to finance operations of the current period.

2. Timber Revenue

State and federal law provide timber revenue payments in lieu of taxes. County governments are responsible for distributing the revenue to the District. Timber revenue is recognized when received by the District.

3. Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position, and Fund Balance (Continued)

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized.

Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Office equipment and furnishings	3-15
Machinery and equipment	3-15
Infrastructure	3-15
Buildings and facility improvements	30-40

The District has recorded right to use lease assets in accordance with GASB Statement No. 87, *Leases*. The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases, which are discussed in Note III-E.

5. Compensated Absences

Amounts of vested or accumulated vacation and sick leave that are expected to be liquidated with expendable available financial resources are reported as expenditures when paid. Amounts of vested or accumulated vacation and five percent of sick leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities on the statement of net position.

**NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position, and Fund Balance (Continued)

6. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as materials and services expenditures.

7. Retirement Plans

The District has authorized a deferred compensation plan to be made available to its employees wherein they may execute an individual agreement with the District for amounts earned by them, not to be paid until a future date, when they are terminated by reason of death, permanent disability, retirement, or separation. The deferred compensation plan is authorized under Internal Revenue Code (IRC) Section 457 and has been approved by the Internal Revenue Service. Under the plan document, the District has a fiduciary responsibility to administer the plan in accordance with the requirements of IRC Section 457.

In addition, the District provides an implicit rate subsidy for retiree health insurance premiums. The single-employer, defined benefit postemployment healthcare plan is administered by Special Districts Insurance Services (SDIS).

8. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet 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 or fund balance that applies to a future period and therefore, will not be recognized as an outflow of resources until that time.

In addition to liabilities, the statement of net position and/or balance sheet 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 or fund balance that applies to a future period and therefore, will not be recognized as an inflow of resources until that time. The District has one item that qualifies for reporting in this category, which is unavailable revenue from property taxes. Unavailable revenue from property taxes is deferred and recognized as an inflow of resources in the period that the amounts become available. Unavailable revenue from property taxes is reported on the balance sheet.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position, and Fund Balance (Continued)

10. Fund Balance

The District reports on fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance – amounts that are in non-spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.
- Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Commitment of fund balance is accomplished through adoption of a resolution or ordinance by the board of directors. Further, commitments of fund balance may be modified or rescinded only through approval of the board of directors via resolution or ordinance. Authority to assign fund balances has been granted to the Executive Director.

The District has not formally adopted a minimum fund balance policy.

E. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

**NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general and capital projects funds. All funds are budgeted on the modified accrual basis of accounting.

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of directors by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The General Fund consists of activities, administration, aquatics, fitness, performing arts, and youth departments, as well as non-departmental expenditures. For the Capital Asset Reserve and Aquatic Center Project Funds, total personnel services, materials and services, debt service, and capital outlay are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line-item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the board of directors at a regular board meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there were no supplemental budgets. The District does not use encumbrances and appropriations lapses at year end.

Budget amounts shown in the financial statements reflect the original budget amounts.

B. Over Expenditure

During the year ended June 30, 2025, the District expended funds in excess of the appropriated amount because of an error in the budget resolution, which is a violation of ORS 294.100.

Fund	Function	Appropriations	Expenditures	Excess
Capital Projects	Capital outlay	\$ 35,000	\$ 41,380	\$ 6,380

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

North County Recreation District maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

The Oregon State Treasury administers the LGIP. The LGIP is an open-ended, no-load, diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the District's position in the LGIP is the same as the value of the pool shares.

Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The District has not adopted a formal policy regarding credit risk; however, investments comply with state statutes.

Investments

As of June 30, 2025, the District had the following investments:

	<u>Credit Quality</u>		<u>Maturities</u>	<u>Fair Value</u>
	<u>Rating</u>			
Oregon Local Government Investment Pool	Unrated		-	\$ <u>2,984,901</u>

**NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Interest Rate Risk

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

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 percent of the District's investments are in the Oregon Local Government Investment Pool.

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of a counterparty, 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 fund 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 Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The District holds accounts at 1st Security Bank, for which the FDIC provides insurance coverage of \$250,000 for demand deposit accounts and an additional \$250,000 for time and savings accounts. At June 30, 2025, the District's total deposits of \$271,405 were fully insured by the FDIC and PFCP.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Deposits

The District's deposits and investments at June 30, 2025, are as follows:

Cash on hand	\$ 351
Checking accounts	211,842
Total investments	<u>2,984,901</u>
 Total deposits and investments	 <u>\$ 3,197,094</u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 1,729,585
Capital Asset Reserve Fund	<u>315,661</u>
 Total governmental activities - unrestricted	 <u>2,045,246</u>
 Governmental activities - restricted	
General Fund	802,201
Aquatic Center Project Fund	<u>349,647</u>
 Total governmental activities - restricted	 <u>1,151,848</u>
 Total cash and investments	 <u>\$ 3,197,094</u>

Restricted cash of \$802,201 reported in the General Fund at June 30, 2025, represents monies restricted for capital outlay. Restricted cash of \$349,647 reported in the Aquatic Center Project Fund at June 30, 2025, represents monies restricted for capital outlay.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 614,636	\$ -	\$ -	\$ 614,636
Construction in progress	<u>8,220,191</u>	<u>7,242,715</u>	<u>-</u>	<u>15,462,906</u>
Total capital assets not being depreciated	<u>8,834,827</u>	<u>7,242,715</u>	<u>-</u>	<u>16,077,542</u>
Capital assets being depreciated				
Buildings and facility improvements	3,302,935	-	-	3,302,935
Office equipment and furnishings	30,035	-	-	30,035
Machinery and equipment	218,909	12,791	-	231,700
Infrastructure	<u>198,017</u>	<u>-</u>	<u>-</u>	<u>198,017</u>
Total capital assets being depreciated	<u>3,749,896</u>	<u>12,791</u>	<u>-</u>	<u>3,762,687</u>
Less accumulated depreciation for				
Buildings and facility improvements	(1,428,832)	(121,741)	-	(1,550,573)
Office equipment and furnishings	(23,798)	(2,739)	-	(26,537)
Machinery and equipment	(160,577)	(6,934)	-	(167,511)
Infrastructure	<u>(67,490)</u>	<u>(13,073)</u>	<u>-</u>	<u>(80,563)</u>
Total accumulated depreciation	<u>(1,680,697)</u>	<u>(144,487)</u>	<u>-</u>	<u>(1,825,184)</u>
Total capital assets being depreciated, net	<u>2,069,199</u>	<u>(131,696)</u>	<u>-</u>	<u>1,937,503</u>
Capital assets being amortized				
Intangibles - right to use lease assets				
Copier 2023	28,007	-	-	28,007
Less accumulated depreciation for				
Intangibles - right to use lease assets				
Copier 2023	(5,840)	(5,601)	-	(11,441)
Total capital assets being amortized, net	<u>22,167</u>	<u>(5,601)</u>	<u>-</u>	<u>16,566</u>
Governmental activities capital assets, net	<u>\$10,926,193</u>	<u>\$ 7,105,418</u>	<u>\$ -</u>	<u>\$ 18,031,611</u>

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

B. Capital Assets (Continued)

Capital assets are reported on the statement of net position as follows:

	Capital Assets	Accumulated Depreciation/ Amortization	Net Capital Assets
Governmental activities			
Land	\$ 614,636	\$ -	\$ 614,636
Construction in progress	15,462,906	-	15,462,906
Buildings and facility improvements	3,302,935	(1,550,573)	1,752,362
Office equipment and furnishings	30,035	(26,537)	3,498
Machinery and equipment	231,700	(167,511)	64,189
Infrastructure	198,017	(80,563)	117,454
Intangibles - right to use lease assets			
Copier 2023	28,007	(11,441)	16,566
Total governmental capital assets	<u>\$ 19,868,236</u>	<u>\$ (1,836,625)</u>	<u>\$ 18,031,611</u>

Depreciation expense was charged to the functions/programs of the District as follows:

Governmental activities			
Depreciation expense			
Recreational facilities and activities		\$ 144,487	
Amortization expense			
Recreational facilities and activities		5,601	
Total		<u>\$ 150,088</u>	

C. Compensated Absences

The following is a summary of compensated absences transactions for the year:

	Beginning Balance	Net Change	Ending Balance	Due Within One Year
Compensated absences	<u>\$ 21,846</u>	<u>\$ 5,489</u>	<u>\$ 27,335</u>	<u>\$ 20,228</u>

The General Fund has traditionally been used to liquidate compensated absences liabilities.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

D. Long-Term Liabilities

1. Changes in Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year:

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
Lease payable							
Copier 2023	3%	\$ 28,007	\$ 22,234	\$ -	\$ 5,431	\$ 16,803	\$ 5,596
Bonds							
Aquatic Center GO Bonds 2021	3%	4,355,000	4,245,000	-	60,000	4,185,000	70,000
Aquatic Center Full Faith Bonds 2021	3%	3,250,000	2,975,000	-	105,000	2,870,000	105,000
Full Faith Bonds 2025	5.07%	2,000,000	-	2,000,000	-	2,000,000	181,000
Bond premiums	N/A	9,605,000	7,220,000	2,000,000	165,000	9,055,000	356,000
Bond premiums	N/A	810,311	711,723	-	32,863	678,860	32,862
Total bonds, including premiums		10,415,311	7,931,723	2,000,000	197,863	9,733,860	388,862
Total long-term liabilities		\$ 10,443,318	\$ 7,953,957	\$ 2,000,000	\$ 203,294	\$ 9,750,663	\$ 394,458

2. Governmental Activity Lease Payable

The District has entered into an agreement to lease certain equipment. The lease agreement qualifies as an other-than short-term lease under GASB Statement No. 87, *Leases*, and therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

a. Copier 2023 Lease

On June 15, 2023, the District entered into a contract to lease a copier for a period of 60 months, ending on May 15, 2028. The lease calls for payments of \$502 per month. Variable payments consist of \$0.011 per copy over 3,000 black and white images and \$0.06 per copy over 2,100 color images. The lease liability was measured at an implied discount rate of 3%. The District has recorded a right to use lease assets with a net book value of \$22,167 on June 30, 2025. The right to use lease assets is discussed in more detail in Note III-B.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

E. Long-Term Liabilities (Continued)

3. Governmental Activity Aquatic Center Series 2021 General Obligation Bonds

On April 7, 2021, the District issued general obligation bonds in the amount of \$4,355,000 to fund the new aquatic center project. Interest is fixed at 3% and payable semiannually on December 15 and June 15. Principal payments are due annually on June 15.

4. Governmental Activity Aquatic Center Series 2021 Full Faith Bonds

On April 7, 2021, the District issued full faith and credit obligations in the amount of \$3,250,000 to fund the new aquatic center project. Interest is fixed at 3% and payable semiannually on December 15 and June 15. Principal payments are due annually on June 15.

5. Governmental Activity Aquatic Center Series 2025 Full Faith Bonds

On January 17, 2025, the District issued full faith and credit obligations in the amount of \$2,000,000 to fund the new aquatic center project. Interest is fixed at 5.07% and payable semiannually on December 15 and June 15. Principal payments are due annually on June 15.

6. Governmental Activity Future Maturities on Long-Term Liabilities

Year Ending June 30	Lease Payable		Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 5,596	\$ 428	\$ 356,000	\$ 329,800	\$ 361,596	\$ 330,228
2027	5,767	257	380,000	315,373	385,767	315,630
2028	5,440	82	405,000	300,040	410,440	300,122
2029	-	-	420,000	283,750	420,000	283,750
2030	-	-	450,000	266,803	450,000	266,803
2031-2035	-	-	2,379,000	1,042,343	2,379,000	1,042,343
2036-2040	-	-	1,845,000	678,650	1,845,000	678,650
2041-2045	-	-	2,435,000	351,550	2,435,000	351,550
2046	-	-	385,000	15,400	385,000	15,400
	<u>\$ 16,803</u>	<u>\$ 767</u>	<u>\$ 9,055,000</u>	<u>\$ 3,583,710</u>	<u>\$ 9,071,803</u>	<u>\$ 3,584,477</u>

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

F. Constraints on Fund Balances

Constraints on fund balances reported on the balance sheet are as follows:

	General Fund	Capital Asset Reserve Fund	Aquatic Center Project Fund	Total Governmental Funds
Fund balances:				
Nonspendable - prepaids	\$ 38,315	\$ -	\$ -	\$ 38,315
Restricted for:				
Capital acquisitions	802,201	-	349,647	1,151,848
Unassigned	1,622,801	-	-	1,622,801
Total fund balances	\$ 2,463,317	\$ -	\$ 349,647	\$ 2,812,964

IV. OTHER INFORMATION

A. 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; and natural disasters for which the District carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

B. Deferred Compensation Plan

The District has authorized a deferred compensation plan to be made available to its employees wherein they may execute an individual agreement with the District for amounts earned by them, not to be paid until a future date, when they are terminated by reason of death, permanent disability, retirement, or separation. The deferred compensation plan is authorized under Internal Revenue Code (IRC) Section 457 and has been approved by the Internal Revenue Service. Under the plan document, the District has a fiduciary responsibility to administer the plan in accordance with the requirements of IRC Section 457. The District has no liability for any losses that may be incurred under the plan. District contributions for the year ended June 30, 2025, amounted to \$16,928.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

IV. OTHER INFORMATION (Continued)

C. Other Postemployment Benefits

The effect of applying the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, is considered immaterial to the District's financial statements for the year ended June 30, 2025, and has therefore not been recorded.

D. Tax Abatements

The District did not have tax abatements for the year ended June 30, 2025.

E. Related Party

Friends of NCRD raises money to support the District. The money is given to the District once the donation requirements are met. A board member of the District has signature authority for one of the Friends of NCRD's investment accounts. The District received approximately \$1,085,508 from Friends of NCRD during the year ended June 30, 2025.

F. Changes within the Financial Reporting Entity

During the year ended June 30, 2025 the Capital Asset Reserve fund was reclassified from major to nonmajor due significant decreases in the fund's activities.

<u>Reporting Units Affected by Adjustments of Beginning Balances</u>		<u>Nonmajor</u>	
		<u>Capital Asset Reserve</u>	<u>Governmental Fund</u>
Fund balance - beginning, as previously presented		\$ 315,661	\$ -
Change from major fund to nonmajor fund		(315,661)	315,661
Fund balance - beginning, as adjusted		\$ -	\$ 315,661

**NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

G. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements that have future effective dates that will impact future financial presentations. Management has not currently determined what impact implementation of the following statements will have on future financial statements.

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the District beginning with its fiscal year ending June 30, 2026. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

H. Subsequent Events

Management has evaluated subsequent events through December 30, 2025, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL**

GENERAL FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Property taxes	\$ 1,211,768	\$ 249,080	\$ 1,460,848
Charges for services	246,050	(6,773)	239,277
Grants and contributions	73,450	847,900	921,350
Investment earnings	30,000	119,497	149,497
Miscellaneous	<u>87,866</u>	<u>(11,650)</u>	<u>76,216</u>
Total revenues	<u>1,649,134</u>	<u>1,198,054</u>	<u>2,847,188</u>
EXPENDITURES			
Current			
Activities	23,485	(4,723)	18,762
Administration	798,744	(12,136)	786,608
Aquatics	586,075	(261,128)	324,947
Fitness	254,001	(24,903)	229,098
Performing arts	98,350	(29,716)	68,634
Youth	185,761	(27,577)	158,184
Contingency	<u>40,000</u>	<u>(40,000)</u>	<u>-</u>
Total expenditures	<u>1,986,416</u>	<u>(400,183)</u>	<u>1,586,233</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(337,282)</u>	<u>1,598,237</u>	<u>1,260,955</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	-
Net change in fund balance	<u>(337,282)</u>	<u>1,598,237</u>	<u>1,260,955</u>
Fund balance - beginning	<u>819,014</u>	<u>383,348</u>	<u>1,202,362</u>
Fund balance - ending	<u>\$ 481,732</u>	<u>\$ 1,981,585</u>	<u>\$ 2,463,317</u>

OTHER SUPPLEMENTARY INFORMATION
INDIVIDUAL FUND SCHEDULES

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL**

CAPITAL ASSET RESERVE FUND

For the Year Ended June 30, 2025

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual GAAP Basis</u>
REVENUES			
Timber revenue	\$ 238,000	\$ 120,462	\$ 358,462
Investment earnings	-	247	247
Total revenues	238,000	120,709	358,709
EXPENDITURES			
Capital outlay	88,000	(46,620)	41,380
Excess (deficiency) of revenues over (under) expenditures	150,000	167,329	317,329
OTHER FINANCING SOURCES (USES)			
Transfers out	(300,000)	300,000	-
Net change in fund balance	(150,000)	467,329	317,329
Fund balance - beginning	160,436	(162,104)	(1,668)
Fund balance (deficit) - ending	<u>\$ 10,436</u>	<u>\$ 305,225</u>	<u>\$ 315,661</u>

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL**

AQUATIC CENTER PROJECT FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Property taxes	\$ 204,100	\$ (204,100)	\$ -
Grants and contributions	3,064,571	(1,414,240)	1,650,331
Investment earnings	-	7,322	7,322
Total revenues	3,268,671	(1,611,018)	1,657,653
EXPENDITURES			
Debt service	398,400	38,538	436,938
Capital outlay	8,501,500	(1,234,888)	7,266,612
Total expenditures	8,899,900	(1,196,350)	7,703,550
Excess (deficiency) of revenues over (under) expenditures	(5,631,229)	(414,668)	(6,045,897)
OTHER FINANCING SOURCES (USES)			
Transfers in	300,000	(300,000)	-
Bond Proceeds	-	2,000,000	2,000,000
Total other financing sources (uses)	300,000	1,700,000	2,000,000
Net change in fund balance	(5,331,229)	1,285,332	(4,045,897)
Fund balance - beginning	5,331,229	(935,685)	4,395,544
Fund balance - ending	\$ -	\$ 349,647	\$ 349,647

OTHER FINANCIAL SCHEDULES

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

TAXABLE PROPERTY VALUES

Fiscal Year	Real Market Value	Total Assessed Valuation	Property Taxes Levied	Property Taxes Received
2025	\$ 3,546,237,346	\$ 1,652,884,004	\$ 1,503,587	\$ 1,456,937
2023	3,429,915,732	1,581,114,264	1,445,214	1,398,946
2023	3,001,987,597	1,508,385,517	1,378,464	1,338,432
2022	2,247,584,135	1,437,606,051	1,330,100	1,295,085
2021	1,993,330,520	1,377,097,875	1,082,749	1,065,033

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

MAJOR TAXPAYERS

For the Year Ended June 30, 2025

Tillamook County		% of Total Assessed Value	
	Tax Amount	Assessed Value	
Tillamook County Creamery	\$ 1,184,552	\$ 125,585,089	1.92%
Tillamook PUD	1,122,484	103,945,841	1.59%
Stimson Lumber Company	1,003,259	87,993,079	1.34%
Charter Communications	316,715	28,226,240	0.43%
Store Capital Acquisitions	301,121	24,899,820	0.38%
Hampton Lumber Mills Co.	255,969	21,849,980	0.33%
Fred Meyer Stores, Inc.	236,919	20,220,640	0.31%
Pelican Brewing Company	201,154	16,931,850	0.26%
Lumen Technologies Inc	166,732	15,621,312	0.24%
Kiowanda Lodge, LLC	<u>150,764</u>	<u>12,524,940</u>	<u>0.20%</u>
Top ten taxpayers in the county	4,939,669	457,798,791	6.99%
Remaining county taxpayers	<u>69,717,612</u>	<u>6,087,619,547</u>	<u>93.01%</u>
Total county taxpayers	<u>\$ 74,657,281</u>	<u>\$ 6,545,418,338</u>	<u>100.00%</u>

Source: Tillamook County Department of Assessment and Taxation

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

LONG-TERM DEBT SCHEDULE

GENERAL OBLIGATION BONDS, SERIES 2021

Due June 15 Year	Principal Amount	Interest Rate	Base CUSIP 658822 ⁽⁵⁾
2022	\$ 10,000	3.00%	AA9
2023	45,000	3.00%	AB7
2024	55,000	3.00%	AC5
2025	60,000	3.00%	AD3
2026	70,000	3.00%	AE1
2027	80,000	3.00%	AF8
2028	90,000	3.00%	AG6
2029	95,000	3.00%	AH4
2030	110,000	3.00%	AJ0
2031	120,000	3.00%	AK7
2035 ⁽¹⁾	600,000	3.00%	AL5
2038 ⁽²⁾	600,000	3.00%	AP6
2041 ⁽³⁾	745,000	3.00%	AM3
2046 ⁽⁴⁾	1,675,000	4.00%	AN1

(1) Term obligation due June 15, 2035 subject to annual mandatory redemption commencing June 15, 2032.

(2) Term obligation due June 15, 2038 subject to annual mandatory redemption commencing June 15, 2036.

(3) Term obligation due June 15, 2041 subject to annual mandatory redemption commencing June 15, 2039.

(4) Term obligation due June 15, 2046 subject to annual mandatory redemption commencing June 15, 2042.

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NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

LONG-TERM DEBT SCHEDULE

FULL FAITH AND CREDIT OBLIGATIONS, SERIES 2021

Due June 15 Year	Principal Amount	Interest Rate	Base CUSIP
65882B ⁽⁴⁾			
2022	\$ 75,000	3.00%	AA9
2023	100,000	3.00%	AB7
2024	100,000	3.00%	AC5
2025	105,000	3.00%	AD3
2026	105,000	3.00%	AE1
2027	110,000	3.00%	AF8
2028	115,000	3.00%	AG6
2029	115,000	3.00%	AH4
2030	120,000	3.00%	AJ0
2031	125,000	3.00%	AK7
2036 ⁽¹⁾	680,000	3.00%	AL5
2041 ⁽²⁾	785,000	3.00%	AM3
2045 ⁽³⁾	715,000	3.00%	AN1

(1) Term obligation due June 15, 2036 subject to annual mandatory redemption commencing June 15, 2032.

(2) Term obligation due June 15, 2041 subject to annual mandatory redemption commencing June 15, 2037.

(3) Term obligation due June 15, 2045 subject to annual mandatory redemption commencing June 15, 2042.

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NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

LONG-TERM DEBT SCHEDULE

FULL FAITH AND CREDIT OBLIGATIONS, SERIES 2025

Due June 15 Year	Principal Amount	Interest Rate	Base CUSIP
65882B (4)			
2026	\$ 181,000	5.07%	AA9
2027	190,000	5.07%	AB7
2028	200,000	5.07%	AC5
2029	210,000	5.07%	AD3
2030	220,000	5.07%	AE1
2031	231,000	5.07%	AF8
2032	243,000	5.07%	AG6
2033	256,000	5.07%	AH4
2034	269,000	5.07%	AJ0

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NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

OUTSTANDING LONG-TERM BORROWINGS

For the Year Ended June 30, 2025

Issue	Issue Date	Final Maturity	Original Amount	Outstanding Amount
General Obligation Bonds				
Series 2021 (a)	4/7/2021	6/15/2046	\$ 4,355,000	<u>\$ 4,185,000</u>
Subtotal General Obligation Bonds				<u>\$ 4,185,000</u>
Full Faith and Credit Obligations				
Series 2021 (b)	4/7/2021	6/15/2045	\$ 3,250,000	<u>\$ 2,870,000</u>
Subtotal Full Faith and Credit Obligations				<u>\$ 2,870,000</u>
Full Faith and Credit Obligations				
Series 2025 (b)	1/17/2025	6/15/2034	\$ 2,000,000	<u>\$ 2,000,000</u>
Subtotal Full Faith and Credit Obligations				<u>\$ 2,000,000</u>
Total Outstanding Long-Term Borrowings				<u>\$ 9,055,000</u>

(a) Concurrently with the issuance of the obligations, the District expects to issue approximately \$4,355,000 in principal amount of general obligation bonds (the "bonds"). The bonds are also being issued to finance the project.

(b) The obligations

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

TAXABLE PROPERTY VALUES

Fiscal Year	M5 Real Market Values (a)	Total Assessed Valuation (b)
2025	\$ 3,546,237,346	\$ 1,652,884,004
2024	3,429,915,732	1,581,114,264
2023	3,001,987,597	1,508,385,517
2022	2,247,584,135	1,437,606,051
2021	1,993,330,520	1,377,097,875
2020	1,970,822,740	1,330,536,016
2019	1,848,041,010	1,278,764,604
2018	1,747,212,508	1,226,551,723
2017	1,629,439,752	1,179,599,159
2016	1,582,661,015	1,137,551,620

(a) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.

(b) Assessed value of property in the District on which the permanent rate is applied to derive *ad valorem* property taxes, excluding urban renewal and any other offsets. The District has no urban renewal or other offsets.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Year Ended June 30, 2025

Tax Year	Taxes Receivable July 1, 2024	2024-2025 Levy	Adjustments	Collections	Taxes Receivable June 30, 2025
2024-2025	\$ -	\$ 1,503,587	\$ (38,277)	\$ 1,430,673	\$ 34,637
2023-2024	30,871	-	(887)	16,842	13,142
2022-2023	11,391	-	(816)	5,169	5,406
2021-2022	5,381	-	-	2,925	2,456
2020-2021	1,623	-	-	1,145	478
2019-2020	364	-	-	73	291
2018-2019	256	-	-	41	215
Prior	2,044	-	-	69	1,975
Subtotal - Prior	51,930	-	(1,703)	26,264	23,963
Total	\$ 51,930	\$ 1,503,587	\$ (39,980)	1,456,937	\$ 58,600

Add:

Other taxes and interest	3,911
Undistributed taxes with county, July 1, 2024	-
Total available	1,460,848
Less: Turnovers to District	(1,460,848)
Undistributed taxes with county, June 30, 2025	\$ -

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY
STATE REGULATIONS**

KOONTZ, BLASQUEZ
A S S O C I A T E S, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
North County Recreation District
Nehalem, Oregon 97131

We have audited the basic financial statements of North County Recreation District as of and for the year ended June 30, 2025, and have issued our report thereon dated December 30, 2025. 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 North County Recreation 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 162-010-0000 through 162-010-0320 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 statement 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:

Accounting records

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

Programs funded from outside sources

Authorized investment of surplus funds (ORS Chapter 294)

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

Accountability for collecting and receiving money by elected officials

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 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

1. During the year ended June 30, 2025, the District expended funds in excess of the amounts appropriated, which is in violation of ORS 294.100. The following appropriations were over expended for the fiscal year ended June 30, 2025.

Fund	Function	Appropriations	Expenditures	Excess
Capital Projects	Capital outlay	\$ 35,000	\$ 41,380	\$ 6,380

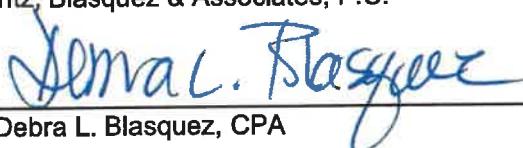
The District does not have any elected officials collecting or receiving money.

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered North County Recreation District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North County Recreation District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of North County Recreation District's internal control over financial reporting. However, we noted certain matters that we have reported to management of the District in a separate letter dated December 30, 2025.

This report is intended solely for the information and use of the board of directors and management of North County Recreation District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Koontz, Blasquez & Associates, P.C.

By: 
Debra L. Blasquez, CPA

Albany, Oregon
December 30, 2025