

Burlington Water District

Financial Statements

June 30, 2025

Board of Directors

<u>Member</u>	<u>Position</u>	<u>Term Expires</u>
Tamara Ege - Vice Secretary bwd.tami@hotmail.com	1	6/15/2029
Ricardo Lovett - Chair ricardolovettbwd@gmail.com	2	6/15/2027
Kris Hines - Treasurer Khines.bwd@gmail.com	3	6/15/2027
Anne Squier - Vice Chair Anne.squier.bwd@gmail.com	4	6/15/2027
Gail Curtis - Secretary gailcurtisbwd@gmail.com	5	6/15/2029

Registered Agent
Northwest Natural Water Services, LLC
P.O. Box 699
Newberg, OR 97132

Introductory Section

District Officials	1
Table of Contents	2

Financial Section

Independent Auditor’s Report	4
Financial Statements	
Modified Cash Basis Statement of Net Position	8
Modified Cash Basis Statement of Revenues, Expenses, and Changes in Net Position	9
Modified Cash Basis Statement of Cash Flows	10
Notes to Financial Statements	11

Supplementary Section

Budgetary Comparison Schedules - Modified Cash Basis - General Fund	21
Schedule of Future Requirements of Long-Term Principal and Interest Obligations IFA Loan S010016	22
Schedule of Future Requirements of Long-Term Principal and Interest Obligations IFA Loan S12005	23
Schedule of Future Requirements of Long-Term Principal and Interest Obligations IFA Loan S22014	24
Schedule of Future Requirements of Long-Term Principal and Interest Obligations IFA Loan S23003	25

Required Reports and Disclosures

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on Audit of Financial Statements	27
Independent Auditor's Report Required by Oregon State Regulations	29

Financial Section

June 30, 2025

Burlington Water District



Independent Auditor's Report

Board of Directors
Burlington Water District
Portland, Oregon

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the Burlington Water District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the Burlington Water District as of June 30, 2025 and the respective modified cash basis changes in financial position and its modified cash basis statement of cash flows, for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describe the basis of accounting. The financial statements are prepared on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Burlington Water District's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information and other information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

The introductory information has 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 such information.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated August 31, 2025 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of the audit and should be considered in assessing the result of our audit.



In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated August 31, 2025 on our tests of the District's compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink that reads "Teresa Hanford".

Hanford & Associates, LLC
West Richland, WA
August 31, 2025

Financial Statements

June 30, 2025

Burlington Water District

Burlington Water District
Modified Cash Basis Statements of Net Position
June 30, 2025

Assets	
Current	
Cash and Cash Equivalents	\$ 715,975
Total Current Assets	<u>715,975</u>
Noncurrent	
Land	1,000
Construction Work in Progress	-
Other Capital Assets, Net of Depreciation	<u>2,480,377</u>
Total Noncurrent Assets	<u>2,481,377</u>
 Total Assets	 <u>3,197,352</u>
 Liabilities	
Due Within One Year	
Current Portion of Long-Term Debt	<u>66,137</u>
Total Due Within One Year	66,137
 Due in More than One Year	
Long-Term Debt	<u>1,346,998</u>
Total Due in More than One Year	<u>1,346,998</u>
 Total Liabilities	 <u>1,413,135</u>
 Net Position	
Net Investment in Capital Assets	1,068,242
Unrestricted	<u>715,975</u>
 Total Net Position	 <u>\$ 1,784,217</u>

The notes to the financial statements are an integral part of this statement

Burlington Water District
 Modified Cash Basis Statements of Revenues, Expenditures, and Changes in Net Position
 June 30, 2025

Operating Revenues	
Water Sales	\$ 350,764
Property Taxes	175,602
Total Operating Revenues	526,366
Operating Expenses	
Materials and Services	(330,607)
Depreciation Expense	(99,478)
Total Operating Expenses	(430,085)
Operating Income (Loss)	96,281
Nonoperating Revenues and Expenses	
SDC Charges	-
Interest Income	30,037
Miscellaneous	52,613
Debt Service - Interest	(17,534)
Total Nonoperating Revenues and Expenses	65,116
Change in Net Position	161,397
Beginning Net Position	1,622,820
Ending Net Position	\$ 1,784,217

The notes to the financial statements are an integral part of this statement

Burlington Water District
Statements of Cash Flows
June 30, 2025

Cash Flows from Operating Activities	
Receipts from Customers	\$ 350,764
Receipts from Property Taxes	175,602
Payments for Materials and Services	<u>(330,607)</u>
Net Cash Provided by (Used In) Operating Activities	195,759
Cash Flows from Capital and Related Financing Activities	
Principal Paid on Debt	(66,227)
Interest Paid on Debt	(17,534)
Construction/Purchase of Capital Assets	-
SDWRLF Loan Income	<u>-</u>
Net Cash Provided by (Used In) Financing Activities	(83,761)
Cash Flows from Investing & Nonoperating Activities	
SDC Charges	-
Interest	30,037
Miscellaneous	<u>52,616</u>
Net Cash Provided by (Used In) Investing & Nonoperating Activities	82,653
Net Increase (Decrease) in Cash	194,651
Beginning Cash	<u>521,324</u>
Ending Cash	<u>715,975</u>
Reconciliation of Operating Income to Net Cash	
Net Cash Provided by Operating Activities	
Operating Income	96,281
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	<u>99,478</u>
Net Cash Provided by Operating Activities	<u>\$ 195,759</u>

The notes to the financial statements are an integral part of this statement

Note 1 - Summary of Significant Accounting Policies

As discussed further in Note 1C, these financial statements are presented on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

1A. Financial Reporting Entity

The District's financial reporting entity is composed of the following:

Primary Government	Burlington Water District
--------------------	---------------------------

In determining the financial reporting entity, the District complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

1B. Basis of Presentation

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

Governmental financial statements generally include both government-wide and fund financial statements. However, the District is a special purpose government engaged only in business-type activities, and such organizations present only the financial statements required for enterprise funds.

The operations of a fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses. Government resources are allocated to and accounted for in individual funds based on the purposes for which revenues are received and monies expended.

1C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

Proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the Statement of Net Position, Statement of Receipts, Expenses, and Changes in Net Position, and Statement of Cash Flows, business-type activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions, with a provision for depreciation. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted in the United States, all financial statements would be presented on the accrual basis of accounting.

1D. Assets, Liabilities, and Net Position

Cash and Investments

The District considers cash on hand, demand deposits and short-term highly liquid investments with a maturity of three months or less, when purchased, to be cash and cash equivalents. Investments maintained in the Oregon Local Government Investment Pool are carried at cost, which approximates fair value, and are classified as a cash equivalent. Fair value of the investments in the Oregon Local Government Investment Pool is the same as the value of the pool shares.

Capital Assets

The District's modified cash basis of accounting reports capital assets resulting from cash transactions in the Statement of Net Position. Capital assets are those assets that have an initial useful life extending beyond one reporting period. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Donated capital assets are recorded at their fair market value at the time of acquisition.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Revenues, Expenses, and Changes in Net Position, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The capitalization threshold for the Distribution System is \$5,000, and the estimated life is 50 years.

Net Position Classification

Net position is classified and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted - Consists of assets with constraints placed on the use either by (1) external groups such as creditors, granters, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted - All other 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 assets prior to the use of unrestricted assets when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

1E. Revenues, Expenditures, and Expenses

Operating Revenue and Expenses

Operating revenue and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

1F. Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting used by the District requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

By its nature as a local government unit, the District is subject to various federal, state, and local laws and contractual regulations. The District has no instances of noncompliance that are considered material to the financial statements.

2A Budgetary Information

The District budgets in accordance with the requirements of state law. During FY 24-25, the District was in compliance with Oregon Budget Law.

Note 3 - Detail Notes – Transactions Classes/Accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3A. Cash and Investments

The District maintains a cash pool that is available for use by the General Fund. Deposits with financial institutions consist of bank demand deposits.

Cash and investments are recorded at cost, which approximates fair market value, plus accrued interest at June 30, 2025. Cash and investments of the District at June 30, 2025 were:

Checking Account - Bank of BMO - General	\$ 95,388
Local Government Investment Pool - Fire	180,276
Local Government Investment Pool - General	440,281
Petty Cash	30
	<u>\$ 715,975</u>

Deposits: The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal depository insurance of \$250,000 applies respectively to total demand deposits and to total savings accounts at each financial institution. Where balances exceed \$250,000, banks are required to pledge collateral, based on their capital condition. Banks are required to provide quarterly reporting of their public funds deposits to the State Treasurer's office, which will be the basis for their collateral pledging for the next quarter. Treasury monitors each depository bank and ensures compliance with collateralization requirements for all public fund deposits. Banks will pledge 10% if they are well capitalized, 25% if they are adequately capitalized, and in turn, the banks are required to share in the liability of a failed institution, should it ever occur. Undercapitalized banks are required to pledge collateral equal to 110% of their deposits which is monitored on a weekly basis. At June 30, 2025, total demand deposits and savings accounts were \$95,388. All these deposits were covered by federal depository insurance.

Investments: The District's cash management policies are governed by state statutes. Statutes authorize the District to invest in bankers' acceptances, time certificates of deposit, repurchase agreements, obligations of the United States' agencies and instrumentalities and the Oregon State Treasurer's Local Government Investment Pool (LGIP). At June 30, 2025, the District had invested \$620,557 with the Oregon Short-Term Fund (ORTF), which is a cash and investment pool available for use by all state funds and local governments and is maintained by the State Treasurer. The Local Government Investment Pool (LGIP) is an open-ended, no-load diversified portfolio offered to eligible participants, including any municipality, political subdivision, or public corporation of the state. Currently, there are more than 1,500 participants in the Pool. Local government pooled assets are reported as an Investment Trust Fund in Oregon's comprehensive Annual Financial Report. The Oregon Short-Term Fund Board, established by the Oregon Legislature, advises the Oregon Investment Council and the Oregon State Treasury in the management and investments of the LGIP. The carrying value of this investment (cost) approximates the market value at June 30, 2025.

Credit Risk: The State of Oregon LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment office for the LGIP, and it is responsible for all funds in the LGIP. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-Term Funds Board, which establish diversification percentages and specify the types and maturities of the investments. The overall credit quality of the pool is not rated. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually. The Division's report on the LGIP as of and for the year ended June 30, 2025, was unqualified.

Concentration Risk: The District had concentrations in the following investments: LGIP 86.7%.

Interest Rate Risk: The District does not have a formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

3B. Capital Assets

Capital asset activity, resulting from modified cash basis transactions, for the fiscal year ended June 30, 2025, was as follows:

	<u>Balance at July 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2025</u>
Non-Depreciable Capital Assets				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Construction Work in Progress	-	-	-	-
Total Non-Depreciable Capital Assets	<u>17,558</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Depreciable Capital Assets				
Distribution System	<u>3,967,175</u>	<u>-</u>	<u>-</u>	<u>3,967,175</u>
Less Accumulated Depreciation For:				
Distribution System	<u>(1,387,320)</u>	<u>(99,478)</u>	<u>-</u>	<u>(1,486,798)</u>
Total Depreciable Capital Assets, Net of Depreciation	<u>2,100,036</u>	<u>(99,478)</u>	<u>-</u>	<u>2,480,377</u>
Total Capital Assets, Net of Depreciation	<u>\$ 2,117,594</u>	<u>\$ (99,478)</u>	<u>\$ -</u>	<u>\$ 2,481,377</u>

Depreciation expense of \$99,478 was charged to the General Fund.

3C. Long-Term DebtInfrastructure Finance Authority (IFA) Loan #S01006

During the fiscal year 2001-2002, the District began work on a Highway 30 line extension project. Funding for this project was provided by the District and a Safe Drinking Water Revolving Loan issued by the Oregon Economic & Community Development Department. As of June 30, 2004, the District had drawn the full amount of an available maximum of \$1,070,000. The first \$250,000 of the note principal was forgiven by the State under the agreement, leaving a balance of \$820,000. The first payment on the loan was made on December 1, 2003. The loan has an annual interest rate of 1.0% and a term of 30 years.

The principal and interest repayment schedule is shown below:

IFA Loan - S01006			
Fiscal Year	Principal	Interest	Total
2025-26	\$ 29,342	\$ 2,431	\$ 31,773
2026-27	29,636	2,138	31,774
2027-28	29,932	1,841	31,773
2028-29	30,231	1,543	31,774
2029-30	30,534	1,240	31,774
2030-33	93,445	1,875	95,320
Balance 6/30/25	<u>\$ 243,120</u>	<u>\$ 11,068</u>	<u>\$ 254,188</u>

Infrastructure Finance Authority (IFA) Loan #S12005

In August 2012 the District took out a loan with the Oregon Infrastructure Finance Authority in the amount of \$1,317,000 to finance system improvements. Because of economic conditions in the District, \$631,700 of the total was forgiven, leaving a balance of \$685,300. It is a 30 year loan with an estimated interest rate of 1%.

In August 2013 the District approved Amendment No. 1 to the loan agreement, which authorized total borrowing not to exceed \$1,649,000. Of this total, IFA agreed to forgive a principal amount of \$690,300, leaving a balance of \$958,700. The principal and interest payment schedule is shown below.

IFA Loan - S12005			
Fiscal Year	Principal	Interest	Total
2025-26	\$ 30,446	\$ 6,702	\$ 37,148
2026-27	30,751	6,397	37,148
2027-28	31,058	6,090	37,148
2028-29	31,369	5,779	37,148
2029-30	31,682	5,466	37,148
2030-35	163,227	22,512	185,739
2035-40	171,553	14,184	185,737
2044-45	180,088	5,434	185,522
Balance 6/30/25	<u>\$ 670,174</u>	<u>\$ 72,564</u>	<u>\$ 742,738</u>

Infrastructure Finance Authority (IFA) Loan S22014

In September 2022, the District entered into a contract with the Oregon Infrastructure Finance Authority to finance the Riverview Water Main Replacement and Construction project. Part of the loan was forgivable. It is a 30 year loan with an interest rate of 1.58%. The final loan amount was \$438,605. The principal and interest payment schedule is shown below.

IFA Loan - S22014			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025-26	\$ 4,712	\$ 6,855	\$ 11,567
2026-27	4,786	6,780	11,566
2027-28	4,862	6,704	11,566
2028-29	4,939	6,628	11,567
2029-30	5,017	6,550	11,567
2030-35	26,297	31,534	57,831
2035-40	28,442	29,389	57,831
2040-45	30,761	27,071	57,832
2045-50	33,268	24,562	57,830
2050-54	290,749	17,708	308,457
Balance 6/30/25	<u>\$ 433,833</u>	<u>\$ 163,781</u>	<u>\$ 597,614</u>

Infrastructure Finance Authority (IFA) Loan S23003

In January 2023, the District entered into a contract with the Oregon Infrastructure Finance Authority in the amount of \$81,200 to finance the Riverview Water Main Replacement and Construction project. \$12,500 of this loan is forgivable. It is a 30 year loan with an interest rate of 2.48%. The final loan amount was \$68,264. The principal and interest payment schedule is shown below.

IFA Loan - S23003			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025-26	\$ 1,637	\$ 1,637	\$ 3,274
2026-27	1,677	1,596	3,273
2027-28	1,719	1,555	3,274
2028-29	1,761	1,512	3,273
2029-30	1,805	1,468	3,273
2030-35	9,720	6,649	16,369
2035-40	10,986	5,382	16,368
2040-45	12,418	3,950	16,368
2045-50	14,037	2,331	16,368
2050-54	10,246	559	10,805
Balance 6/30/25	<u>\$ 66,006</u>	<u>\$ 26,639</u>	<u>\$ 92,645</u>

The following is a summary of long-term debt activity for the year ended June 30, 2025:

PRINCIPAL

Loan	Beginning Balance	Draw	Paid	Ending Balance	Due Within One Year	Due After One Year
IFA: S01006	\$ 272,172	\$ -	\$ (29,052)	\$ 243,120	\$ 29,342	\$ 213,778
IFA: S12005	700,321	-	(30,145)	670,176	30,446	639,730
IFA: S22014	438,605	-	(4,772)	433,833	4,712	429,121
IFA: S23003	68,264	-	(2,258)	66,006	1,637	64,369
Total	\$ 1,479,362	\$ -	\$ (66,227)	\$ 1,413,135	\$ 66,137	\$ 1,346,998

TOTAL PAYMENTS

Loan	Principal	Interest	Total
IFA: S01006	\$ 29,052	\$ 2,722	\$ 31,774
IFA: S12005	30,145	7,003	37,148
IFA: S22014	4,772	6,794	11,566
IFA: S23003	2,258	1,015	3,273
Total	\$ 66,227	\$ 17,534	\$ 83,761

Note 4 - Other Notes

4A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters.

The District manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Management</u>	<u>Loss Risk Retained</u>
Torts, errors, and omissions	Purchased commercial insurance	None
Workers compensation, health and life	Purchased commercial insurance	None
Physical property loss and natural disasters	Purchased commercial insurance	None

Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4B. Commitments and Contingencies

Commitments

There were no commitments that were not disclosed in the financial statements.

Contingencies

Litigation

The District is a party to various legal proceedings that normally occur in the course of governmental operations. As a result of the modified cash basis of accounting, the financial statements do not include accrual or provisions for loss contingencies that may result from these proceeding. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the District and the State statute relating to judgments, the District feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the District.

Supplementary Section

June 30, 2025

Burlington Water District

Burlington Water District
 Budgetary Comparison Schedule
 General Fund

June 30, 2025 with Comparative Totals for the Year Ended June 30, 2024

	2025			Variance Over/(Under)	2024
	Original Budget	Final Budget	Actual		Actual
Revenues					
Water Sales	\$ 320,000	\$ 320,000	\$ 343,566	23,566	\$ 324,085
Property Taxes	173,000	173,000	175,602	2,602	169,356
Interest Income	8,000	8,000	30,037	22,037	24,120
Grant Proceeds	-	-	5,639	5,639	61,811
Loan Proceeds	-	-	46,974	46,974	444,590
New Water Service/Misc.	-	-	7,201	7,201	-
Total Revenues	501,000	501,000	609,019	108,019	1,023,962
Expenditures					
Materials and Services	416,291	416,291	330,607	(85,684)	331,748
Debt Service	113,925	113,925	83,761	(30,164)	68,921
Capital Outlay	50,000	50,000	-	(50,000)	555,119
Operating Contingencies	355,784	355,784	-	(355,784)	-
Total Expenditures	936,000	936,000	414,368	(521,632)	955,788
Net Change in Cash Balance	(435,000)	(435,000)	194,651	629,651	68,174
Beginning Cash Balance	435,000	435,000	521,324	86,324	453,150
Ending Cash Balance	\$ -	\$ -	\$ 715,975	\$ 715,975	\$ 521,324

Burlington Water District
 Schedule of Future Requirements for Retirement of Long-Term Principal and Interest Obligations
 IFA Loan S01006
 June 30, 2025

<u>Due Date</u>	<u>Required for Principal</u>	<u>Required for Interest</u>	<u>Total Requirements</u>
12/1/2025	29,342	2,431	31,773
12/1/2026	29,636	2,138	31,774
12/1/2027	29,932	1,841	31,773
12/1/2028	30,231	1,543	31,774
12/1/2029	30,534	1,240	31,774
12/1/2030	30,839	935	31,774
12/1/2031	31,147	627	31,774
12/1/2032	31,459	315	31,774
	<u>\$ 243,120</u>	<u>\$ 11,070</u>	<u>\$ 254,190</u>

Burlington Water District
Schedule of Future Requirements for Retirement of Long-Term Principal and Interest Obligations
IFA Loan S12005
June 30, 2025

<u>Due Date</u>	<u>Required for Principal</u>	<u>Required for Interest</u>	<u>Total Requirements</u>
12/31/2025	30,446	6,702	37,148
12/31/2026	30,751	6,397	37,148
12/31/2027	31,058	6,090	37,148
12/31/2028	31,369	5,779	37,148
12/31/2029	31,682	5,466	37,148
12/31/2030	31,999	5,149	37,148
12/31/2031	32,319	4,829	37,148
12/31/2032	32,642	4,506	37,148
12/31/2033	32,969	4,179	37,148
12/31/2034	33,298	3,849	37,147
12/31/2035	33,631	3,516	37,147
12/31/2036	33,968	3,180	37,148
12/31/2037	34,307	2,840	37,147
12/31/2038	34,650	2,497	37,147
12/31/2039	34,997	2,151	37,148
12/31/2040	35,347	1,801	37,148
12/31/2041	35,700	1,447	37,147
12/31/2042	36,057	1,090	37,147
12/31/2043	36,419	729	37,148
12/31/2044	36,567	366	36,933
	<u>\$ 670,176</u>	<u>\$ 72,563</u>	<u>\$ 742,739</u>

Burlington Water District
Schedule of Future Requirements for Retirement of Long-Term Principal and Interest Obligations
IFA Loan S22014
June 30, 2025

<u>Due Date</u>	<u>Required for Principal</u>	<u>Required for Interest</u>	<u>Total Requirements</u>
12/1/2025	4,712	6,855	11,567
12/1/2026	4,786	6,780	11,566
12/1/2027	4,862	6,704	11,566
12/1/2028	4,939	6,628	11,567
12/1/2029	5,017	6,550	11,567
12/1/2030	5,096	6,470	11,566
12/1/2031	5,176	6,390	11,566
12/1/2032	5,258	6,308	11,566
12/1/2033	5,341	6,225	11,566
12/1/2034	5,426	6,141	11,567
12/1/2035	5,511	6,055	11,566
12/1/2036	5,599	5,968	11,567
12/1/2037	5,687	5,879	11,566
12/1/2038	5,777	5,789	11,566
12/1/2039	5,868	5,698	11,566
12/1/2040	5,961	5,606	11,567
12/1/2041	6,055	5,511	11,566
12/1/2042	6,151	5,416	11,567
12/1/2043	6,248	5,318	11,566
12/1/2044	6,347	5,220	11,567
12/1/2045	6,447	5,119	11,566
12/1/2046	6,549	5,018	11,567
12/1/2047	6,652	4,914	11,566
12/1/2048	6,757	4,809	11,566
12/1/2049	6,864	4,702	11,566
12/1/2050	6,973	4,594	11,567
12/1/2051	7,082	4,484	11,566
12/1/2052	7,194	4,372	11,566
12/1/2053	269,498	4,258	273,756
	<u>\$ 433,833</u>	<u>\$ 163,781</u>	<u>\$ 597,614</u>

Burlington Water District
Schedule of Future Requirements for Retirement of Long-Term Principal and Interest Obligations
IFA Loan S23003
June 30, 2025

<u>Due Date</u>	<u>Required for Principal</u>	<u>Required for Interest</u>	<u>Total Requirements</u>
12/31/2025	1,637	1,637	3,274
12/31/2026	1,677	1,596	3,273
12/31/2027	1,719	1,555	3,274
12/31/2028	1,761	1,512	3,273
12/31/2029	1,805	1,468	3,273
12/31/2030	1,850	1,424	3,274
12/31/2031	1,896	1,378	3,274
12/31/2032	1,943	1,331	3,274
12/31/2033	1,991	1,283	3,274
12/31/2034	2,040	1,233	3,273
12/31/2035	2,091	1,183	3,274
12/31/2036	2,143	1,131	3,274
12/31/2037	2,196	1,078	3,274
12/31/2038	2,250	1,023	3,273
12/31/2039	2,306	967	3,273
12/31/2040	2,364	910	3,274
12/31/2041	2,422	852	3,274
12/31/2042	2,282	791	3,073
12/31/2043	2,544	730	3,274
12/31/2044	2,607	667	3,274
12/31/2045	2,671	602	3,273
12/31/2046	2,738	536	3,274
12/31/2047	2,806	468	3,274
12/31/2048	2,875	398	3,273
12/31/2049	2,946	327	3,273
12/31/2050	3,020	254	3,274
12/31/2051	3,094	179	3,273
12/31/2052	3,171	103	3,274
12/31/2053	961	24	985
	<u>\$ 65,806</u>	<u>\$ 26,640</u>	<u>\$ 92,446</u>

Required Reports and Disclosures
June 30, 2025
Burlington Water District



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements

Board of Directors
Burlington Water District
Portland, Oregon

We have audited, in accordance with auditing standards generally accepted by the United States of America, the modified cash basis financial statements of the of the Burlington Water District, Oregon (the 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 and have issued our report thereon dated August 31, 2025. As reported in the auditor's opinion on the financial statements, the District prepares its financial statements on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Burlington Water District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Burlington Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of Burlington Water District's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Compliance and Other Matters

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 grant agreements, 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. The results of our tests disclosed no instances of noncompliance that are required to be reported under auditing standards generally accepted by the United States of America.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Teresa Hanford".

Hanford & Associates, LLC
West Richland, WA
August 31, 2025



Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of the Burlington Water District as of and for the year ended June 30, 2025 and have issued our report thereon dated August 31, 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 the Burlington Water District financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **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 Burlington Water District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered Burlington Water District's 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 Burlington Water District internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Burlington Water District's internal control over financial reporting.



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

A handwritten signature in cursive script that reads "Teresa Hanford".

Hanford & Associates, LLC
West Richland, WA
August 31, 2025