



LAKE COUNTY SCHOOL DISTRICT NO. 21

Adel, Oregon

Annual Financial Report

June 30, 2025

LAKE COUNTY SCHOOL DISTRICT NO. 21

18286 Twenty Mile Rd.
Adel, OR 97620
(541) 947-3818

BOARD OF DIRECTORS

AJA O'KEEFFE
PO Box 42, Adel, OR 97620

Board Chair

JASON JAEGER
PO Box 12, Adel, OR 97620

Vice Chair

TERRY CAHILL
PO Box 34, Adel, OR 97620

Director

JIM HIATT
PO Box 18, Adel, OR 97620

Director

PETER OSBORNE
PO Box 79, Adel, OR 97620

Director

ADMINISTRATION

LANE STRATTON
357 N. L Street, Lakeview, OR 97630

Superintendent

SARA SARENSEN
357 N. L Street, Lakeview, OR 97630

Business Manager

TONYA STRATTON
357 N. L Street, Lakeview, OR 97630

LAKE COUNTY SCHOOL DISTRICT NO. 21

AUDIT REPORT

June 30, 2025

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LAKE COUNTY SCHOOL DISTRICT NO. 21

AUDIT REPORT

June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lake County School District No. 21,
18286 Twenty Mile Rd. Adel, OR 97620

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund, of the Lake County School District No. 21 as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Lake County School District No. 21's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Lake County School District No. 21 as of June 30, 2025, and the respective changes in modified cash basis financial position in accordance with modified cash basis of accounting described in the Notes to the Financial Statements.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lake County School District No. 21 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Basis of Accounting

We draw attention to the Basis of Accounting note in the Notes to the financial statements, which describes the basis of accounting. The financial statements are prepared 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. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in the Basis of Accounting note in the Notes to the financial statements, and for 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 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 Lake County School District No. 21'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 it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lake County School District No. 21'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 Lake County School District No. 21's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Management's discussion and analysis, the schedules of revenues, expenditures, and changes in fund balances – budget and actuals, the pension schedules, and the pension and OPEB schedules be presented to supplement the basic financial statements. Such information, 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 and the pension schedules in accordance with the auditing standards generally accepted in the United States of America, which consisted principally 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 my audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals described above 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. The schedules of revenues, expenditures and changes in fund balances – budget and actuals have 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues, expenditures and changes in fund balances – budget and actuals are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lake County School District No. 21's basic financial statements. The supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Lake County School District No. 21.

The supplementary information is the responsibility of management and was derived from and relates 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 other 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 supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information is comprised of additional schedules listed in the Other Information section of the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion of any form of assurance thereon.

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

The schedule of expenditures of federal awards, as listed in the Table of Contents, is presented for purposes of additional analysis as required by the Oregon Department of Education and is not a required part of the basic financial statements.

Reports on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated November 14, 2025, on our consideration of the Lake County School District No. 21's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the District's compliance.



Ashraf Lakhani Farishta, CPA
Umpqua Valley Financial, LLC
Roseburg, Oregon
November 12, 2025

MANAGEMENT'S
DISCUSSION
AND ANALYSIS

LAKE COUNTY SCHOOL DISTRICT NO. 21

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2025

The discussion and analysis of Lake County School District No. 21's financial performance, using the modified cash basis of accounting, provides an overview of the District's modified cash basis activities for the fiscal year that ended June 30, 2025. This discussion and analysis intend to examine the District's financial performance as a whole, using the modified cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's modified cash-based financial performance.

FINANCIAL HIGHLIGHTS

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

- The District's net position experienced a notable increase of \$166,405, reflecting a growth of 17% compared to the previous fiscal year. This growth was largely driven by a significant rise in capital assets of \$279,025, translating to a substantial 70% increase.
- Total revenues amounted to \$799,489, with general revenues contributing \$567,851, which constitutes 71% of the overall revenue. The remaining 29%, equating to \$231,638, came from program-specific revenues, including charges for services, grants, and contributions.
- The District had \$633,084 in program expenses, which was less than total revenues, resulting in a year-end net position of \$1,171,420.
- Total assets associated with governmental activities increased by \$164,725, representing a 16% growth from the prior year. This growth was driven primarily by the addition of \$330,920 to capital assets through investments in buildings and building improvements. The overall increase was partially offset by accumulated depreciation of \$345,773 and a \$20,770 reduction in construction in progress.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes additional supplementary information to supplement the basic financial statements.

Government-wide Financial Statements

The first of the government-wide statements is the *Statement of Net Position – Modified Cash Basis*. This is the District-wide statement presenting information that includes cash and certain other assets and liabilities of the District, which the District feels are important in providing information that presents an accurate image of the District using a cash basis of accounting, modified by inclusion of those certain assets and liabilities.

In particular, the District includes in the *Statement of Net Position – Modified Cash Basis* amounts representing its capital assets, payroll liabilities, and long-term debt. Certain assets and their related revenues (such as accounts receivable and amounts due from other governments), and certain liabilities (such as accounts payable and expenses for goods or services received but not yet paid), and not recorded in these modified cash basis financial statements. Over time, increases or decreases in net position using the modified basis of accounting may serve as a useful indicator of whether the modified cash position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to accrual basis information and other non-financial factors such as the condition of school buildings and other facilities, and changes in the district's enrollment, which dictates the majority of revenue to be collected through the State Funding Formula.

LAKE COUNTY SCHOOL DISTRICT NO. 21

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)

Government-wide Financial Statements (Cont.)

The second government-wide statement is the *Statement of Activities*, which reports how the District's net position using the modified cash basis of accounting changed during the current fiscal year. All revenues and expenses are recognized when cash is received or paid, except for additions to capital assets and reductions in long-term debt. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the distinct modified cash basis activities or functions of the District that are primarily supported by intergovernmental revenues, principally state basic school support and property tax revenues. The governmental activities of the District include instruction, instructional support services, student transportation, and non-instructional support services.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported, while all others are combined into a single, aggregated presentation if applicable.

Governmental funds are also reported using the modified cash basis of accounting. These statements report short-term fiscal accountability, focusing primarily on the use of cash resources during the year and balances of cash resources available at the end of the fiscal year. Payroll liabilities are the one exception to this, so that the balances related to payroll liabilities incurred prior to the end of the fiscal year and the related expenditures are included in the modified cash governmental fund financial statements.

Fiduciary funds such as private-purpose trust funds for scholarships are reported in the fiduciary fund financial statements but are excluded from government-wide reporting. Fiduciary fund financial statements report on the net position and changes in net position on a cash basis.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents as supplementary information budgetary comparison schedules. The supplementary information immediately follows the notes to the financial statements. Other supplementary data includes other schedules. These schedules immediately follow the supplementary information in this report.

LAKE COUNTY SCHOOL DISTRICT NO. 21

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position provides the perspective of the District as a whole and may serve over time as a useful indicator of a government's financial position. In the case of the District, the assets exceeded its liabilities at June 30, 2025, by \$1,171,420.

The following table provides a summary of the District's net position. Comparative information from the previous year is provided.

Summary of Net Position

	Governmental Activities		
			Percentage Change
	June 30, 2025	June 30, 2024	
Assets			
Current and Other Assets	\$ 511,362	\$ 625,662	-18%
Capital Assets	<u>677,859</u>	<u>398,834</u>	70%
Total Assets	1,189,221	1,024,496	16%
Liabilities			
Other Liabilities	<u>17,800</u>	<u>19,481</u>	-9%
Total Liabilities	17,800	19,481	-9%
Net Position			
Net Investment in Capital Assets	677,859	398,834	70%
Unrestricted	<u>493,561</u>	<u>606,181</u>	-19%
Total Net Position	<u>\$ 1,171,420</u>	<u>\$ 1,005,015</u>	17%

Capital assets, which consist of the District's land, buildings, building improvements, and equipment, net of accumulated depreciation, represent about 57 percent of total assets. The remaining 43 percent of total assets consist primarily of cash and cash equivalents.

A portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets still outstanding. The District uses these capital assets to provide services to students and other District residents; consequently, these assets are not available for future spending.

The District's sole liability is payroll liabilities of \$17,800 as of June 30, 2025.

LAKE COUNTY SCHOOL DISTRICT NO. 21

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2025

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

Changes in Net Position

	Governmental Activities		
	2024-25	2023-24	Percentage Change
Revenues			
Program Revenues			
Charges for Services	\$ 3,262	\$ 3,432	-5%
Operating Grants and Contributions	228,376	91,271	150%
General Revenues			
Property Taxes	81,114	87,845	-8%
State Basic School Support	459,468	362,584	27%
Federal Forest Fees	865	-	N/A
Other	26,404	40,483	-35%
Total Revenues	<u>799,489</u>	<u>585,615</u>	37%
Program Expenses			
Instruction	344,674	311,172	11%
Support Services	284,818	251,744	13%
Community Services	<u>3,592</u>	<u>2,472</u>	45%
Total Program Expenses	<u>633,084</u>	<u>565,388</u>	12%
Special Item: Gain (Loss) on disposition of assets	-	(26,897)	-100%
Change in Net Position	<u>\$ 166,405</u>	<u>\$ (6,670)</u>	2595%

In the current fiscal year, the District's net position in governmental activities improved by \$166,405. Total revenues increased by \$213,874, primarily driven by ESSER III funding of \$98,500 and a significant rise in State Basic School Support to \$459,468. This growth reflects a 37% increase in overall revenues compared to the prior year. Correspondingly, total program expenses rose by \$67,696, largely due to higher instructional and support service costs. These changes contributed to the substantial improvement in the District's financial position.

LAKE COUNTY SCHOOL DISTRICT NO. 21

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2025

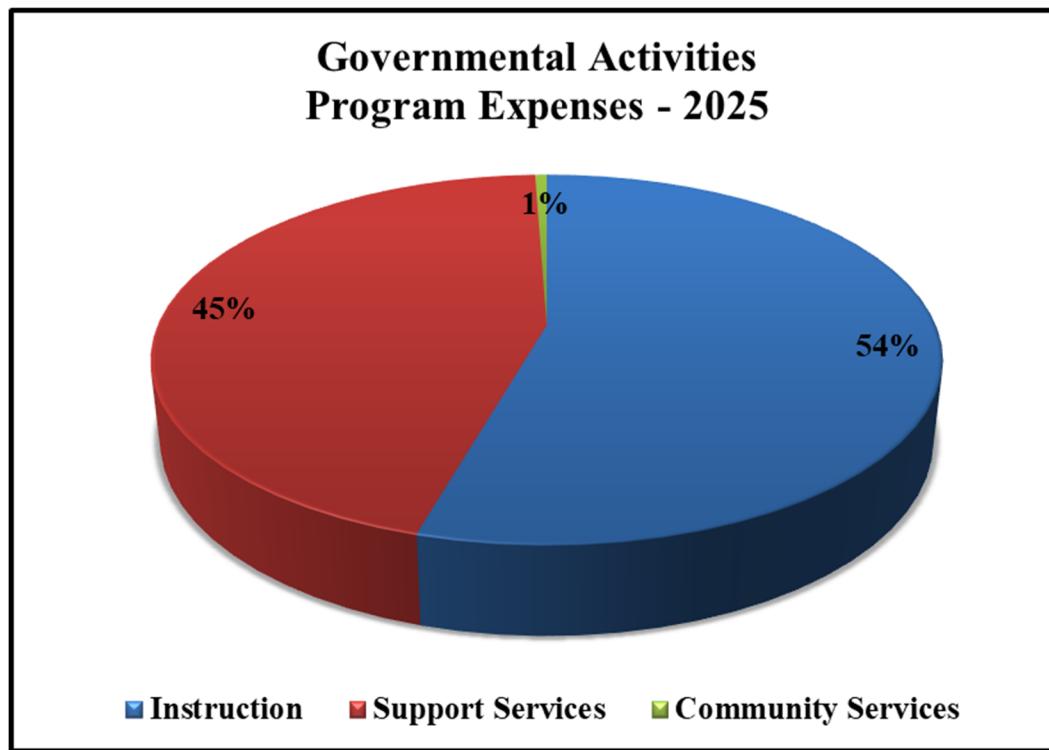
The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions, offsetting those services

The following table shows, for governmental activity, the total cost of the four major functional activities of the District. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions. Prior-year information is provided for comparative analysis.

Governmental Activities

	2024-25		2023-24	
	Total Cost of Services	Net Cost (Profit) of Services	Total Cost of Services	Net Cost (Profit) of Services
Instruction	\$ 344,674	\$ 123,896	\$ 311,172	\$ 232,526
Support Services	284,818	273,958	251,744	235,687
Community Services	3,592	3,592	2,472	2,472
Total Program Expenses	<u>\$ 633,084</u>	<u>\$ 401,446</u>	<u>\$ 565,388</u>	<u>\$ 470,685</u>

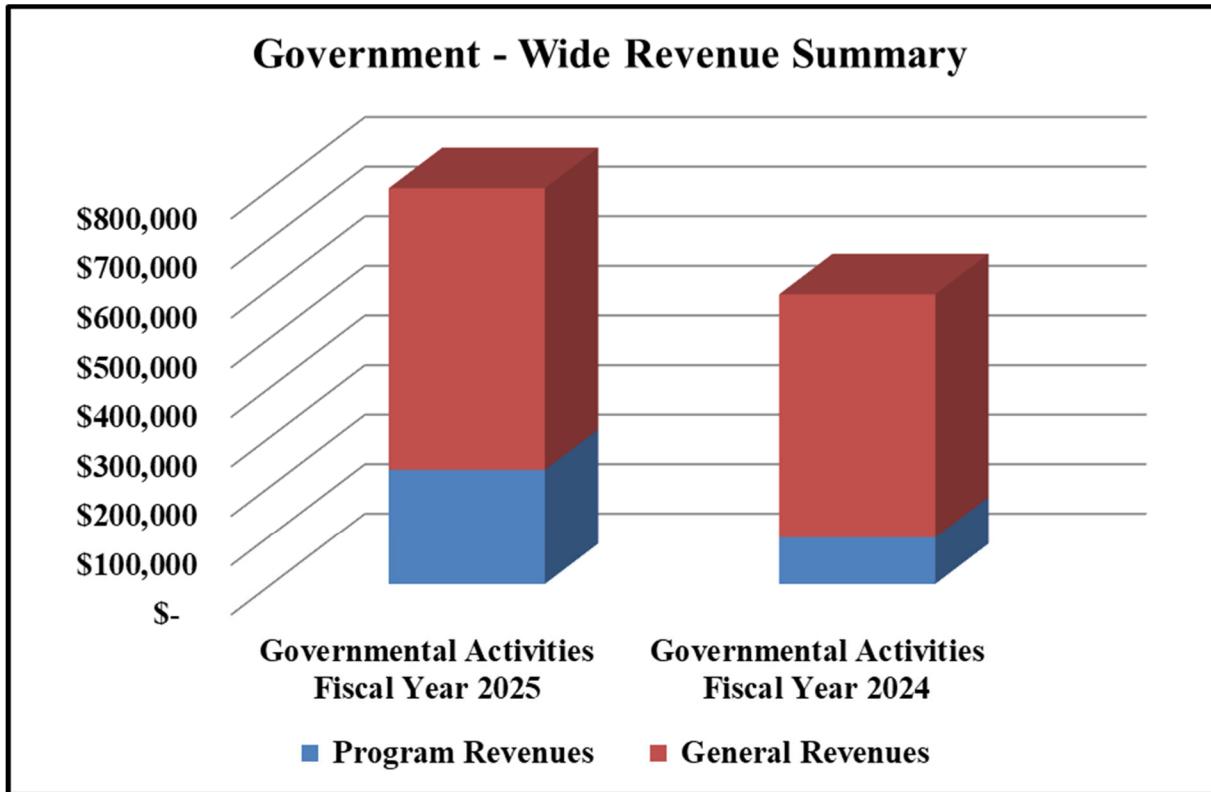
This graph illustrates the expenses of the District's programs by governmental activities. Instruction has the highest expenses, totaling \$344,674, compared to Support Services and Community Services, which account for \$284,818 and \$3,592.



LAKE COUNTY SCHOOL DISTRICT NO. 21

Management's Discussion and Analysis (MD&A) **For the Fiscal Year Ended June 30, 2025**

The chart illustrates the comparative analysis of revenue generated from governmental activities between the previous fiscal year and the current fiscal year, indicating a substantial increase of \$213,874, which represents a 37% growth.



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

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

The financial status of the District is primarily seen in its governmental funds. At the end of the fiscal year, the combined fund balance of the governmental funds stood at \$493,561, which is \$112,620 less than the previous year. The fund balance is composed of different amounts that are committed, restricted, and unassigned. Among the current fund balances, \$73,525 is committed, and \$420,036 is unassigned and can be used at the District's discretion.

During the fiscal year, the General Fund of the District, which serves as the primary operating fund, recorded an increase in fund balance totaling \$54,735. This growth was primarily driven by total revenues exceeding expenses by \$69,735, even after accounting for an interfund transfer out of \$15,000.

LAKE COUNTY SCHOOL DISTRICT NO. 21

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2025

BUDGETARY HIGHLIGHTS

Over the year, the District made only minor changes to its various funds' budgets.

General Fund revenues were budgeted at \$554,117 for the fiscal year, with actual collections totaling \$562,230, exceeding budgeted revenues by \$8,113. Expenditures were \$411,667 less than budgeted, primarily due to the non-utilization of contingency appropriations. Consequently, the ending fund balance increased to \$420,036, compared to the beginning fund balance of \$365,301.

The Special Revenue Fund #200 experienced a net budgetary change of \$6,402 during the fiscal year. Actual revenues were \$2,060 less than budgeted, primarily due to the District budgeting for a potential \$21,751 in additional State Aid that was not received. Actual expenditures were \$32,610 less than budgeted expenditures, resulting in an ending fund balance of \$1,870.

The Capital Projects Fund #400 reported an ending fund balance of \$71,655, a decrease from the beginning balance of \$245,411. Actual revenues exceeded budgeted revenues by \$12,347, while expenditures were \$54,196 less than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the District had allocated a total of \$677,859 towards capital assets, reflecting an increase of \$279,025 from the previous fiscal year. This investment encompasses various categories, including school buildings, athletic facilities, land, vehicles, computers, and a diverse assortment of equipment and furnishings. The increase is attributed to additions totaling \$641,070, which surpassed deletions amounting to \$330,920 during the fiscal year.

The total depreciation expense for the year was \$31,125.

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

Long-Term Debt

On June 30, 2025, the District had no long-term debt outstanding.

LAKE COUNTY SCHOOL DISTRICT NO. 21

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic Factors

The primary factors considered in developing the budget for next year were the District's continued commitment to providing quality education programs for all its students while maintaining fiscal responsibility to its community. This budget maintains all current programs, which include two licensed teachers and two part-time staff for preschool, as well as summer camp programs.

Budget

The District's proposed budget for the fiscal year ending on June 30, 2025, indicates an overall decrease of \$260,785 when compared to the current fiscal year. The budget includes 3% COLA for staff, a \$50 increase to the insurance cap, and funding adjustments reflecting rising insurance costs and the majority of 2.0 FTE teacher salaries supported by the General Fund. Key initiatives include grant-funded staffing for kindergarten transition and a part-time teacher's aide, expanded counseling and character education programs, and planned capital projects for sidewalks, septic, and generator improvements. The total budget for the fiscal year ending June 30, 2025, is \$1,154,297. The budgeted revenues for the General Fund \$894,528. The budgeted revenues for the Special Revenue Funds \$159,014. The budgeted revenues for the Capital Projects Funds, including a beginning fund balance of \$100,755.

Rate

The District will levy its maximum permanent property tax rate of \$4.3686 per \$1,000 of assessed property valuation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and demonstrate its accountability for the resources it receives.

If you have any questions about this report or need additional information, contact the Lake County School District No. 21 at 357 North L St., Lakeview, OR 97630.

BASIC FINANCIAL
STATEMENTS

Government-Wide
Financial Statements

LAKE COUNTY SCHOOL DISTRICT NO. 21

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

For the Fiscal Year Ended June 30, 2025

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	<u>\$511,362</u>
Total Current Assets	<u>\$ 511,362</u>
Capital Assets:	
Land	20
Building and Building Improvement	829,032
Machinery and Equipment	194,580
Less: Accumulated Depreciation	<u>(345,773)</u>
Total Capital Assets, Net of Depreciation	<u>677,859</u>
Total Assets	<u>1,189,221</u>
<u>LIABILITIES:</u>	
Payroll Liabilities	<u>17,800</u>
Total Liabilities	<u>17,800</u>
<u>NET POSITION:</u>	
Net Investment in Capital Assets	677,859
Unrestricted	<u>\$493,561</u>
Total Net Position	<u>\$1,171,420</u>

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

LAKE COUNTY SCHOOL DISTRICT NO. 21
STATEMENT OF ACTIVITIES -MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2025

	Program Revenues			Net (Expense) Revenue and Change in Net Position
	Charges for (Expenses)	Operating Services	Grants and Contributions	Governmental Activities
	GOVERNMENTAL ACTIVITIES:			
Instruction	\$ 344,674	\$ 3,262	\$ 217,516	\$ (123,896)
Support Services	284,818	-	10,860	(273,958)
Enterprise and Community Services	<u>3,592</u>	<u>-</u>	<u>-</u>	<u>(3,592)</u>
Total Governmental Activities	<u>\$ 633,084</u>	<u>\$ 3,262</u>	<u>\$ 228,376</u>	<u>\$ (401,446)</u>
GENERAL REVENUES:				
Local Sources:				
Property Taxes, Levied for General Purposes				\$ 81,114
Earnings on Investments				23,055
Unrestricted State and Local Revenue				1,613
Intermediate Sources				125
State School Fund for Education and Support Services				459,468
State Common School Fund				1,611
Federal Forest Fees for General Purposes				865
Subtotal - General Revenues				<u>567,851</u>
Excess (deficiency) of revenue over expenditures before special items				166,405
Gain (Loss) on Disposition of Assets				<u>-</u>
Change in Net Position				166,405
Net Position, July 1, 2024				<u>1,005,015</u>
Net Position, June 30, 2025				<u>\$ 1,171,420</u>

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

BASIC FINANCIAL
STATEMENTS

Governmental Fund
Financial Statements

LAKE COUNTY SCHOOL DISTRICT NO. 21

BALANCE SHEET GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

For the Fiscal Year Ended June 30, 2025

	General Fund #100	Special Revenue Fund #200	Capital Projects Fund #400	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 437,836	\$ 1,871	\$ 71,655	\$ 511,362
Total Assets	\$ 437,836	\$ 1,871	\$ 71,655	\$ 511,362
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Payroll Liabilities	17,800	-	-	17,800
Total Liabilities	17,800	-	-	17,800
FUND BALANCES:				
Committed for:				
Capital Construction & Building Maintenance	-	-	52,210	52,210
Equipment Acquisition	-	-	19,445	19,445
Instructional Programs	-	1,870	-	1,870
Unassigned	420,036	-	-	420,036
Total Fund Balances	420,036	1,870	71,655	493,561
Total Liabilities and Fund Balances	\$ 437,836	\$ 1,871	\$ 71,655	\$ 511,362

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

LAKE COUNTY SCHOOL DISTRICT NO. 21

RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUNDS - MODIFIED CASH BASIS TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS

For the Fiscal Year Ended June 30, 2025

Total Fund Balances - Governmental Funds	\$ 493,561
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Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the governmental funds.

Cost of assets	\$1,023,631
Accumulated depreciation	<u>(345,773)</u>
Net Value of Capital Assets	<u>677,859</u>
Net Position of Governmental Activities	<u>\$ 1,171,420</u>

LAKE COUNTY SCHOOL DISTRICT NO. 21

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

For the Fiscal Year Ended June 30, 2025

	General Fund #100	Special Revenue Fund #200	Capital Projects Fund #400	Total Governmental Funds
REVENUES:				
Local Sources:				
Taxes	\$ 81,114	\$ -	\$ -	\$ 81,114
Earnings on Investments	13,262	-	9,792	23,054
Miscellaneous Revenue	4,875	-	-	4,875
Intermediate Government Aid	125	-	-	125
State Aid	461,589	63,456	18,720	543,765
Federal Aid	1,265	145,291	-	146,556
Total Revenues	562,230	208,747	28,512	799,489
EXPENDITURES:				
Current:				
Instruction	240,905	103,769	-	344,674
Support Services	228,563	5,695	-	234,258
Enterprise and Community Services	3,592	-	-	3,592
Capital Outlay:				
Support Services	19,435	-	-	19,435
Facilities Acquisition and Construction	-	92,881	217,269	310,150
Total Expenditures	492,495	202,345	217,269	912,109
Excess (Deficiency) of Revenues Over Expenditures	69,735	6,402	(188,757)	(112,620)
OTHER FINANCING SOURCES (USES):				
Interfund Transfers In	-	-	15,000	15,000
Interfund Transfers Out	(15,000)	-	-	(15,000)
Total Other Financing Sources (Uses)	(15,000)	-	15,000	-
Net Change in Fund Balance	54,735	6,402	(173,757)	(112,620)
Beginning Fund Balance	365,301	(4,532)	245,412	606,181
Ending Fund Balance	\$ 420,036	\$ 1,870	\$ 71,655	\$ 493,561

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

LAKE COUNTY SCHOOL DISTRICT NO. 21

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS - MODIFIED CASH BASIS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Fiscal Year Ended June 30, 2025

Net Changes in Fund Balances - Total Governmental Funds	<u>\$ (112,620)</u>
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 310,150
Less current year depreciation	<u>(31,125)</u>
	<u>279,025</u>

Changes in the inventory balance from the prior year to the current year are an adjustment to expense for the Statement of Activities. That change is reflected as a change in fund balance reserve for the fund financial statements. That difference in accounting is reconciled here.

Change in Net Position of Governmental Activities	<u>\$ 166,405</u>
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BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Lake County School District No. 21 was organized under the provisions of Oregon Statutes pursuant to ORS Chapter 332 to operate elementary and secondary schools. The District is governed by a separately elected Board of Directors who approve of the administrative officials. Additionally, the District contracts a part-time clerk and a principal with Lake County Education Service District. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

The basic financial statements of Lake County School District No. 21 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

Reporting Entity

In determining the financial reporting entity, the Lake County School District No. 21 complies with Governmental Accounting Standards Board Statement 14 as amended, "The Financial Reporting Entity." The criteria for including organizations as component units within the District's reporting entity, include whether 1) the organization is legally separate (can sue and be sued in their own name); 2) the District holds the corporate powers of the organization; 3) the District appoints a voting majority of the organization's board; 4) the District can impose its will on the organization; 5) the organization has the potential to impose a financial benefit/burden on the District; and 6) there is fiscal dependency by the organization on the District. Based on the criteria, the Lake County School District No. 21 has no component units.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District with most of the inter-fund activities removed to minimize the double counting of internal activities. Governmental activities include programs supported primarily by taxes, state school support payments, grants, and other intergovernmental revenues. The District has no business-type activities that rely, to a significant extent, on fees and charges for support. The District also reports no fiduciary activities.

The statement of activities demonstrates the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a program of function and, therefore, are identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Basis of Presentation (Cont.)

Fund Financial Statements: During the fiscal year, the District segregates transactions related to school district functions or activities in separate funds to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds.

The fund financial statements provide reports on the financial condition and results of operations for governmental activities. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund - The General Fund is the main operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. This fund accounts for all general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund. General Fund expenditures are categorized by "Instruction" which is the direct teaching of students or the interaction between teacher and students. "Support Services" covers all the support activities for students, teachers, and facilities. Major activities in support services are transportation, maintenance of facilities (i.e. heating, phones, electricity, cleaning), administration, counseling for students, and technology support.

Special Revenue Fund – This fund accounts for grants and special revenue projects.

Capital Projects Fund – This fund accounts for capital improvements and purchases for the district.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; the basis of accounting refers to when transactions are recognized in the financial records and reported on the financial statements. The basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The financial statements are reported on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America but are accepted for governmental financial reporting under Oregon law (ORS 294.333) which leaves the selection of the method of accounting to the discretion of the district. This basis of accounting involves modifications to the cash basis of accounting to report in the Statement of Net Position and Balance Sheet cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. For the Statement of Net Position, such reported balances include capital assets, payroll liabilities, and long-term liabilities arising from cash transactions. For the Balance Sheet, such reported balances include payroll liabilities arising from cash transactions.

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 other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and other accrued expenses and liabilities) other economic assets, deferred outflows, liabilities, and deferred inflows of resources that do not arise from a cash transaction or event that would be reported in GAAP basis financial statements are not reported in this modified cash basis presentation, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Budgeting

Generally, Oregon local budget law requires annual budgets to be adopted for all funds except agency funds. The modified cash basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year-end.

The district begins its budgeting process by appointing budget committee members in the fall of each year. Budget recommendations are developed by management through early spring, within the budget committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The board adopts the budget, makes appropriations, and declares the tax levy no later than June 30th. Expenditures above appropriations may not be legally made except in the case of grant revenues and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The district established the levels of budgetary control at the instruction, support services, community services, facilities acquisition, and debt service levels for all funds.

The District budgets all funds as required by state law. The District budgets for all funds on a modified cash basis. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total expenditures are controlled by annual appropriations at the following organizational levels: instruction, support services, community services, facilities acquisition and construction, and other expenditures. Appropriations lapse as of the fiscal year-end. A detailed budget document is required that contains more detailed information for the above-mentioned expenditure categories.

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

Cash and Investments

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any short-term, highly liquid investments with initial maturity dates of three months or less. The District has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the District to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

The District's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The District's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended, non-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 included in the Oregon Short-Term Fund (OSTF) which was established by the State Treasurer. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Capital Assets

Under the modified basis of accounting, the District has elected to report capital assets on the statement of net position. The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost, or estimated cost when original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Maintenance and repairs of capital assets are not capitalized, but rather are charged to expenditures in the governmental funds. The District does not possess any infrastructure. The capitalization threshold used by the District as recommended by the State of Oregon is \$5,000.

In the government-wide financial statements, all reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

<u>Asset Class</u>	<u>Estimated Years of Useful Lives</u>
Buildings and Improvements	50-100
Machinery & Equipment	5-30

In the governmental fund financial statements, fixed assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized, and related depreciation is not reported in the fund financial statements.

Long-Term Debt

Under the modified basis of accounting, the District has elected to recognize bonds, notes, capital leases and other long-term payables in the government-wide financial statements as liabilities of the District, if any exist.

In the governmental fund financial statements, proceeds of long-term debt and acquisitions under capital leases, if any, are reported as other financing sources. Principal and interest payments on long-term debt are recorded as debt service in the expenditure and expense sections of the statements.

In the statement of activities, the district only reports interest expense, while payments toward principal are accounted for as a reduction in the related liability and therefore reflected on the statement of net position.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Equity Classifications

Government-wide Statements

Equity is classified as net position, which represents the difference between assets and liabilities. Net position is displayed in three components:

- a. 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 borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantor, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Governmental Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable**: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- **Restricted**: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Committed**: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision-making authority, the District Council, and does not lapse at year-end.
- **Assigned**: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the District Council or through the District Council delegating this responsibility to selected staff members or through the budgetary process.
- **Unassigned**: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The District's policy is to use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of the constrained fund balances.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Property Taxes

Real and personal property taxes are attached as an enforceable lien on property as of January 1. All taxes are levied as of the lien date and are payable in three installments on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Under the modified cash basis of accounting, uncollected property taxes are not recorded on the statement of net position.

Inter-Fund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers in the fund financial statements. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. For the Statement of Activities, all inter-fund transfers between individual governmental funds have been eliminated.

Use of Estimates

The preparation of financial statements, using the modified cash basis of accounting, only requires management to make estimates and assumptions that affect the reported note disclosure amounts of capital assets, when reported, as well as disclosures of contingent assets and liabilities, if any, at the date of the financial. Actual results could differ from those estimates.

Pensions and Other Post Employment Benefits (OPEB)

Using a modified cash basis of accounting, no amounts are reported in the financial statements for net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions or OPEB, and pension and OPEB expense. Information is included in the Notes to the Financial Statements regarding pension and OPEB. For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Oregon Public Employees Retirement Fund (OPERF), the Oregon Public Service Retirement Plan (OPSRP), Oregon Public Service Retirement Plan Retirement Health Plan (RHIA), and additions to/deductions from OPERF's, OPSRP's, and RHIA fiduciary net position have been determined on the same basis as they are reported by PERS. For purposes of measuring the OPEB liabilities deferred outflows of resources and deferred inflows of resources, and OPEB expense related to implicit rate subsidies, information was obtained from actuarial reports provided by the District's health insurance provider OEBB.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

CASH AND INVESTMENTS:

For a discussion of deposit and investment policies and other related information, see the Cash and Investments note in the Summary of Significant Accounting Principles.

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized in the Cash and Investments note in the Summary of Significant Accounting Principles.

Investments, including amounts held in pool cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, 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 prices, 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.

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. ORS 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Oregon Public Funds Collateralization Program (PFCP). Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits exists when, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

As of June 30, 2025, the reported amount of the District's deposits was \$59,965 the bank balance was \$67,295 and \$100 in petty cash. Of the bank balance, the entire amount was insured by the FDIC or covered by the collateral held in a multiple financial institutions collateral pool administered by the Oregon State Treasurer.

Investments - Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, banker's 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 Governmental Investment Pool. The District has no credit risk policy or investment policy that would further limit its investment choices.

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2025, the District's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

CASH AND INVESTMENTS (Cont.):

As of June 30, 2025, the District's investments in financial institutions are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government		
Investment Pool (LGIP)	\$ 451,295	N/A
Total Investments	<u>\$ 451,295</u>	

Concentration of Credit Risk - An increased risk of loss occurs as more investments are acquired from one issuer. This results in a *concentration of credit risk*. The District places no limit on the amount that may be invested in any one issuer. More than 5 percent of the District's investments are in the Oregon State Treasurer's Local Government Investment Pool (LGIP). This investment is 100% of the District's total investments.

LONG-TERM DEBT

The District had no long-term debt as of June 30, 2025.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

CAPITAL ASSETS:

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

Governmental Activities	Beginning Balances	Additions	Deletions	Ending Balances
Assets not being depreciated:				
Land	\$ 20	\$ -	\$ -	\$ 20
Construction in Progress	<u>20,770</u>	<u>310,150</u>	<u>330,920</u>	<u>-</u>
Total assets not being depreciated	20,790	310,150	330,920	20
Assets being depreciated:				
Building and Building Improvement	498,112	330,920	-	829,032
Machinery and Equipment	<u>194,580</u>	<u>-</u>	<u>-</u>	<u>194,580</u>
Total Depreciable Assets	692,692	330,920	-	1,023,611
Less: Accumulated Depreciation				
Building and Building Improvement	256,912	22,393	-	279,305
Machinery and Equipment	<u>57,735</u>	<u>8,732</u>	<u>-</u>	<u>66,467</u>
Total Accumulated Depreciation	314,647	31,125	-	345,773
Net Value of Capital Assets Being Depreciated	<u>378,044</u>	<u>299,795</u>	<u>-</u>	<u>677,839</u>
Total Governmental Activities --				
Net Value of Capital Assets	<u>\$ 398,834</u>	<u>\$ 609,945</u>	<u>\$ 330,920</u>	<u>\$ 677,859</u>

Depreciation expense was charged to governmental functions as follows:

Facilities Acquisition and Construction	\$ 3,510
Support Services	<u>\$ 27,615</u>
Total Depreciation Expense	<u>\$ 31,125</u>

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN:

Lake County School District No. 21 offers various retirement plans to qualified employees as described below.

Cost-sharing Multiple-employer Defined Benefit Pension Plan - The Oregon Public Employees Retirement System (PERS)

Name of Pension Plan

Lake County School District No. participates with other state agencies in the Oregon Public Employees Retirement System (OPERS) which is a cost-sharing multiple-employer defined benefit pension plan.

Description of Benefit Terms

Organization

OPERS administers a cost-sharing, multiple-employer defined benefit pension plan (Plan) for units of state government, political subdivisions (including community colleges and school districts), and public universities. The Plan contains multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2024, there were 904 participating employers and more than 415,000 active, inactive, and retired members and beneficiaries.

OPERS is administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Oregon Public Employees Retirement Board (OPERB) to administer and manage the System. All members of the Board are appointed by the governor and confirmed by the State Senate. Oregon PERS produces an independently audited comprehensive annual financial report (ACFR) for the funds administered by OPERB. The OPERS ACFR can be found at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

Plan Membership

The 1995 Legislature enacted Chapter 654, Section 3, Oregon Laws 1995, which has been codified into ORS 238.435. This legislation created a second tier of benefits for those who established membership on or after January 1, 1996. The second tier does not have the Tier One assumed earnings rate guarantee and has a higher normal retirement age of 60, compared to age 58 for Tier One.

As of June 30, 2024, Tier One was comprised of 7,928 active plan members, 127,957 retired plan members or their beneficiaries currently receiving benefits, and 6,927 inactive plan members entitled to but not yet receiving benefits for a total of 142,812 members. For Tier Two, as of June 30, 2024, there were 23,549 active plan members, 24,248 retired plan members or their beneficiaries currently receiving benefits, and 12,332 inactive plan members entitled to but not yet receiving benefits for a total of 60,129.

The 2003 Legislature enacted House Bill 2021, codified as ORS 238A, which created the Oregon Public Service Retirement Plan (OPSRP). OPSRP consists of the Pension Program and the Individual Account Program. Membership for the OPSRP Pension Program includes public employees hired on or after August 29, 2003. OPSRP is part of PERS and is administered by the Board. The PERS Board is directed to adopt any rules necessary to administer OPSRP, and such rules are to be considered part of the plan for IRS purposes.

As of June 30, 2024, there were 163,367 active OPSRP Pension plan members, 13,931 retired plan members or their beneficiaries currently receiving benefits, 10,596 inactive plan members entitled to but not yet receiving benefits, and 24,658 inactive plan members not eligible for refund or retirement for a total of 212,552 OPSRP Pension Program members.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Plan Benefits

1. OPERS Pension (Chapter 238) – Tier One/Tier Two

a. Pension Benefits

The PERS retirement allowance is payable monthly for life. Members may select from 13 retirement benefit options that are actuarially equivalent to the base benefit.

These options include survivorship benefits and lump-sum refunds. The basic benefit is most commonly based on years of service and final average salary. A percentage (2.0% for Police and Fire employees, 1.67% for General Service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which they are entitled.

Under Senate Bill (SB) 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary is limited for all members beginning in 2021. The limit was equal to \$232,976 as of January 1, 2024, and it is indexed with inflation every year.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if they have contributions in each of five calendar years or have reached at least 50 years of age before ceasing employment with a participating employer (age 45 for Police and Fire members). General Service employees may retire after reaching age 55. Police and Fire members are eligible after reaching age 50. Tier One General Service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and Fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The plans are closed to new members hired on or after August 29, 2003.

b. Death Benefits

Upon the death of a nonretired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary receives a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- The member was employed by a PERS employer at the time of death.
- The member died within 120 days after termination of PERS-covered employment.
- The member died as a result of an injury sustained while employed in a PERS-covered job.
- The member was on an official leave of absence from a PERS-covered job at the time of death.

A member's beneficiary may choose a monthly payment for life instead of the lump-sum or a combination of lumpsum and monthly payments, if eligible. The monthly payment must be a minimum of \$200 per month for deaths that occur after July 30, 2003.

In 2019 the Legislature introduced an Optional Spouse Death Benefit (OSDB) that may provide a higher survivor benefit than the standard pre-retirement death benefit described above. To be eligible for the OSDB, the member must have died before retiring, named their spouse or other person who is constitutionally required to be treated in the same manner as the spouse as their pre-retirement beneficiary, and met the following conditions:

- Member's date of death must be on or after January 1, 2020.
- Member's account must be eligible for the employer-matching death benefit (as described above).
- Member must have a surviving spouse.
- The surviving spouse must be the member's sole beneficiary as determined by a valid Tier One/Tier Two Preretirement Beneficiary Designation form on file with PERS.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

As of January 1, 2024, the Legislature modified the rules such that, in order to be eligible for the Optional Spouse Death Benefit, a surviving spouse must make a written election no later than 60 days after the date of the estimate that PERS provides to a member's spouse. For members who die before their earliest retirement date, the OSDB is the actuarial equivalent of 50% of the service retirement that would have been paid to the member, calculated as if the member became inactive on their date of death and retired at their earliest retirement date. For members who die after their earliest retirement date but before normal retirement age, the OSDB is the actuarial equivalent of the service retirement that would have been paid to the member calculated as if they retired on the first day of the month following their death. For members who die after their normal retirement age, the OSDB is the actuarial equivalent of the benefit that would have been paid to the member, calculated as if the member retired on the first day of the month following their date of death.

The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached the age of their federally required minimum distribution.

c. Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time for General Service members is computed to age 58 (55 for Police and Fire members) when determining the monthly benefit.

d. Benefit Changes After Retirement

Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations caused by changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living adjustments (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0%.

2. OPSRP Pension Program

a. Pension Benefits

This portion of OPSRP provides a life pension funded primarily by employer contributions and earnings. Benefits are calculated with the following formula for members who attain normal retirement age.

General Service: 1.5% multiplied by the number of years of service and the final average salary. Normal retirement age for General Service members is age 65 or age 58 with 30 years of retirement credit.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary is limited for all members beginning in 2020. The limit was equal to \$232,976 as of January 1, 2024 and is indexed with inflation every year.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years - the date the member reaches normal retirement age, or, if the pension program is terminated, the date on which termination becomes effective.

b. Death Benefits

Upon the death of a nonretired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50% of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached the age of their federally required minimum distribution.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

c. Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled from a job-related injury may receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred. Disability benefits continue until the member is no longer disabled or otherwise no longer qualifies for benefits, reaches normal retirement age, or dies.

d. Benefit Changes After Retirement

Under ORS 238A.210, monthly benefits are adjusted annually through cost-of-living adjustments (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0%.

3. Individual Account Program (IAP)

a. Benefit Terms

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established.

Employers have the option to make employer contributions for a member under ORS 238A.340. Contributions for these accounts are deposited into a separate employer-funded account. The member becomes vested in this optional employer-funded account on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. The accounts fall under Internal Revenue Code Section 414(k).

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer-funded account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, or 20-year period or an anticipated life-span option. Installment amounts vary with market returns as the account remains invested while in distribution. When chosen, the distribution option must result in a \$200 minimum distribution amount, or the frequency of the installments will be adjusted to reach that minimum.

b. Death Benefits

Upon the death of a nonretired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

c. Recordkeeping

PERS contracts with Voya Financial to maintain IAP participant records.

4. Postemployment Healthcare Benefits

ORS 238.420 established the Retirement Health Insurance Account (RHIA) and authorizes a payment of up to \$60 from RHIA toward the monthly cost of health insurance for eligible PERS members. RHIA is a cost-sharing, multiple-employer OPEB plan for 904 participating employers. The plan was closed to new entrants hired on or after August 29, 2003.

To be eligible to receive this monthly payment toward the premium costs, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

For the fiscal year ended June 30, 2024, PERS employers contributed 0.04% of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. A (0.04)% unfunded actuarial liability (UAL) rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2021. Consequently, PERS employers had an effective contribution rate of 0.00% for the RHIA program. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years. These rates were based on the December 31, 2021, actuarial valuation.

Contributions

Description of Funding and Contributions for PERS Benefit Plans

OPERS' funding policy provides for periodic member and employer contributions at rates established by the PERS Board, subject to limits set in statute. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary.

Member Contributions

Beginning January 1, 2004, all member contributions, except for contributions by judge members, were placed in the OPSRP Individual Account Program (IAP). Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf.

The Member Reserve represents accumulated member contributions and earnings allocations made prior to January 1, 2004, and subsequent earnings allocations less refunds and amounts transferred to reserves for retirements and disabilities (ORS 238.515). The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements.

Starting July 1, 2020, Senate Bill 1049 (2019) required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. In 2024, if the member earns more than \$3,688 per month, 0.75% (if OPSRP member) or 2.5% (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the member's Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

a. Employee Pension Stability Accounts (EPSA)

EPSA was created by the Oregon Legislature through Senate Bill 1049 (2019) to address the increasing cost of funding pension benefits. EPSA's function is to help pay for part of an applicable member's lifetime monthly pension benefit when they retire.

EPSA rules apply to most PERS members, but the EPSA redirect is only triggered when the member's gross pay in a month exceeds the monthly salary threshold, which is tied to the annual Consumer Price Index (All Urban Consumers, West Region). EPSA accounts are credited with investment earnings and losses annually and have no guaranteed rate of return.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

b. Target-Date Funds

The Oregon Investment Council, responsible for all PERS fund investments, approved the transition to a target-date fund (TDF) investment methodology for all IAP accounts beginning January 1, 2018. This change in investment methodology reflects an investment best practice that will better protect participants from potential losses as they approach and enter retirement by gradually reducing investment risk as participants age.

Effective January 1, 2021, Senate Bill 1049 (2019) allowed members to elect investment of their IAP account in a TDF other than the default TDF based on their year of birth. PERS now provides members the opportunity to make elections once a year during the month of September, with the change effective the following calendar year.

Employer Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and OPEB plans. Employer contribution rates during fiscal year 2024 were based on the December 31, 2021, actuarial valuation, which became effective July 1, 2023. The state of Oregon and certain schools, community colleges, public universities, and political subdivisions have made supplemental unfunded actuarial liability payments, and their rates have been reduced.

a. PERS Defined Benefit Plan (ORS 238)

Effective July 1, 2023, the contribution rate for state agencies was 28.88%, the State and Local Government Rate Pool was 29.03%, the School Districts Pool was 28.58%, and the judiciary was 29.01% of PERS-covered salaries. Political subdivisions that have not joined the State and Local Government Rate Pool had an average pension contribution rate of 29.81%.

b. OPSRP Pension Program (ORS 238A)

All PERS-participating employers with OPSRP Pension Program members are actuarially pooled and share the same contribution rate. The OPSRP Pension Program employer rates effective July 1, 2023, through June 30, 2025, are 11.58% of covered salaries for General Service employees and 16.37% of covered salaries for Police and Fire employees. These rates increased from 10.33% of covered salaries for General Service and 14.69% of covered salaries for Police and Fire employees for the period July 1, 2021, through June 30, 2023. Each of these rates includes a component related to disability benefits for General Service and Police and Fire members.

Effective January 1, 2021, Senate Bill 1049 (2019) requires employers to pay contributions on reemployed PERS retirees' salaries as if they were active members, excluding IAP (6%) contributions. Reemployed retirees do not accrue additional benefits while they work after retirement.

District Employer Contributions

The contribution rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

The District's employer contributions for the year ended June 30, 2025 were \$48,601 excluding amounts to fund employer specific liabilities.

The contribution rates in effect for the period July 1, 2023 to June 30, 2025 are: Tier1/Tier2 – 27.87%, and OPSRP General Service – 25.03%.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

District Member Contributions

Beginning January 1, 2004, all member contributions, except for contributions by judge members, were placed in the OPSRP Individual Account Program (IAP). Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf.

During FY 2024-2025, approximately \$8,458 in employee IAP contributions were paid or picked up by the district.

Pension Plan CAFR/ACFR

Oregon PERS produces an independently audited ACFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

Actuarial Valuations

The employer contribution rates effective July 1, 2023, through June 30, 2025, were set using the Entry Age Normal actuarial cost method.

For the Tier One/Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years by ongoing Board policy. However, upon passage of Senate Bill 1049, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier 1/Tier 2 UAL over 22 years. This means that, effective with the December 31, 2022 rate-setting valuation, the entire unamortized Tier 1/Tier 2 UAL for each rate pool and independent employer will be re-amortized over a 22 year period as a level percentage of projected future payroll.

For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over the same period of years.

For the Postemployment Healthcare component, the RHIA plan fiduciary net position balance represents the program's accumulation of employer contributions and investment earnings less premium subsidies and administrative expenses. No UAL rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2021. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Actuarial Methods and Assumptions Used in Developing Total Pension Liability:	
Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study	2022, published July 20, 2023
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuation calculations are based on the benefits provided under the terms of the plan in effect at the time of each valuation and the pattern of cost-sharing between the employer and plan members. The December 31, 2022, system-wide actuarial valuation was used to develop the GASB 67 financial reporting results for the Defined Benefit Pension Plan as of June 30, 2024, using standard roll-forward procedures.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

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PENSION PLAN (Cont.):

Depletion Date Projection

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency if such an evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

OIC Target and Actual Investment Allocation as of June 30, 2024

Asset Class/Strategy	OIC Target			Actual	
	OIC Policy Range	Allocation	Asset Class/Strategy	Allocation ²	
Debt Securities	20.0% - 30.0%	25.0%	Debt Securities	19.1%	
Public Equity	22.5% - 32.5%	27.5%	Public Equity	23.0%	
Real Estate	7.5% - 17.5%	12.5%	Real estate	13.2%	
Private Equity	15.0% - 27.5%	20.0%	Private Equity	26.9%	
Real Assets	2.5% - 10.0%	7.5%	Real Assets	10.1%	
Diversifying Strategies	2.5% - 10.0%	7.5%	Diversifying Strategies	5.0%	
Opportunity Portfolio ¹	0.0% - 5.0%	0.0%	Opportunity Portfolio	2.7%	
Total		100%	Total	100%	

¹Opportunity Portfolio is an investment strategy. Up to 5% of total Fund assets may be invested in it.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the Oregon PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below.

<u>Asset Class</u>	<u>Long Term Expected Rate of Return¹</u>		20-Year Annualized Geometric Mean	Annual Standard Deviation
	Target Allocation	Annual Arithmetic Return ²		
Global Equity	27.50%	8.57%	7.07%	17.99%
Private Equity	25.50%	12.89%	8.83%	30.00%
Core Fixed Income	25.00%	4.59%	4.50%	4.22%
Real Estate	12.25%	6.90%	5.83%	15.13%
Master Limited Partnerships	0.75%	9.41%	6.02%	27.04%
Infrastructure	1.50%	7.88%	6.51%	17.11%
Hedge Fund of Funds - Multistrategy	1.25%	6.81%	6.27%	9.04%
Hedge Fund Equity - Hedge	0.63%	7.39%	6.48%	12.04%
Hedge Fund - Macro	5.62%	5.44%	4.83%	7.49%
Assumed Inflation - Mean			2.35%	1.41%

¹Based on the Oregon Investment Council's (OIC) Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on January 25, 2023.

²The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

Sensitivity Analysis

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	5.90%	6.90%	7.90%
Employer's proportionate share of the net pension liability	\$ 261,118	\$ 165,531	\$ 85,472

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Changes Since Last Valuation

A summary of key changes implemented after the December 31, 2024 valuation, which was used in the 2024 PERS ACFR. Changes are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2024 Experience Study for the System, which was published on July 22, 2025, which can be found at: https://www.oregon.gov/pers/Documents/Financials/Actuarial/2025/2024_Exp_Study.pdf

Changes in Actuarial Methods and Allocation Procedures

As of June 30, 2024, PERS fully finished and closed the Employer Programs, Salary Limit, Member Choice, Technical Debt, and Work After Retirement projects. House Bill 2296 (2023) extended the sunset of the work after retirement provisions until 2034. The Member Redirect project has an expected completion date of June 2025. PERS received funding for these projects for the 2023-25 biennium.

The timing of the amortization period for Pre-SLGRP liabilities and surpluses for SLGRP employers was revised to align the biennial rate-setting cycle.

Changes in Assumptions

- Adjust mortality assumptions to use the new “Pub-2016” base tables, matched to observed PERS-specific experience.
- Increase the individual member salary increase assumption’s merit/longevity component for one member category based on observations of the last 12 years of experience. The individual member salary increase assumption consists of the sum of inflation, real wage growth, and merit/longevity components, with the latter varying by member. We also recommend maintaining an assumed additional 2% annual increase specifically for calendar year 2025 above the long-term assumptions, which was first adopted in the 2022 Experience Study to reflect significant bargained increases already known at that time.
- Adjust retirement rates for certain member categories and service bands to more closely align with recent and expected future experience.
- Lower assumed rates of ordinary (non-duty) disability incidence to more closely match recent experience.
- Adjust the Tier One/Tier Two unused sick leave assumption for one member category to reflect recently observed experience.
- Decrease the likelihood of program participation for non-disabled and disabled retirees in the RHIA retiree healthcare program.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Mortality Rates

A summary of the current assumed mortality rates and recommended changes is shown below:

Assumption	Used for December 31, 2022 and 2023 Valuations	Recommended December 31, 2024 and 2025 Valuations
Healthy Annuitant Mortality	Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2016 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
School District male	Blend 80% Teachers and 20% General Employees, no set back	No change
Other General Service male (and male beneficiary)	General Employees, set back 12 months	No change
Police & Fire male	Public Safety, no set back	No change
School District female	Teachers, no set back	No change
Other female (and female beneficiary)	General Employees, no set back	No change
Police & Fire female	Public Safety, set back 12 months	No change
Disabled Retiree Mortality	Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2016 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
Police & Fire male	Blended 50% Public Safety, 50% Non-Safety, no set back	Blended 20% Public Safety, 80% Non-Safety, no set back
Other General Service male	Non-Safety, set forward 24 months	120% of Non-Safety, no set back
Police & Fire female	Blended 50% Public Safety, 50% Non-Safety, no set back	Blended 20% Public Safety, 80% Non-Safety, no set back
Other General Service female	Non-Safety, set forward 12 months	120% of Non-Safety, no set back
Non-Annuitant Mortality	Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2016 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
School District male	125% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
Other General Service male	115% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
Police & Fire male	125% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
School District female	100% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
Other General Service female	125% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
Police & Fire female	100% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Changes Subsequent to the Measurement Date

There were no changes subsequent to the measurement date, that we are aware of.

Deferred Items

Deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. For the measurement period ending June 30, 2025, employers will report the following deferred items:

- A difference between expected and actual experience, which is being amortized over the remaining service lives of all plan participants, including retirees. One year of this amortization is included in the employer's total pension expense for the measurement period.

Employer Contributions

OPERS includes accrued contributions when due pursuant to legal requirements, as of June 30 in its Statement of Changes in Fiduciary Net Position.

Beginning with fiscal year 2016, OPERS will be able to report cash contributions and UAL side account amortization by employer, and will publish this information on the OPERS Website. Prior to fiscal year 2016, contributions to the OPSRP Defined Benefit plan were not accounted for by employer, as all employers were pooled for actuarial purposes.

Elements of Changes in Net Position

This information can be found in the Schedule of Changes in Net Pension Liability found on page 96, of the June 30, 2024 Oregon PERS ACFR. <https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

Pension Liabilities/(Assets), Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2025, the employer reported a liability of \$165,531 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on a projection of the employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2024, the employer's proportion was 0.00074472%.

For the year ended June 30, 2025, the employer recognized pension expense of \$23,052.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

As of June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,806	\$ 395
Changes of assumptions	16,643	21
Net difference between projected and actual earnings on investments	10,516	-
Changes in proportionate share	3,372	14,473
Differences between employer contributions and employer's proportionate share of system contributions (prior to post-measurement date contributions)	28,786 \$ 69,123	2,263 \$ 17,152
Post-measurement date contributions	48,601	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 117,724</u>	<u>\$ 17,152</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions	<u>\$ 51,971</u>	

Contributions of \$48,601 for PERS defined benefits, were made subsequent to the measurement date, but prior to the end of the District's reporting period. These contributions, which are reported as deferred outflows of resources related to pensions, will be included as a reduction of the net pension liability in next fiscal year

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (88)
2nd Fiscal Year	23,563
3rd Fiscal Year	16,311
4th Fiscal Year	9,952
5th Fiscal Year	2,233
Total	<u>\$ 51,971</u>

As a result of the use of the modified cash basis of accounting in this report the amount of net pension will not be reported on the Statement of Net Position.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

Oregon Public Employees Retirement Systems' (OPERS) Retiree Health Insurance Account (RHIA)

Plan Description

The District contributes to the Oregon Public Employees Retirement Systems' (OPERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Oregon Public Employees Retirement Board (OPERB). The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible OPERS retirees. RHIA post-employment benefits are set by state statute. The plan was closed to new entrants hired on or after August 29, 2003.

To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Employer contributions are advance-funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs.

A comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the OPERS web site at <https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

Funding Policy

For the fiscal year ended June 30, 2024, PERS Employers had an effective contribution rate of 0.00% for the RHIA program. The unfunded actuarial liability (UAL) rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2021. Consequently, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years. These rates were based on the December 31, 2021, actuarial valuation.

Contributions

The District's contributions to OPERS' RHIA for the years ended June 30, 2025, 2024, and 2023 were \$0, \$7, and \$39, respectively, which equaled the required contributions for the year.

Actuarial Methods and Assumptions Used in Developing Total (OPEB) RHIA Liability

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost Sharing Multiple Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2024. That independently audited report was dated November 27, 2024 and can be found at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):

Actuarial Methods and Assumptions - OPEB Plans - RHIA	
	RHIA
Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study	2022, published July 20, 2023
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Retiree healthcare participation	Healthy retirees: 25.0% Disabled retirees: 15%
Healthcare cost trend rate	Not applicable
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuation calculations are based on the benefits provided under the terms of the plan in effect at the time of each valuation and the pattern of cost-sharing between the employer and plan members. The December 31, 2022, system-wide actuarial valuation was used to develop the GASB 67 financial reporting results for the Defined Benefit Pension Plan as of June 30, 2024, using standard roll-forward procedures.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):

Long-Term Expected Rate of Return

In January 2023, the PERS Board sought to develop an analytical basis for selecting the long-term expected rate of return assumption. The Board reviewed long-term assumptions developed by both Milliman's Capital Market Assumptions Team and the Oregon Investment Council's (OIC) investment advisors. Table 31 (from the PERS 2024 ACFR) shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown in Table 31. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustments for the inflation assumption. These assumptions are not based on historical returns, instead, they are based on a forward-looking capital market economic model.

For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major class, calculated using both arithmetic and geometric means, see Pension Plan note disclosure above or the PERS' audited financial statements at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

Sensitivity Analysis

The following presents the employer's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.90 percent, as well as what the employer's proportionate share of the OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	5.90%	6.90%	7.90%

Employer's proportionate share of the net OPEB liability	\$ (2,556)	\$ (2,761)	\$ (2,938)
--	------------	------------	------------

OPEB Liabilities/(Assets), OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

At June 30, 2025, the District reported a net OPEB RHIA liability/(asset) of \$(2,761) for its proportionate share of the net OPEB RHIA liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2024, and the total OPEB RHIA liability/(asset) used to calculate the net OPEB RHIA liability/(asset) was determined by an actuarial valuation as of December 31, 2021. Consistent with GASB Statement No. 75, paragraph 59(a), The District's proportion of the net OPEB RHIA liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2024, the District's proportion was 0.00068357 percent. OPEB RHIA expense/(income) recorded for the year ended June 30, 2025 was \$875.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):

At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 54
Changes of assumptions	- -	35
Net difference between projected and actual earnings on investments	78	-
Changes in proportionate share (prior to post-measurement date contributions)	<u>2,371</u>	<u>246</u>
Post-measurement date contributions	\$ 2,449	\$ 335
Total Deferred Outflow/(Inflow) of Resources	<u><u>\$ 2,449</u></u>	<u><u>\$ 335</u></u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u><u>\$ 2,114</u></u>

Contributions of \$0 were made subsequent to the measurement date, but prior to the end of the District's reporting period. These contributions, which are reported as deferred outflows of resources related to OPEB, will be included as a reduction of the net OPEB liability in the next fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense/(income) as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ 1,753
2nd Fiscal Year	309
3rd Fiscal Year	42
4th Fiscal Year	10
Total	<u><u>\$ 2,114</u></u>

Changes Subsequent to the Measurement Date

We are not aware of any changes subsequent to the June 30, 2024 Measurement Date that meet this requirement and thus require a brief description under the GASB standard.

As a result of the use of the modified cash basis of accounting in this report the amount of net OPEB liability (asset) for RHIA will not be reported on the Statement of Net Position.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) OEBB:

OEBB Health Insurance Subsidy

Plan Description

The District operates a single employer retiree benefit plan through the Oregon Educators Benefit Board that provides post-employment health, dental vision and life insurance benefits to eligible employees and their spouses. The District is required by Oregon Revised Statutes 243.303 to provide retirees and their dependents with group health insurance from the date of retirement to age 65 at the same rate provided to current employees. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for any portion of the premiums not paid by the Employer. In some cases, the premium itself for retirees, does not represent the full cost of medical coverage (as retirees can be expected to generate higher medical claims and therefore higher premiums than the active population). Providing the same rate to retirees as provided to current employees, raises the medical premium rates for the entire employee group. This additional cost is called the “implicit subsidy” and is required to be valued under GASB 75. This “plan” is not a stand-alone plan, and therefore, does not issue its own financial statements.

Funding Policy

When the District has retirees participating in their health insurance plan, it will, when applicable, designate the retired employee as a self-pay, early retiree in the OEBB system. The employee then pays their premiums to OEBB directly.

Actuarial Methods and Assumptions

The District has no participating employees, and no employees eligible for participation for fiscal year ended June 30, 2024. Without an actuarial report, the related liability is not calculable for reporting.

The amount of net OPEB liability (asset) for OEBB is assumed to be below the threshold for materiality for all opinion units and therefore, will not be reported on the Statement of Net Position.

The District has not engaged an actuary to perform an evaluation of the OPEB EOBB program. If they had, the methodology would approximate a similar sized School District, used here to estimate the EOBB liabilities and activity. The assumptions are generally based upon those used for valuing pension benefits under Oregon PERS, and developed in consultation with Milliman.

As a result of the use of the modified cash basis of accounting in this report the amount of net OPEB liability (asset) for OEBB will not be reported on the Statement of Net Position.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

CONTINGENT LIABILITIES:

Amounts received or receivable from grantor agencies are subject to review and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the District expects such amount, if any, to be immaterial. The District is not currently named as a defendant in any pending or threatened litigation.

RISK MANAGEMENT:

To reduce the risk of loss from liability, fire, theft, accident, medical costs, and error and omissions, the District maintains various commercial insurance policies.

The District came under the State Unemployment Act on July 1, 1974. The District has elected to pay State Unemployment insurance to the State to pay for any claims paid to former employees. Any reimbursements are paid by the fund incurring the liability to the Employment Division of the State of Oregon. The estimated liability for unpaid claims is calculated as the present value of expected but unpaid claims based on historical experience and going concern assessments. The District's estimated liability for unpaid unemployment claims is immaterial. Therefore, no liability amount appears on the District's statement of net position or balance sheet.

Certain employees have health care coverage provided by a third-party insurance company. Premiums to the insurance company are paid by employer contributions for eligible employees.

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

RISK DUE TO CONCENTRATIONS AND CONSTRAINTS:

The District is subject to a concentration risk related to its reliance on state funding for operational and instructional expenditures. For the fiscal year ended June 30, 2025, approximately 87% of the District's total governmental fund revenues were derived from state apportionments and grants.

This concentration represents a lack of diversity in the District's revenue sources and makes the District vulnerable to the risk of a substantial impact should there be significant changes in state funding levels. The State of Oregon has in the past experienced budgetary pressures due to declining tax revenues and increasing costs in other areas of the state budget, which could affect future funding allocations to school districts.

The District monitors state funding and evaluates potential mitigation strategies, including expenditure reviews and the identification of potential areas for budget reductions, to mitigate the potential impact of reduced state funding.

A concentration is a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. At June 30, 2025, the District had approximately six employees who were accounted for under the governmental activities of the District. Of this total, two are certified staff and four are part-time classified staff. The certified staff are past probationary period and are on rolling two-year contracts.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2025, were as follows:

Fund	Transfers Out	Transfers In
General Fund #100	\$ 15,000	\$ -
Capital Projects Fund #400	-	15,000
Total	\$ 15,000	\$ 15,000

SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 12, 2025, the date on which the financial statements were available to be issued.

SUPPLEMENTARY
INFORMATION

LAKE COUNTY SCHOOL DISTRICT NO. 21

**Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual - Modified Cash Basis**
General Fund #100
For the Fiscal Year Ended June 30, 2025

			Variance with Original Budget--	Actual Amounts	Variance with Final Budget--
	Budgeted Amounts	over (under) Final Budget	(Budgetary Basis)	(See Note 1)	over (under) Actual Amounts
	Original	Final			
REVENUES:					
Taxes	\$ 90,000	\$ 90,000	\$ -	\$ 81,114	\$ (8,886)
Earnings on Investments	24,000	24,000	-	13,262	(10,738)
Miscellaneous Revenue	7,666	7,666	-	4,875	(2,791)
Intermediate Government Aid	500	500	-	125	(375)
State Aid	426,951	426,951	-	461,589	34,638
Federal Aid	5,000	5,000	-	1,265	(3,735)
Total Revenues	554,117	554,117	-	562,230	8,113
Instruction	256,748	256,748	-	240,905	(15,843)
Support Services	254,245	278,869	24,624	247,998	(30,871)
Enterprise and Community Services	3,500	3,500	-	3,592	92
Contingency	389,669	365,045	(24,624)	-	(365,045)
Total Expenditures	904,162	904,162	-	492,495	(411,667)
Excess (Deficiency) of Revenues Over Expenditures	(350,045)	(350,045)	-	69,735	419,780
OTHER FINANCING SOURCES (USES):					
Interfund Transfers Out	(15,000)	(15,000)	-	(15,000)	-
Total Other Financing Sources (Uses)	(15,000)	(15,000)	-	(15,000)	-
Net Change in Fund Balance	(365,045)	(365,045)	-	54,735	419,780
Beginning Fund Balance	365,045	365,045	-	365,301	256
Ending Fund Balance	\$ -	\$ -	\$ -	\$ 420,036	\$ 420,036

LAKE COUNTY SCHOOL DISTRICT NO. 21

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Modified Cash Basis Special Revenue Fund #200 For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Variance with Original Budget-- over (under) Final Budget	Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget-- over (under) Actual Amounts
	Original	Final			
REVENUES:					
State Aid	\$ 84,707	\$ 85,207	\$ 500	\$ 63,456	\$ (21,751)
Federal Aid	115,600	125,600	10,000	145,291	19,691
Total Revenues	200,307	210,807	10,500	208,747	(2,060)
EXPENDITURES:					
Instruction	153,700	116,213	(37,487)	103,769	(12,444)
Support Services	10,255	8,242	(2,013)	5,695	(2,547)
Facilities Acquisition and Construction	60,500	110,500	50,000	92,881	(17,619)
Total Expenditures	224,455	234,955	10,500	202,345	(32,610)
Net Change in Fund Balance	(24,148)	(24,148)	-	6,402	30,550
Beginning Fund Balance	24,148	24,148	-	(4,532)	(28,680)
Ending Fund Balance	\$ -	\$ -	\$ -	\$ 1,870	\$ 1,870

LAKE COUNTY SCHOOL DISTRICT NO. 21

**Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual - Modified Cash Basis**
Capital Projects Fund #400
For the Fiscal Year Ended June 30, 2025

			Variance with Original Budget--	Actual	Variance with Final Budget--
	Budgeted Amounts		over (under)	(Budgetary Basis) (See Note 1)	over (under)
	Original	Final	Final Budget		Actual Amounts
REVENUES:					
Earnings on Investments	\$ 3,100	\$ 3,100	\$ -	\$ 9,792	\$ 6,692
State Aid	13,065	13,065	-	18,720	5,655
Total Revenues	16,165	16,165	-	28,512	12,347
EXPENDITURES:					
Support Services	13,965	13,965	-	-	(13,965)
Facilities Acquisition and Construction	257,500	257,500	-	217,269	(40,231)
Total Expenditures	271,465	271,465	-	217,269	(54,196)
Excess (Deficiency) of Revenues Over Expenditures	(255,300)	(255,300)	-	(188,757)	66,543
OTHER FINANCING SOURCES (USES):					
Interfund Transfers In	15,000	15,000	-	15,000	-
Total Other Financing Sources (Uses)	15,000	15,000	-	15,000	-
Net Change in Fund Balance	(240,300)	(240,300)	-	(173,757)	66,543
Beginning Fund Balance	240,300	240,300	-	245,412	5,112
Ending Fund Balance	\$ -	\$ -	\$ -	\$ 71,655	\$ 71,655

LAKE COUNTY SCHOOL DISTRICT NO. 21

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY PERS

Last 10 Fiscal Years

Fiscal Year Ended June 30, ¹	Measurement Date	(a) Employer's proportion of the net pension liability (asset)	(b) Employer's proportionate share of the net pension liability (asset)	(c) Employer's covered payroll as of Measurement Date	(b/c) Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	June 30, 2024	0.00074472%	\$ 165,531	\$ 123,747	133.77%	79.3%
2024	June 30, 2023	0.00073148%	137,011	112,130	122.19%	81.7%
2023	June 30, 2022	0.00075254%	115,229	82,205	140.17%	84.5%
2022	June 30, 2021	0.00073069%	87,438	58,267	150.06%	87.6%
2021	June 30, 2020	0.00095992%	209,488	81,543	256.90%	75.8%
2020	June 30, 2019	0.00123812%	214,165	82,183	260.60%	80.2%
2019	June 30, 2018	0.00114301%	173,151	89,571	193.31%	82.1%
2018	June 30, 2017	0.00128174%	172,779	77,335	223.42%	83.1%
2017	June 30, 2016	0.00143905%	216,035	104,765	206.21%	80.5%
2016	June 30, 2015	0.00167684%	96,275	52,372	183.83%	91.9%

¹Measurement date is one year in arrears.

*This schedule is presented to illustrate the requirement to show information for 10 years.

LAKE COUNTY SCHOOL DISTRICT NO. 21

SCHEDULE OF EMPLOYER CONTRIBUTIONS PERS

Last 10 Fiscal Years*

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered payroll	(b/c) Contributions as a percent of covered payroll
2025	\$ 48,601	\$ 48,601	\$ -	\$ 130,998	37.10%
2024	46,263	46,263	-	123,747	37.38%
2023	41,238	41,238	-	112,130	36.78%
2022	25,491	25,491	-	82,205	31.01%
2021	23,447	23,447	-	58,267	40.24%
2020	23,674	23,674	-	81,543	29.03%
2019	21,540	21,540	-	82,183	26.21%
2018	24,550	24,550	-	89,571	27.41%
2017	17,213	17,213	-	77,335	22.26%
2016	23,973	23,973	-	104,765	22.88%

¹Measurement date is one year in arrears.

*This schedule is presented to illustrate the requirement to show information for 10 years.

LAKE COUNTY SCHOOL DISTRICT NO. 21

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY OPEB RHIA

Last 10 Fiscal Years*

Fiscal Year Ended	Measurement Date	(a) Employer's proportion of the net OPEB liability (asset)	(b) Employer's proportionate share of the net OPEB liability (asset)		(c) Employer's covered payroll as of Measurement Date	(b/c) Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
June 30, ¹							
2025	June 30, 2023	0.00068357%	\$ (2,761)	\$ 123,747	-2.23%	220.6%	
2024	June 30, 2023	0.00196236%	(7,185)	112,130	-6.41%	201.6%	
2023	June 30, 2022	0.00135122%	(4,801)	82,205	-5.84%	194.6%	
2022	June 30, 2021	0.00109673%	(3,766)	58,267	-6.46%	183.9%	
2021	June 30, 2020	0.00109110%	(2,223)	81,543	-2.73%	150.1%	
2020	June 30, 2019	0.00080600%	(1,557)	82,183	-1.89%	144.4%	
2019	June 30, 2018	0.00091604%	(1,023)	89,571	-1.14%	124.0%	
2018	June 30, 2017	0.00086180%	(360)	77,335	-0.47%	108.9%	
2017	June 30, 2016	0.00092330%	251	104,765	0.24%	94.2%	

¹Measurement date is one year in arrears.

*This schedule is presented to illustrate the requirement to show information for 10 years.

The full 10-year trend will be presented for those years for which information is available

LAKE COUNTY SCHOOL DISTRICT NO. 21
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB RHIA
Last 10 Fiscal Years

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered payroll	(b/c) Contributions as a percent of covered payroll
2025	\$ -	\$ -	\$ -	\$ 130,998	0.00%
2024	7	7	-	123,747	0.01%
2023	39	39	-	112,130	0.03%
2022	33	33	-	82,205	0.04%
2021	29	29	-	58,267	0.05%
2020	78	78	-	81,543	0.10%
2019	399	399	-	82,183	0.49%
2018	444	444	-	89,571	0.50%
2017	410	410	-	77,335	0.53%

*This schedule is presented to illustrate the requirement to show information for 10 years.

The full 10-year trend will be presented for those years for which information is available

OTHER
INFORMATION

Additional
Supporting Schedules

LAKE COUNTY SCHOOL DISTRICT NO. 21

Oregon Department of Education Form 581-3211-C

For the Fiscal Year Ended June 30, 2025

SUPPLEMENTAL INFORMATION 2024-2025

Part A is needed for computing Oregon's full allocation for ESEA, Title 1 & other Federal Funds for Education

B. Energy Bills for Heating - All Funds:

Please enter your expenditures for electricity

& heating fuel, and water & sewage
for these Functions & Objects.

Objects 325 & 326 & *327
Function 2540 \$ 13,232
Function 2550 \$ -

C. Replacement of Equipment - General Fund:

Include all General Fund expenditures in Object 542, except for the following exclusions:

Exclude these functions:

1113,1122 & 1132

1140

1300

1400

Extra-curricular Activities

Pre-Kindergarten

Continuing Education

Summer School

Exclude these functions:

4150 Construction

2550 Pupil Transportation

3100 Food Service

3300 Community Services

\$ -

*Object code 327 (water and sewage) has been added to Part A to be included in the Function 2540 and 2550 totals.

LAKE COUNTY SCHOOL DISTRICT No. 21
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED June 30, 2025

Federal Grantor/Pass Through Grantor/ Program Title	Assistance Listing (AL) #							ODE Grant Period	Original Program or Grant Amount	(Receivable) / Deferred Revenue June 30, 2024	Cash Received	(Receivable) / Deferred Revenue June 30, 2025					
	Federal Awarding Agency Prefix	AL Three- Digit Extension	Additional Award Identification	Federal Program Name	Cluster Name	Grant Fund	Assitance Listing Number										
U.S. DEPARTMENT OF EDUCATION																	
Passed Through Oregon Department of Education:																	
Elementary & Secondary School Emergency Relief, III	84	425	COVID-19, 84.425U	Elementary and Secondary School Emergency Relief Fund	Educational Stabilization Fund	Fund #247	84.425U	2019-20	\$ 90,000	\$ -	\$ 88,500	\$ 88,500					
ARP Elementary & Secondary School Emergency Relief Fund	84	425	COVID-19, 84.425	Elementary and Secondary School Emergency Relief Fund	Educational Stabilization Fund	Fund #248	84.425	2023-24	10,000	(9,178)	10,000	822					
<i>Total Elementary & Secondary School Relief Fund</i>									100,000	(9,178)	98,500	89,322					
Voluntary School & Child Care Lead Testing & Reduction Grant	66	444		Voluntary School & Child Care Lead Testing &		Fund #100	66.440	2020-25	400		400	400					
<i>Total Voluntary School & Child Care Lead Testing & Reduction Grant Program</i>									400	-	400	400					
IDEA - Special Education Grants to States(Part B Sec.611)	84	027				Fund #215	84.027	2023-24	10,074	-	7,104	7,104					
<i>Total IDEA</i>									10,074	-	7,104	7,104					
Total Passed through Oregon Department of Education									\$ 110,474	\$ (9,178)	\$ 106,004	\$ 96,826					
U.S. Department of Education - Direct																	
Title VB Rural Education REAP (SRSA/RLIS)	84	358A				Fund #207	84.358A	2022-23	\$ 23,092	\$ (2,629)	\$ 2,629	\$ -					
Title VB Rural Education REAP (SRSA/RLIS)	84	358A				Fund #207	84.358A	2023-24	25,769	(23,676)	25,769	2,093					
Title VB Rural Education REAP (SRSA/RLIS)	84	358A				Fund #207	84.358A	2024-25	27,252	-	11,289	20,487					
Total Passed through Other Intermediate Sources									\$ 76,113	\$ (26,305)	\$ 39,687	\$ 22,580					
Total U.S. Department of Education									\$ 186,587	\$ (35,483)	\$ 145,691	\$ 119,406					
TOTALS									\$ 186,587	\$ (35,483)	\$ 145,691	\$ 119,406					
<i>This schedule is prepared using the modified accrual basis of accounting.</i>																	

RECONCILIATION TO REVENUE:

Cash Receipts per Schedule Above	\$ 145,691
less: GF Federal Forest Fees - account 4801	865
Federal Revenue Recognized per Financial Statements (Modified Cash Basis)	\$ 146,556

REPORT ON LEGAL
AND OTHER
REGULATORY REQUIREMENTS

LAKE COUNTY SCHOOL DISTRICT NO. 21

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

As of June 30, 2025

To the Governing Body of the Lake County School District No. 21
Lake County, Oregon

We have audited the basic financial statements of the Lake County School District No. 21 as of and for the year ended June 30, 2025, and have issued our report thereon dated November 12, 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 Lake County School District No. 21's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions, and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **State school fund factors and calculation.**

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

OAR 162-10-0230 Internal Control

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

This report is intended solely for the information and use of the Board of Directors, Lake County School District No. 21 management, and the Oregon Secretary of State. It is not intended to be and should not be used by anyone other than these parties.



Ashraf Lakhani Farishta, CPA
Umpqua Valley Financial, LLC
Roseburg, Oregon
November 12, 2025