



LAKE COUNTY SCHOOL DISTRICT NO. 21

Adel, Oregon

Annual Financial Report

June 30, 2023

LAKE COUNTY SCHOOL DISTRICT NO. 21

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

BOARD OF DIRECTORS

AJA O'KEEFE PO Box 79, Adel, OR 97620	Board Chair
JASON JAEGER PO Box 18, Adel, OR 97620	Vice Chair
BRILENE ORTWEIN PO Box 81, Adel, OR 97620	Director
JIM HIATT PO Box 18, Adel, OR 97620	Director
PETER OSBORNE PO Box 12, 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	School Clerk

LAKE COUNTY SCHOOL DISTRICT NO. 21

AUDIT REPORT

June 30, 2023

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LAKE COUNTY SCHOOL DISTRICT NO. 21

AUDIT REPORT

June 30, 2023

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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, 2023, 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, 2023, 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 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 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 on pages 2-9, the schedules of revenues, expenditures, and changes in fund balances – budget and actuals on pages 73-77, the pension schedules on pages 68-69, and the pension and OPEB schedules on pages 70-71 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 on pages 73-77 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 on pages 79-87 is presented for purposes 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 on pages 79-87 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain 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

The other information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on provide any assurance on them.

The schedule of expenditures of federal awards, as listed in the Table of Contents, is presented for purposes of additional analysis as required by Oregon Department of Education and is also 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 December 29, 2023, 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.



Steve Tuhscherer, CPA
Umpqua Valley Financial, LLC
Roseburg, Oregon
December 29, 2023

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, 2023

Unaudited

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, 2023. This discussion and analysis intend to look at 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 basis financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2023, are as follows:

- The District's net position increased by \$157,076, or 18.4%, from the previous year due to an increase in General Revenue, specifically State Basic School Support.
- General revenues accounted for \$483,191 in revenue, representing 86.7% of all revenues. Program-specific revenues in the form of charges for services, and grants and contributions accounted for \$74,398 or 13.3% of total revenues of \$557,589.
- The District had \$537,682 in program expenses, which was less than total revenues, resulting in a year-end net position of \$1,011,686.
- The total assets of governmental activities increased by \$3,201.
- Total liabilities decreased by \$96,635 during the year.

OTHER MATTERS

Beginning with the Fiscal Year ending June 30, 2023, the District has elected to report using a Modified Cash Basis of Accounting for its Fund Financial Statements and its Government-wide statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduce 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 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 and 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, 2023

Unaudited

The second government-wide statement is the *Statement of Activities* which reports how the District's net position using 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 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, 2023

Unaudited

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the District as a whole. Net position may serve over time as a useful indicator of a government's modified cash basis financial balances.

The District's modified cash basis net position at fiscal year-end was \$1,876,742. This is a \$752,202 increase from last year's modified cash basis net position and represents a 40.1% increase from the previous year, as reported on a GAAP basis.

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

Summary of Net Position

	<u>Governmental Activities</u>		
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Percentage Change</u>
Assets			
Current and Other Assets	\$ 647,381	\$ 642,392	0.8%
Capital Assets	<u>381,541</u>	<u>383,328</u>	-0.5%
Total Assets	1,028,922	1,025,720	0.3%
Deferred Outflow of Resources	<u>-</u>	<u>70,095</u>	-100.0%
Liabilities			
Long-Term Liabilities	-	87,438	-100.0%
Other Liabilities	<u>17,236</u>	<u>26,433</u>	-34.8%
Total Liabilities	<u>17,236</u>	<u>113,871</u>	-84.9%
Deferred Inflow of Resources	<u>-</u>	<u>127,335</u>	-100.0%
Net Position			
Net Investment in Capital Assets	381,541	383,328	-0.5%
Restricted	19,985	13,860	44.2%
Unrestricted	<u>610,160</u>	<u>457,421</u>	33.4%
Total Net Position	<u>\$ 1,011,686</u>	<u>\$ 854,609</u>	18.4%

* The prior year balances reflect unrestated balances that were reported on GAAP basis.

LAKE COUNTY SCHOOL DISTRICT NO. 21

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2023

Unaudited

The following table shows the changes in 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		Percentage Change
	2022-23	2021-22	
Revenues			
Program Revenues			
Charges for Services	\$ 69	\$ 200	-65.5%
Operating Grants and Contributions	74,329	18,130	310.0%
General Revenues			
Property Taxes	122,055	204,561	-40.3%
State Basic School Support	327,284	116,228	181.6%
Federal Forest Fees	7,072	-	N/A
Other	26,780	20,827	28.6%
Total Revenues	<u>557,589</u>	<u>359,946</u>	54.9%
Program Expenses			
Instruction	348,218	250,669	38.9%
Support Services	188,325	153,875	22.4%
Community Services	1,139	1,564	-27.2%
Total Program Expenses	<u>537,682</u>	<u>406,108</u>	32.4%
Change in Net Position	<u>\$ 19,907</u>	<u>\$ (46,162)</u>	

LAKE COUNTY SCHOOL DISTRICT NO. 21

Management’s Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2023

Unaudited

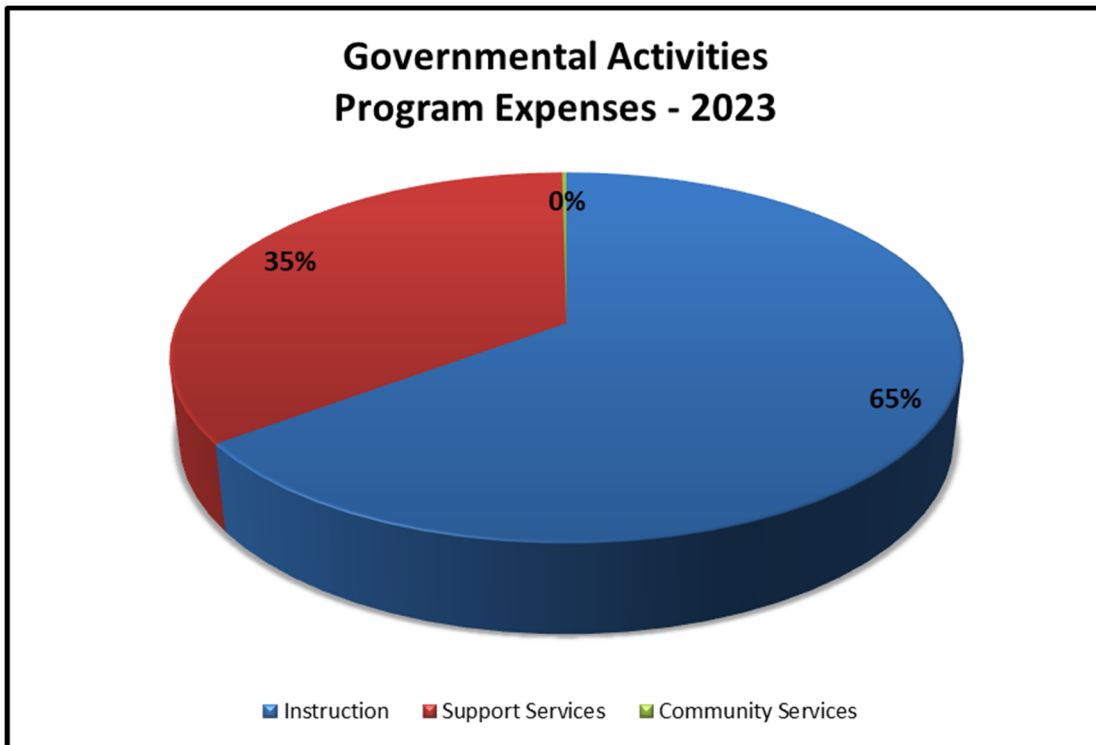
The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the four major functional activities of the District. The table also shows each function’s 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

	2022-23		2021-22	
	Total Cost of Services	Net Cost (Profit) of Services	Total Cost of Services	Net Cost (Profit) of Services
Instruction	\$ 348,218	\$ 279,342	\$ 250,669	\$ 232,339
Support Services	188,325	182,803	153,875	153,875
Community Services	1,139	1,139	1,564	1,564
Total Program Expenses	\$ 537,682	\$ 463,284	\$ 406,108	\$ 387,778

The dependence on general revenues for general government activities is apparent. For the current year, 86.7% of general government activities are supported through general revenues.

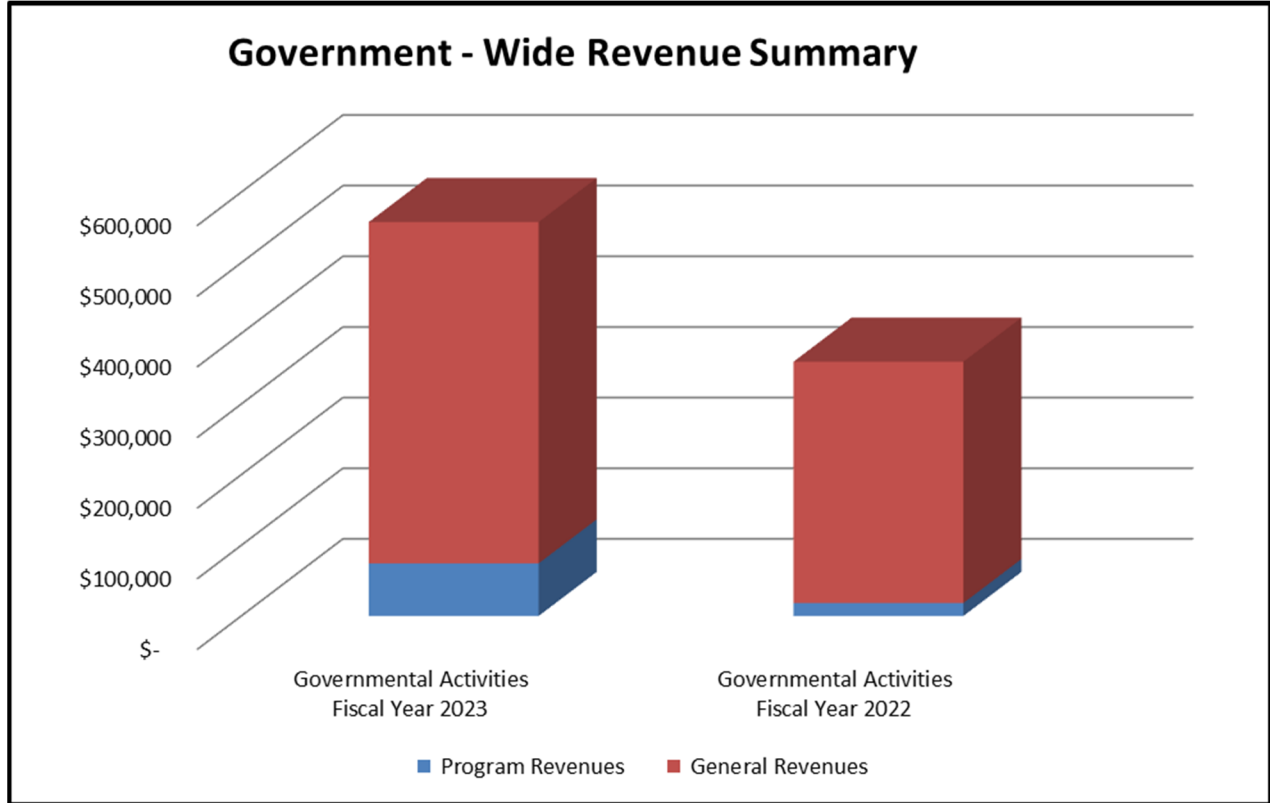
This graph represents the cost of the District’s Program expenses by governmental activities.



LAKE COUNTY SCHOOL DISTRICT NO. 21

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2023 Unaudited

The following chart analyzes the revenue between governmental activities from prior to current year.



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 \$630,145, which is \$21,695 more than the previous year. The fund balance is composed of different amounts that are committed, restricted, and unassigned. Among the current fund balances, \$89,664 is committed, \$19,985 is restricted, and \$520,496 is unassigned and can be used at the District's discretion.

The District's General Fund, which is the principal operating fund, experienced a decrease of \$15,897 in fund balance during the fiscal year due to an inter-fund transfer of \$43,065.

LAKE COUNTY SCHOOL DISTRICT NO. 21

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2023

Unaudited

BUDGETARY HIGHLIGHTS

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

General Fund revenues were budgeted and anticipated to be collected in the amount of \$424,431 during the fiscal year. Actual revenues of \$474,857 were more than budgeted revenues by \$50,426. The General Fund expenditures budget was under-spent by \$486,977. The actual ending fund balance was \$520,496.

The Special Revenue Fund #200 budgetary ending fund balance increased by \$5,812. Actual revenues were less than budgeted revenues by \$94,619. The District had budgeted for possible receipt of federal and state grants while much of those were not earned and received during the fiscal year. Actual expenditures were \$100,431 under-budgeted expenditures. Like the revenue situation, the District had budgeted for the potential spending of grant funds, while those program expenditures did not occur during the fiscal year.

The Capital Projects Fund #400 ending fund balance was \$89,664. Actual revenues were more than budgeted revenues by \$7,603, and actual expenditures were \$93,037 under-budgeted expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023, the District had invested \$381,541 in capital assets, including school buildings, athletic facilities, land, vehicles, computers, and other equipment and furnishings.

The total depreciation expense for the year was \$27,295. 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, 2023, 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, 2023

Unaudited

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The primary factors considered in developing the budget for next year were the District's continued commitment to providing quality education programs for all their students while maintaining fiscal responsibility to their community.

The District's proposed budget for the fiscal year ending on June 30, 2024, indicates an overall increase of \$228,633 when compared to the current fiscal year. The total budget for the fiscal year ending June 30, 2024, is \$1,488,037, not including the projected beginning fund balance of \$523,871. The 2023-24 budget features a significant rise in Capital Fund, with a corresponding increase in expenditures, totaling \$203,475. The budget allocation is distributed with General Fund at \$985,649, Special Revenue Fund at \$186,188, and Capital Funds at \$316,200.

The most significant initiative in this year's budget is the STEM laboratory project, which has been under development since the previous year, having been initiated through the ESSER III grant. To facilitate this undertaking, \$306,743 has been allocated from the General Fund contingency budget, resulting in a \$217,128 decrease in reserves, which will strengthen the construction fund for establishing the STEM laboratory. The use of cash reserves will depend on construction expenses and the possibility of receiving grants. Furthermore, the budget includes transfers of Capital Funds amounting to \$200,000 to the Construction Fund, which will support the STEM laboratory's construction.

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, 2023

	Governmental Activities	
<u>ASSETS:</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 647,381	
Total Current Assets		\$ 647,381
Capital Assets:		
Land	20	
Building and Building Improvement	490,582	
Machinery and Equipment	194,110	
Less: Accumulated Depreciation	(303,171)	
Total Capital Assets, Net of Depreciation		381,541
Total Assets		1,028,922
<u>LIABILITIES:</u>		
Payroll Liabilities	17,236	
Total Liabilities		17,236
<u>NET POSITION:</u>		
Net Investment in Capital Assets	381,541	
Restricted for:		
Special Programs	19,985	
Unrestricted	\$ 610,160	
Total Net Position		\$ 1,011,686

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, 2023

	<u>(Expenses)</u>	<u>Program Revenues</u>			<u>Net</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>(Expense) Revenue and Change in Net Position</u>
<u>GOVERNMENTAL ACTIVITIES:</u>					<u>Governmental Activities</u>
Instruction	\$ 348,218	\$ 69	\$ 68,807	\$ -	\$ (279,342)
Support Services	188,325	-	5,522	-	(182,803)
Enterprise and Community Services	1,139	-	-	-	(1,139)
Total Governmental Activities	\$ 537,682	\$ 69	\$ 74,329	\$ -	\$ (463,284)

GENERAL REVENUES:

Local Sources:	
Property Taxes, Levied for General Purposes	\$ 122,055
Earnings on Investments	17,257
Unrestricted State and Local Revenue	7,515
Intermediate Sources	151
State School Fund for Education and Support Services	327,284
State Common School Fund	1,857
Federal Forest Fees for General Purposes	7,072
Subtotal - General Revenues	<u>483,191</u>
Change in Net Position	19,907
Net Position, July 1, 2022 - Restated	991,778
Net Position, June 30, 2023	<u>\$ 1,011,686</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, 2023

	<u>General Fund #100</u>	<u>Special Revenue Fund #200</u>	<u>Capital Projects Fund #400</u>	<u>Total Governmenta l Funds</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 537,732	\$ 19,985	\$ 89,664	\$ 647,381
Total Assets	<u>\$ 537,732</u>	<u>\$ 19,985</u>	<u>\$ 89,664</u>	<u>\$ 647,381</u>
<u>LIABILITIES AND FUND BALANCES:</u>				
LIABILITIES:				
Payroll Liabilities	17,236	-	-	17,236
Total Liabilities	<u>17,236</u>	<u>-</u>	<u>-</u>	<u>17,236</u>
FUND BALANCES:				
Restricted for:				
Special Programs	-	19,985	-	19,985
Committed for:				
Capital Construction & Building Maintenance	-	-	89,664	89,664
Unassigned	520,496	-	-	520,496
Total Fund Balances	<u>520,496</u>	<u>19,985</u>	<u>89,664</u>	<u>630,145</u>
Total Liabilities and Fund Balances	<u>\$ 537,732</u>	<u>\$ 19,985</u>	<u>\$ 89,664</u>	<u>\$ 647,381</u>

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, 2023

Total Fund Balances - Governmental Funds	<u>\$ 630,145</u>
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	\$684,712
Accumulated depreciation	<u>(303,171)</u>
Net Value of Capital Assets	<u>381,541</u>
Net Position of Governmental Activities	<u><u>\$1,011,686</u></u>

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

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, 2023

	<u>General Fund #100</u>	<u>Special Revenue Fund #200</u>	<u>Capital Projects Fund #400</u>	<u>Total Governmental Funds</u>
<u>REVENUES:</u>				
Local Sources:				
Taxes	\$ 122,055	\$ -	\$ -	\$ 122,055
Earnings on Investments	15,384	-	1,873	17,257
Miscellaneous Revenue	1,054	-	6,530	7,584
Intermediate Government Aid	151	-	-	151
State Aid	329,141	43,628	-	372,769
Federal Aid	7,072	30,701	-	37,773
Total Revenues	<u>474,857</u>	<u>74,329</u>	<u>8,403</u>	<u>557,589</u>
<u>EXPENDITURES:</u>				
Current:				
Instruction	284,791	63,427	-	348,218
Support Services	161,759	5,090	-	166,849
Enterprise and Community Services	1,139	-	-	1,139
Capital Outlay:				
Facilities Acquisition and Construction	-	-	19,688	19,688
Total Expenditures	<u>447,689</u>	<u>68,517</u>	<u>19,688</u>	<u>535,894</u>
Excess (Deficiency) of Revenues Over Expenditures	27,168	5,812	(11,285)	21,695
<u>OTHER FINANCING SOURCES (USES):</u>				
Interfund Transfers In	-	-	43,065	43,065
Interfund Transfers Out	(43,065)	-	-	(43,065)
Total Other Financing Sources (Uses)	<u>(43,065)</u>	<u>-</u>	<u>43,065</u>	<u>-</u>
Net Change in Fund Balance	(15,897)	5,812	31,780	21,695
Beginning Fund Balance - Restated	536,393	14,173	57,884	608,450
Ending Fund Balance	<u>\$ 520,496</u>	<u>\$ 19,985</u>	<u>\$ 89,664</u>	<u>\$ 630,145</u>

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, 2023**

Net Changes in Fund Balances - Total Governmental Funds	<u>\$ 21,695</u>
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	\$ 25,507
Less current year depreciation	<u>(27,295)</u>
	<u>(1,788)</u>
Change in Net Position of Governmental Activities	<u>\$ 19,907</u>

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

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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, 2023

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, 2023

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 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, 2023

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, 2023

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, 2023

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 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 the District's health insurance provider OEBC.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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 at 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 for 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, 2023, the reported amount of the District's deposits was \$34,336.21, the bank balance was \$68,539.71 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, 2023, 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, 2023

CASH AND INVESTMENTS (Cont.):

As of June 30, 2023, 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)	\$ 612,945	N/A
Total Investments	<u>\$ 612,945</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, 2023.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year that ended June 30, 2023:

DEPRECIABLE ASSETS SCHEDULE For the Fiscal Year Ended June 30, 2023

<u>Governmental Activities</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Assets not being depreciated:				
Land	\$ 20	\$ -	\$ -	\$ 20
Total assets not being depreciated	20	-	-	20
Assets being depreciated:				
Building and Building Improvement	470,175	20,407	-	490,582
Machinery and Equipment	189,010	5,100	-	194,110
Total Depreciable Assets	659,185	25,507	-	684,692
Less: Accumulated Depreciation				
Building and Building Improvement	219,448	18,581	-	238,030
Machinery and Equipment	56,428	8,713	-	65,142
Total Accumulated Depreciation	275,876	27,295	-	303,171
Net Value of Capital Assets Being Depreciated	383,308	(1,788)	-	381,521
Total Governmental Activities -- Net Value of Capital Assets	<u>\$ 383,328</u>	<u>\$ (1,788)</u>	<u>\$ -</u>	<u>\$ 381,541</u>
Depreciation expense was charged to governmental functions as follows:				
Support Services	\$ 27,295			
Total Depreciation Expense	<u>\$ 27,295</u>			

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

PENSION PLAN:

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

Name of Pension Plan

Lake County School District No. 21 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

Plan Benefits

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 Public Employees Retirement Board (PERS Board) to administer and manage the System.

1. Tier One/Tier Two Retirement Benefit (Chapter 238). OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. This defined benefit pension plan portion of OPERS is closed to new members hired on or after August 29, 2003.

Pension Benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years, or has 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 ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

During the 2019 Legislative session, Senate Bill 1049 was approved and signed into law by the governor. Under Senate Bill 1049, several components of the bill have significantly impacted the System, and the bill continues to be implemented.

1. Employer Programs Project (effective July 1, 2019): established the Employer Incentive Fund (EIF) Program, which allows eligible employers to receive matching funds if they apply and make a qualifying deposit into a side account.
2. Salary Limit Project: A new limitation on subject final average salary used for PERS benefit calculations and contributions is used to determine member IAP contributions, employer contributions to fund the pension program, and the Final Average Salary (FAS) used in calculating retirement benefits under formula methods was added, (\$210,582 as of January 1, 2022). This amount is indexed annually to the Consumer Price Index (CPI).

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

PENSION PLAN (Cont.):

3. Work After Retirement Project (effective January 1, 2020): The 1,039-hour Work After Retirement limit for all PERS retirees is removed for calendar years 2020 through 2024. If a member retires on or after normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations. If a member retires earlier than normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations if the date of their employment is more than six months after their retirement date.
4. Member Redirect Project (effective July 1, 2020): For all currently employed Tier One/Tier Two and OPSRP members earning \$2,500/month or more, (adjusted to \$3,333/month in House Bill 2906 effective June 2021), a portion of their 6 percent monthly IAP contributions will be redirected to an "Employee Pension Stability Account." The Employee Pension Stability Account will be used to pay for part of the member's future pension benefit.
 - Tier One/Tier Two members: 2.5 percent of each member's IAP contribution amount, currently contributed to the IAP, (whether paid by the member or employer) will start going into an Employee Pension Stability Account (EPSA). The remainder will continue to go to the member's existing IAP account.
 - Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full, 6 percent contribution to the IAP.
5. Member Choice Project (effective January 1, 2021): IAP accounts are currently invested in Target-Date Funds based on a member's birth year. Beginning in 2021, members may choose to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age.
6. Additionally, 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, 2019 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.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive 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 an OPERS employer at the time of death,
- the member died within 120 days after termination of OPERS-covered employment,
- the member died as a result of injury sustained while employed in an OPERS-covered job, or
- the member was on an official leave of absence from an OPERS-covered job at the time of death.

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 OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement

Members may choose to continue participation in a variable account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

PENSION PLAN (Cont.):

2. OPSRP Defined Benefit Pension Program (OPSRP DB). The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

Pension Benefits

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

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General Service: 1.5 percent is 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.

A member of the OPSRP 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, and, if the pension program is terminated, the date on which termination becomes effective.

During the 2019 Legislative session, Senate Bill 1049 was approved and signed into law by the governor. Under Senate Bill 1049, several components of the bill have significantly impacted the System, and the bill continues to be implemented.

1. Employer Programs Project (effective July 1, 2019): established the Employer Incentive Fund (EIF) Program, which allows eligible employers to receive matching funds if they apply and make a qualifying deposit into a side account.
2. Salary Limit Project (effective January 1, 2020): A new \$195,000 limitation on subject salary used for PERS benefit calculations and contributions is used to determine member IAP contributions, employer contributions to fund the pension program, and the Final Average Salary (FAS) used in calculating retirement benefits under formula methods. This amount will be indexed annually to the Consumer Price Index (CPI).
3. Work After Retirement Project (effective January 1, 2020): The 1,039-hour Work After Retirement limit for all PERS retirees is removed for calendar years 2020 through 2024. If a member retires on or after normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations. If a member retires earlier than normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations if the date of their employment is more than six months after their retirement date.
4. Member Redirect Project (effective July 1, 2020): For all currently employed Tier One/Tier Two and OPSRP members earning \$3,333/month in House Bill 2906 as of June 2021), a portion of their 6 percent monthly IAP contributions will be redirected to an "Employee Pension Stability Account." The Employee Pension Stability Account will be used to pay for part of the member's future pension benefit.
 - OPSRP members: 0.75 percent of each member's contribution, currently contributed to the IAP, (whether paid by the member or employer) will start going into their EPSA. The remaining 5.25 percent of the members contribution will continue to go to the member's existing IAP account.
 - Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full, 6 percent contribution to the IAP.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

PENSION PLAN (Cont.):

5. Member Choice Project (effective January 1, 2021): IAP accounts are currently invested in Target-Date Funds based on a member's birth year. Beginning in 2021, members may choose to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

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 due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

3. Individual Account Program (IAP).

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 or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member 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, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option.

Death Benefits

Upon the death of a non-retired 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.

Recordkeeping

OPERS 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 898 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, 2023

PENSION PLAN (Cont.):

Description of Funding and Contributions for PERS Benefit Plans

OPERS' funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. Contributions for employers are recognized on the accrual basis of accounting. Employer contributions to OPERS are calculated based on creditable compensation for active members reported by employers. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary. 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, 2023 were \$34,510 excluding amounts to fund employer specific liabilities.

The contribution rates in effect for the period July 1, 2021 to June 30, 2023 were: Tier1/Tier2 – 26.83%, and OPSRP General Service – 23.72%.

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 2022-2023, approximately \$7,789 in employee IAP contributions were paid or picked up by the District.

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 (Other Post Employment Benefit) Plans. Employer contribution rates during the period were based on the December 31, 2019, actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivisions have made supplemental unfunded actuarial liability payments, and their rates have been reduced. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6%) contributions. Re-employed retirees do not accrue additional benefits while they work after retirement.

For **Oregon PERS Defined Benefit Plans**, Effective July 1, 2021, the contribution rate for State Agencies was 20.36%, the State and Local Government Rate Pool 28.08%, School Districts 27.54%, and judiciary 24.56% of PERS-covered salaries.

For **Oregon PERS OPSRP Benefit Plans**, all PERS employers with OPSRP Pension Program members are actuarially pooled and share the same contribution rate.

Members of OPSRP are required to contribute 6.0% of their salary covered under the plan which is invested in the IAP. For employees in Tier One / Tier two, the Employer makes this contribution on behalf of its members.

For **Oregon PERS Postemployment Benefit Plans**, for the fiscal year ended June 30, 2023, PERS employers contributed 5.0% of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. No UAL rate was assigned for the RHIA program as it was funded at over 100% as of December 31, 2019. These rates were based on the December 31, 2019, actuarial valuation.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

PENSION PLAN (Cont.):

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.

ORS 238.415 established the Retiree Health Insurance Premium Account (RHIPA) and requires the Board on or before January 1 of each year to calculate the average difference between the health insurance premiums paid by retired state employees under contracts entered into by the Board and health insurance premiums paid by active state employees.

For **OPSRP Pension Program**, all OPERS employers with OPSRP Pension Program members are actuarially pooled and share the same contribution rate. Each of these rates includes a component related to disability benefits for General Service and Police and Fire members.

Pension Plan CAFR/ ACFR

Oregon PERS produces an independently audited ACFR which can be found at:
[2022-Annual-Comprehensive-Financial-Report.pdf \(oregon.gov\)](#)

Actuarial Valuations

The employer contribution rates effective July 1, 2021, through June 30, 2023, 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, 2019 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 16 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, 2019. 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, 2023

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, 2020
Measurement Date	June 30, 2022
Experience Study	2020, published July 24, 2021
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
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 Moro 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 valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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 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, 2022

<u>Asset Class/Strategy</u>	<u>OIC Policy Range</u>	<u>OIC Target Allocation</u>	<u>Asset Class/Strategy</u>	<u>Actual Allocation²</u>
Debt Securities	15.0% - 25.0%	20.0%	Debt Securities	19.8%
Public Equity	25.0% - 35.0%	30.0%	Public Equity	21.2%
Real Estate	7.5% - 17.5%	12.5%	Real estate	13.6%
Private Equity	15.0% - 27.5%	20.0%	Private Equity	28.0%
Risk Parity	0.0% - 3.5%	2.5%	Risk Parity	2.0%
Real Assets	2.5% - 10.0%	7.5%	Real Assets	7.9%
Diversifying Strategies	2.5% - 10.0%	7.5%	Diversifying Strategies	4.9%
Opportunity Portfolio ¹	0.0% - 5.0%	0.0%	Opportunity Portfolio	2.6%
Total		<u>100%</u>	Total	<u>100%</u>

¹Opportunity Portfolio is an investment strategy and it may be invested up to 5% of total plan net position.

²Based on the actual investment value at 6/30/2022.

³In October 2021 the Alternatives Portfolio was split into Real Assets and Diversifying Strategies.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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 June 2021 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>Long Term Expected Rate of Return¹</u>	Annual	20-Year	Annual	
Asset Class	Target	Arithmetic	Annualized	Annual
	Allocation	Return ²	Geometric Mean	Standard
Global Equity	30.62%	7.11%	5.85%	17.05%
Private Equity	25.50%	11.35%	7.71%	30.00%
Core Fixed Income	23.75%	2.80%	2.73%	3.85%
Real Estate	12.25%	6.29%	5.66%	12.00%
Master Limited Partnerships	0.75%	7.65%	5.71%	21.30%
Infrastructure	1.50%	7.24%	6.26%	15.00%
Commodities	0.63%	4.68%	3.10%	18.85%
Hedge Fund of Funds - Multistrategy	1.25%	5.42%	5.11%	8.45%
Hedge Fund Equity - Hedge	0.63%	5.85%	5.31%	11.05%
Hedge Fund - Macro	5.62%	5.33%	5.06%	7.90%
US Cash ³	-2.50%	1.77%	1.76%	1.20%
Assumed Inflation - Mean			2.40%	1.65%

¹Based on the Oregon Investment Council's (OIC) Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund as most recently revised on June 2, 2021.

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.

³Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

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	\$ 204,349	\$ 115,229	\$ 40,640

Changes Since Last Valuation

A summary of key changes implemented after the December 31, 2020 valuation, which was used in the 2021 PERS ACFR. Changes are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the System, which was published on July 20, 2021, which can be found at: [2020-Experience-Study.pdf \(oregon.gov\)](#)

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

PENSION PLAN (Cont.):

Changes in Actuarial Methods and Allocation Procedures

There were no changes in actuarial methods and allocation procedures since the December 31, 2020 actuarial valuation.

Changes in Assumptions

The changes in assumptions since the December 31, 2020 actuarial valuation, were limited to non-annuitant Police and Fire Mortality, as shown below.

Mortality Rates

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

Assumption	Recommended December 31, 2020 and 2021 Valuations	Recommended December 31, 2022 and 2023 Valuations
Healthy Annuitant Mortality	Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2010 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-2010 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	No change
Other General Service male	Non-Safety, set forward 24 months	No change
Police & Fire female	Blended 50% Public Safety, 50% Non-Safety, no set back	No change
Other General Service female	Non-Safety, set forward 12 months	No change
Non-Annuitant Mortality	Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
School District male	125% of same table and set back as Non-Disabled Annuitant assumption	No change
Other General Service male	115% of same table and set back as Non-Disabled Annuitant assumption	No change
Police & Fire male	100% of same table and set back as Non-Disabled Annuitant assumption	125% of same table and set back as Non-Disabled Annuitant assumption
School District female	100% of same table and set back as Non-Disabled Annuitant assumption	No change
Other General Service female	125% of same table and set back as Non-Disabled Annuitant assumption	No change
Police & Fire female	100% of same table and set back as Non-Disabled Annuitant assumption	No change

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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, 2022, 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 76, of the June 30, 2022 Oregon PERS ACFR. [2022-Annual-Comprehensive-Financial-Report.pdf \(oregon.gov\)](#).

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

At June 30, 2023, the employer reported a liability of \$115,229 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2022, 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.

Under the modified cash basis of accounting, pension related liabilities and deferred outflows and inflows are not recorded in the financial statements. Had the District used the accrual basis of accounting they would have reported liability of \$115,229 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2022, 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.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

PENSION PLAN (Cont.):

At June 30, 2022 the employer's proportion was 0.00075254%

For the year ended June 30, 2023, the employer recognized pension expense of \$4,618 on the modified cash basis of accounting.

As of June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,593	\$ 719
Changes of assumptions	18,080	165
Net difference between projected and actual earnings on investments	-	20,601
Changes in proportionate share	5,582	42,811
Differences between employer contributions and employer's proportionate share of system contributions	5,998	4,073
Total Deferred Outflows/Inflows	<u>\$ 35,253</u>	<u>\$ 68,369</u>
Post-measurement date contributions	34,510	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 69,763</u>	<u>\$ 68,369</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>\$ (33,116)</u>

Contributions of \$34,510, 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:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ (9,947)
2nd Fiscal Year	(14,444)
3rd Fiscal Year	(16,350)
4th Fiscal Year	7,490
5th Fiscal Year	135
Thereafter	-
Total	<u>\$ (33,116)</u>

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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/Pages/Financials/Actuarial-Financial-Information.aspx>.

Funding Policy

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB. For the fiscal year ended June 30, 2022, PERS employers contributed 0.05% of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. No unfunded actuarial liability (UAL) rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2019. 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, 2019, actuarial valuation.

Contributions

The District's contributions to OPERS' RHIA for the years ended June 30, 2023, 2022, and 2021 were \$39, \$33, and \$29 respectively, which equaled the required contributions for the year.

Actuarial Methods and Assumptions Used in Developing Total Pension 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, 2021. That independently audited report was dated February 25, 2022 and can be found at: <https://sos.oregon.gov/audits/Documents/2022-09.pdf>

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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

Actuarial Methods and Assumptions - OPEB Plans - RHIA	
	RHIA
Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study	2020, published July 20, 2021
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
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: 27.5% Disabled retirees: 15%
Healthcare cost trend rate	Not applicable
Mortality	<p>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.</p> <p>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.</p> <p>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.</p>

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2020 Experience Study which is reviewed for the four-year period ending December 31, 2022.

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, 2023

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (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 June 2021 the PERS 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 on page 74 shows Milliman’s assumptions for each of the asset classes in which the plans were 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 on page 74. 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. 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://sos.oregon.gov/audits/Documents/2022-09.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 5.90%	Discount Rate 6.90%	1% Increase 7.90%	
Employer's proportionate share of the net OPEB liability	\$ (4,327)	\$ (4,801)	\$ (5,208)	

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

At June 30, 2023, the District reported a net OPEB RHIA liability/(asset) of \$(4,801) for its proportionate share of the net OPEB RHIA liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2022, 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, 2020. 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, 2022, the District’s proportion was 0.00135122 percent. OPEB RHIA expense/(income) recorded for the year ended June 30, 2023 was \$(1,117).

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 130
Changes of assumptions	38	160
Net difference between projected and actual earnings on investments	-	366
Changes in proportionate share	-	390
Total Deferred Outflows/Inflows	<u>\$ 38</u>	<u>\$ 1,046</u>
Post-measurement date contributions	39	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 77</u>	<u>\$ 1,046</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>(1,008)</u>

Contributions of \$39 for RHIA OPEB 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:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ (542)
2nd Fiscal Year	(353)
3rd Fiscal Year	(231)
4th Fiscal Year	118
5th Fiscal Year	-
Thereafter	-
Total	<u>\$ (1,008)</u>

Changes Subsequent to the Measurement Date

We are not aware of any changes subsequent to the June 30, 2022 Measurement Date that meet this requirement and thus require a brief description under the GASB standard.

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS (OPEB) OEGB:

OEGB Health Insurance Subsidy

The OEGB net OPEB liability is reported only as an estimate for the current year financial reporting. No actuarial report was obtained by the district for the current fiscal year.

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, collect insurance premiums from all retirees each month and deposit them. The District will then pay healthcare insurance premiums for all retirees at the applicable rate for each family classification.

Actuarial Methods and Assumptions

The District has not engaged an actuary to perform an evaluation of the OPEB OEGB program. If they had, the methodology would be generally based upon those used for valuing pension benefits under Oregon PERS, and developed in consultation with Milliman.

The District has no participating employees or spouses, and no employees eligible for participation for fiscal year ended June 30, 2023. Without an actuarial report, the related liability is not calculable for reporting.

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

LAKE COUNTY SCHOOL DISTRICT NO. 21

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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:

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.

INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2023, were as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund #100	\$ 43,065	\$ -
Capital Projects Fund #400	-	43,065
Total	<u>\$ 43,065</u>	<u>\$ 43,065</u>

RESTATEMENT OF BEGINNING FUND BALANCE AND BEGINNING NET POSITION:

Beginning with the fiscal year ending June 30, 2023, the District has elected to report using the modified cash basis of accounting. The beginning net position and beginning fund balance as reported on the statement of activities and statement of revenues, expenditures and changes in fund balances have been restated to account for the difference between ending net position (full accrual) and ending fund balance (modified accrual) and beginning net position (modified cash) and beginning fund balance (modified cash).

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<u>REVENUES:</u>				
Taxes	\$ 190,000	\$ 190,000	\$ 122,055	\$ (67,945)
Tuition Charges	25,500	25,500	-	(25,500)
Earnings on Investments	2,000	2,000	15,384	13,384
Miscellaneous Revenue	4,400	4,400	1,054	(3,346)
Intermediate Government Aid	2,500	2,500	151	(2,349)
State Aid	195,031	195,031	329,141	134,110
Federal Aid	5,000	5,000	7,072	2,072
Total Revenues	424,431	424,431	474,857	50,426
<u>EXPENDITURES:</u>				
Instruction	305,121	305,121	284,791	(20,330)
Support Services	213,692	213,692	161,759	(51,933)
Enterprise and Community Services	3,600	3,600	1,139	(2,461)
Contingency	412,253	412,253	-	(412,253)
Total Expenditures	934,666	934,666	447,689	(486,977)
Excess (Deficiency) of Revenues Over Expenditures	(510,235)	(510,235)	27,168	537,403
<u>OTHER FINANCING SOURCES (USES):</u>				
Interfund Transfers Out	(43,065)	(43,065)	(43,065)	-
Total Other Financing Sources (Uses)	(43,065)	(43,065)	(43,065)	-
Net Change in Fund Balance	(553,300)	(553,300)	(15,897)	537,403
Beginning Fund Balance - Restated	553,300	553,300	536,393	(16,907)
Ending Fund Balance	\$ -	\$ -	\$ 520,496	\$ 520,496

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Over</u> <u>(Under)</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note 1)</u>	
<u>REVENUES:</u>				
State Aid	\$49,859	\$49,859	\$ 43,628	\$ (6,231)
Federal Aid	119,089	119,089	30,701	(88,388)
Total Revenues	168,948	168,948	74,329	(94,619)
<u>EXPENDITURES:</u>				
Instruction	68,871	68,871	63,427	(5,444)
Support Services	10,077	10,077	5,090	(4,987)
Facilities Acquisition and Construction	90,000	90,000	-	(90,000)
Total Expenditures	168,948	168,948	68,517	(100,431)
Net Change in Fund Balance	-	-	5,812	5,812
Beginning Fund Balance - Restated	-	-	14,173	14,173
Ending Fund Balance	\$ -	\$ -	\$ 19,985	\$ 19,985

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<u>REVENUES:</u>				
Earnings on Investments	\$ 800	\$ 800	\$ 1,873	\$ 1,073
Total Revenues	800	800	8,403	7,603
<u>EXPENDITURES:</u>				
Support Services	30,975	30,975	-	(30,975)
Facilities Acquisition and Construction	81,750	81,750	19,688	(62,062)
Total Expenditures	112,725	112,725	19,688	(93,037)
Excess (Deficiency) of Revenues Over Expenditures	(111,925)	(111,925)	(11,285)	100,640
<u>OTHER FINANCING SOURCES (USES):</u>				
Interfund Transfers In	43,065	43,065	43,065	-
Total Other Financing Sources (Uses)	43,065	43,065	43,065	-
Net Change in Fund Balance	(68,860)	(68,860)	31,780	100,640
Beginning Fund Balance - Restated	68,860	68,860	57,884	(10,976)
Ending Fund Balance	\$ -	\$ -	\$ 89,664	\$ 89,664

LAKE COUNTY SCHOOL DISTRICT NO. 21

**SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY**

PERS

Last 10 Fiscal Years

Fiscal Year June 30, ¹	(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	(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
2023	0.00075254%	\$ 115,229	\$ 112,130	102.76%	84.5%
2022	0.00073069%	87,438	82,205	106.37%	87.6%
2021	0.00095992%	209,488	58,267	359.53%	75.8%
2020	0.00123812%	214,165	81,543	262.64%	80.2%
2019	0.00114301%	173,151	82,183	210.69%	82.1%
2018	0.00128174%	172,779	81,527	211.93%	83.1%
2017	0.00143905%	216,035	81,800	264.10%	80.5%
2016	0.00167684%	96,275	81,170	118.61%	91.9%
2015	0.00177773%	(40,296)	78,193	-51.53%	103.6%
2014	0.00167684%	13,473	77,459	17.39%	91.9%

¹Measurement date is one year in arrears.

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
2023	\$ 34,510	\$ 34,510	\$ -	\$ 112,130	30.78%
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	-	102,607	23.93%
2017	17,213	17,213	-	81,527	21.11%
2016	23,973	23,973	-	81,800	29.31%
2015	12,387	12,387	-	81,170	15.26%
2014	17,543	17,543	-	78,193	22.44%

LAKE COUNTY SCHOOL DISTRICT NO. 21

**SCHEDULE OF PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY**

OPEB RHIA

Last 10 Fiscal Years*

Fiscal Year June 30, ¹	(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	(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
2023	0.00135122%	\$ (4,801)	\$ 112,130	-4.28%	194.6%
2022	0.00109673%	(3,766)	82,205	-4.58%	183.9%
2021	0.00109110%	(2,223)	58,267	-3.82%	150.1%
2020	0.00080600%	(1,557)	81,543	-1.91%	144.4%
2019	0.00091604%	(1,023)	82,183	-1.24%	124.0%
2018	0.00086180%	(360)	81,527	-0.44%	94.2%
2017	0.00092330%	251	81,800	0.31%	94.2%

¹Measurement date is one year in arrears.

*This schedule is presented to illustrate the requirement to show information for 10 years. However 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 employee payroll	(b/c) Contributions as a percent of covered payroll
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	-	81,527	0.54%
2017	410	410	-	81,800	0.50%

*This schedule is presented to illustrate the requirement to show information for 10 years. However 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, 2023

SUPPLEMENTAL INFORMATION 2022-2023

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	\$ 13,842
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

\$	-
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*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

Audit Revenue Summary - All Funds

For the Fiscal Year Ended June 30, 2023

Revenue from Local Sources		Fund 100	Fund 200	Fund 400
1110	Ad Valorem Taxes Levied by District	\$ 120,831	\$ -	\$ -
1190	Penalties and Interest on Taxes	1,224	-	-
1500	Earnings on Investments	15,384	-	1,873
1980	Fees Charged to Grants	69	-	-
1990	Miscellaneous	985	-	6,530
Total Revenue from Local Sources		\$ 138,493	\$ -	\$ 8,403
Revenue from Intermediate Sources		Fund 100	Fund 200	Fund 400
2199	Other Intermediate Sources	\$ 151	\$ -	\$ -
Total Revenue from Intermediate Sources		\$ 151	\$ -	\$ -
Revenue from State Sources		Fund 100	Fund 200	Fund 400
3101	State School Fund - General Support	\$ 327,284	\$ -	\$ -
3103	Common School Fund	1,857	-	-
3299	Other Restricted Grants-In-Aid	-	43,628	-
Total Revenue from State Sources		\$ 329,141	\$ 43,628	\$ -
Revenue from Federal Sources		Fund 100	Fund 200	Fund 400
4500	Restricted Revenue From the Federal Government Through the State	\$ -	\$ 30,701	\$ -
4801	Federal Forest Fees	7,072	-	-
Total Revenue from Federal Sources		\$ 7,072	\$ 30,701	\$ -
Revenue from Other Sources		Fund 100	Fund 200	Fund 400
5200	Interfund Transfers	\$ -	\$ -	\$ 43,065
Total Revenue from Other Sources		\$ -	\$ -	\$ 43,065
Grand Total		\$ 474,857	\$ 74,330	\$ 51,468

LAKE COUNTY SCHOOL DISTRICT NO. 21
Audit Expenditure Summary-General Fund #100
For the Fiscal Year Ended June 30, 2023

FUND: General Fund #100

Instruction Expenditures

1111	Elementary, K-5 or K-6
1113	Elementary Extracurricular
1121	Middle/Junior High Programs
1131	High School Programs
1140	Pre-Kindergarten Programs
1250	Less Restrictive Programs for Students with Disabilities

Totals	Object 100	Object 200	Object 300	Object 400	Object 600	Object 700
\$ 205,997	\$ 97,331	\$ 70,199	\$ 12,574	\$ 25,892	\$ -	\$ -
837	-	-	-	837	-	-
6,079	-	-	-	6,079	-	-
43,257	-	-	43,257	-	-	-
24,897	16,096	7,843	-	958	-	-
3,724	2,222	1,502	-	-	-	-
\$ 284,791	\$ 115,650	\$ 79,544	\$ 55,832	\$ 33,766	\$ -	\$ -

Total Instruction Expenditures

Support Services Expenditures

2220	Educational Media Services
2240	Instructional Staff Development
2310	Board of Education Services
2410	Office of the Principal Services
2520	Fiscal Services
2540	Operation and Maintenance of Plant Services
2550	Student Transportation Services

Totals	Object 100	Object 200	Object 300	Object 400	Object 600	Object 700
4,328	-	-	2,027	2,302	-	-
797	-	-	600	-	197	-
17,638	-	-	1,214	278	16,146	-
9,820	-	-	9,820	-	-	-
33,861	-	-	31,102	2,684	76	-
44,376	10,608	3,012	26,186	3,881	689	-
49,376	12,028	8,221	21,727	3,667	3,733	-
\$ 161,759	\$ 22,636	\$ 11,233	\$ 92,674	\$ 14,374	\$ 20,841	\$ -

Total Support Services Expenditures

Enterprise and Community Services Expenditures

3100	Food Services
3300	Community Services

Totals	Object 100	Object 200	Object 300	Object 400	Object 600	Object 700
\$ 245	\$ -	\$ -	\$ -	\$ 245	\$ -	\$ -
894	-	-	-	894	-	-

Total Enterprise and Community Services Expenditures

\$ 1,139	\$ -	\$ -	\$ -	\$ 1,139	\$ -	\$ -
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Other Uses Expenditures

5200	Transfers of Funds
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Totals	Object 100	Object 200	Object 300	Object 400	Object 600	Object 700
\$ 43,065	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,065
\$ 43,065	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,065

Total Other Uses Expenditures

Grand Total

\$ 490,754	\$ 138,285	\$ 90,777	\$ 148,506	\$ 49,279	\$ 20,841	\$ 43,065
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LAKE COUNTY SCHOOL DISTRICT NO. 21
Audit Expenditure Summary-Special Revenue Fund #200
For the Fiscal Year Ended June 30, 2023

FUND: Special Revenue Fund #200

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400
1111 Elementary, K-5 or K-6	\$ 33,898	\$ 17,267	\$ 10,904	\$ 4,983	\$ 745
1121 Middle/Junior High Programs	350	-	-	-	350
1140 Pre-Kindergarten Programs	8,472	5,774	2,137	-	561
1250 Less Restrictive Programs for Students with	5,508	2,498	1,683	-	1,257
1410 Summer School Programs	15,200	6,099	1,991	5,149	1,962
Total Instruction Expenditures	\$ 63,427	\$ 31,638	\$ 16,715	\$ 10,131	\$ 4,874

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400
2540 Operation and Maintenance of Plant Services	\$ 825	\$ 551	\$ 56	\$ -	\$ 217
Total Support Services Expenditures	\$ 5,090	\$ 2,561	\$ 878	\$ 1,433	\$ 217
Grand Total	\$ 68,517	\$ 34,199	\$ 17,594	\$ 11,564	\$ 5,091

LAKE COUNTY SCHOOL DISTRICT NO. 21

Audit Expenditure Summary-Capital Projects Fund #400

For the Fiscal Year Ended June 30, 2023

FUND: Capital Projects Fund #400

Facilities Acquisition and Construction Expenditures

4150 Building Acquisition, Construction, and Improvement Services

Total Facilities Acquisition and Construction Expenditures

Grand Total

Totals	Object 500
\$ 19,688	\$ 19,688
\$ 19,688	\$ 19,688
\$ 19,688	\$ 19,688

LAKE COUNTY SCHOOL DISTRICT NO. 21
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED June 30, 2023

Federal Grantor/Pass Through Grantor/ Program Title	Assistance Listing (AL) # Federal Awarding Agency Prefix	AL Three- Digit Extension	Additional Award Identification	Federal Program Name	Cluster Name	Grant Fund	Assistance Listing Number	Grant Period	Original Program or Grant Amount	Cash Received	Amount Expended	(Receivable)/ Deferred Revenue June 30, 2023
US. DEPARTMENT OF EDUCATION												
Passed Through Oregon Department of Education:												
Elementary and Secondary School Emergency Relief, II	84	425	COVID-19, 84.425D	Elementary and Secondary School Emergency Relief Fund	Educational Stabilization Fund	Fund #247	84.425D	2019-20	40,000	83	83	-
ARP, Elementary & Secondary School Emergency Relief, III	84	425	COVID-19, 84.425D	Elementary and Secondary School Emergency Relief Fund	Educational Stabilization Fund	Fund #247	84.425D	2019-20	90,000	-	-	-
Total Elementary & Secondary School Relief Fund									130,000	83	83	-
Title II-A Teacher Quality						Fund #210	84.367	2022-23	\$ 555	\$ 555	\$ 555	\$ -
Total Title II-A									555	555	555	-
IDEA - Special Education Grants to States (Part B Sec.611)	84	27		Equipment & Supplies Grant		Fund #215	84.027	2022-23	\$ 1,500	\$ 1,154	\$ 1,327	\$ (173)
IDEA - Special Education Grants to States (Part B Sec.611)	84	27				Fund #215	84.027	2021-23	4,181	4,181	4,181	-
Total IDEA									5,681	5,335	5,508	(173)
Total Passed through Oregon Department of Education									\$ 136,236	\$ 5,973	\$ 6,146	\$ (173)
U.S. Department of Education - Direct												
Rural Education	84	358A				Fund #207	84.358A	2020-21	21,657	4,347	4,347	-
Rural Education	84	358A				Fund #207	84.358A	2021-22	23,092	20,463	20,463	-
TOTALS									\$ 211,063	\$ 30,784	\$ 30,957	\$ (173)

This schedule is prepared using the modified accrual basis of accounting.

RECONCILIATION TO REVENUE:

Cash Receipts per Schedule Above	\$ 30,784
Grants Receivable/Deferred Revenue End of Year	173
Federal Revenue Recognized per Financial Statements	\$ 30,957

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, 2023

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, 2023 and have issued our report thereon dated December 29, 2023. 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 and management of Lake County School District No. 21 and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Steve Tuchscherer, CPA
Umpqua Valley Financial, LLC
Roseburg, Oregon
December 29, 2023