

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025



CLEAR TRAIL CPAS
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**LINCOLN COUNTY
SCHOOL DISTRICT**

**LINCOLN COUNTY SCHOOL DISTRICT
1212 NE FOGARTY STREET
NEWPORT, OREGON 97365**

**FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2025**

Prepared by:

The Business Services Department
Kim Cusick, Business Services Director

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

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LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

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LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

PRINCIPAL OFFICIALS

<u>ZONE</u>	<u>BOARD OF DIRECTORS</u>	<u>TERM EXPIRES</u>
1	Mitch Parsons	June 30, 2025
2	Liz Martin – Vice Chair	June 30, 2027
3	Jason Malloy	June 30, 2025
4	Peter Vince – Chair	June 30, 2025
5	Senitila McKinley	June 30, 2025

All board members will receive mail at the following address:

1212 NE Fogarty Street
Newport, Oregon 97365

ADMINISTRATION

Dr. Majalise Tolan, Superintendent
Kim Cusick, Business Services Director



2850 SW Cedar Hills Blvd, #2074, Beaverton OR 97005 • 503-586-7170 • ClearTrailCPAS.com

December 29, 2025

To the Board of Directors
Lincoln County School District
Lincoln County, Oregon

INDEPENDENT AUDITORS' REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County School District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lincoln County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

The District adopted new accounting guidance, GASB Statement No. 101 – Compensated Absences, during the fiscal year under audit. 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lincoln County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information presented as required supplementary information, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other information, as listed in the table of contents, and the listing of board members containing their term expiration dates, located before the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2025 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 29, 2025, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in blue ink, appearing to read "Ken Allen", is positioned above the printed name.

Kenneth Allen, CPA
Municipal Auditor
Clear Trail CPAS

LINCOLN COUNTY SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This discussion and analysis of Lincoln County School District's financial performance provides an overview of the district's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the district's Financial Statements, which follows this MD&A. Comparative information is provided between the prior fiscal year ended June 30, 2024, and June 30, 2025.

FINANCIAL HIGHLIGHTS

- On June 30, 2025, the district's assets exceeded its liabilities by \$125,078,929
- The district has \$111,572,427 invested in capital assets, net of depreciation

OVERVIEW OF THE FINANCIAL STATEMENTS

The School District's annual report consists of a series of financial statements that show information about the district, its funds, and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities provide information about the activities of the district as a whole and presents a longer-term view of the district's finances. Our fund financial statements are included later in the financial report. For our governmental activities, these statements tell how we financed our services in the short term as well as what remains for future spending. Fund statements may also give you some insights into the district's overall financial health. Fund Financial Statements report the district's operations in more detail than the Government-Wide Financial Statements by providing information about the district's most significant fund, the General Fund. The remaining statement, the Statement of Fiduciary Net Assets, presents financial information about activities for which the district acts solely as an agent for the benefit of students and parents.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Government-Wide Financial Statements present information on the district's finances in a manner similar to private sector businesses. One of the most important questions asked about the district is, "Is the district as a whole better off or worse off financially as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information on the district as a whole and its activities in a way that helps answer this question. We prepare these statements to include all assets and liabilities, using the modified accrual basis of accounting. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position shows the district's assets and liabilities, with the difference between the two reported as net assets. All capital assets and long-term liabilities, and general governmental functions, are shown in the Statement of Net Position.

The Statement of Activities shows revenues, expenses and the change in net assets for the district. Revenue and expenses attributable to specific functions are segregated from general revenues to display the extent to which general revenues support each function.

FUND FINANCIAL STATEMENTS

Governmental funds account for the same functions as reported as governmental activities in the government-wide financial statements. The governmental fund reporting focuses on how money flows in and out of funds and the balances left at year end that are available for spending. They are reported using the “modified accrual” accounting method which measures cash and all other financial assets that can be readily converted to cash. This information is essential for preparation of and compliance with annual budgets. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliations following the government statements. The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the financial statements.

The district maintains one proprietary fund type. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the district’s various functions. The district uses the internal service fund for the district’s self-insured medical and dental benefit plans.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Total assets, liabilities and net position were as follows (see next page for table):

Assets: The district has \$69,338,613 in current assets. The increase of \$8,299,903 from the prior year is primarily due to the retention of funds held in reserve for the Qualified School Construction Bonds balloon payment due in June of 2026.

Board policy requires that the General Fund ending balance in excess of 7% be transferred to Special Funds as these are a one-time realization of savings that should not be used to fund ongoing commitments. As General Fund expenditures decreased during the Covid pandemic and the years following, the excesses were transferred to Special Funds, resulting in higher fund balances in funds such as Building Maintenance, Technology and Curriculum.

The district added \$2,832,926 in building and land improvements, and construction in progress at various locations around the district. The district also added \$454,099 in equipment and vehicles. The district sold or retired \$231,404 in equipment and vehicles. As a result of these activities, capital assets, net of depreciation, decreased (\$59,124). See Note 5 of the district’s financial statements following this MD & A for further details on capital assets.

Deferred Outflows and Inflows of Resources: The district’s Net Pension Liability for Oregon PERS can fluctuate by millions of dollars every year dependent on the side account actuarial calculation, actuarial estimates and market performance.

Liabilities: The district issued two series of pension obligation bonds in fiscal years 2002 and 2003 to pay down the district’s unfunded actuarial liability for PERS. The district received voter approval in May 2011 to issue \$63,000,000 in Capital Construction Bonds. Those bonds were issued in June 2011, realizing a net premium of \$67,624,666 in revenue which was received in July 2011. As the current year debt service payments on the bonds increase, the long-term liabilities decrease.

Non-current liabilities increased due to the new GASB 101 requirement to report Accrued Compensated Absences. This resulted in the addition of \$4,803,819 in non-current liabilities. Lease and Subscriptions Payable also continue to increase this category compared to prior years.

Restricted Funds: The Food Services ending fund balance is reduced due to lower reimbursement ratios and investments in equipment. The Debt Services fund balance increased due to the accumulation of reserve funds for the balloon principal payment on the 2011 Qualified School Construction Bonds due in June 2026.

	2025	2024	Difference	%
Assets:				
Current and other assets	\$ 69,338,613	\$ 61,038,710	\$ 8,299,903	13.6%
Capital assets (net)	111,572,427	111,631,551	(59,124)	-0.1%
Total assets	180,911,040	172,670,261	8,240,779	4.8%
Deferred Outflows of Resources:				
Pension Related Deferrals:				
Oregon RHIA	\$ 25,997	\$ 9,780	\$ 16,217	165.8%
Implicit	52,094	107,012	(54,918)	-51.3%
Oregon PERS	16,685,819	6,207,067	10,478,752	168.8%
Total Deferred Outflows	\$ 16,763,910	\$ 6,323,859	\$ 10,440,051	165.1%
Liabilities:				
Current liabilities	5,975,696	6,331,382	\$ (355,686)	-5.6%
Non-current liabilities	53,519,183	38,731,736	14,787,447	38.2%
Total liabilities	\$ 59,494,879	\$ 45,063,118	\$ 14,431,761	32.0%
Deferred Inflows of Resources:				
Lessor - GASB 87	\$ 79,312	\$ 83,120	\$ (3,808)	-4.6%
Pension Related Deferrals:				
Oregon RHIA	199,453	26,569	172,884	650.7%
Implicit	1,645,935	1,323,682	322,253	24.3%
Oregon PERS	11,176,442	13,811,844	(2,635,402)	-19.1%
Total Deferred Inflows	\$ 13,101,142	\$ 15,245,215	\$ (2,144,073)	-14.1%
Net Position:				
Investment in capital assets, net of related debt	97,580,711	91,405,545	\$ 6,175,166	6.8%
Restricted For:				
Capital Projects	2,853,182	2,941,182	(88,000)	-3.0%
Grant Programs	3,723,821	3,204,330	519,491	16.2%
Food Service	196,889	570,079	(373,190)	-65.5%
Student Body	1,303,089	1,202,986	100,103	8.3%
Debt Service	18,290,443	12,971,058	5,319,385	41.0%
Net Pension Asset - RHIA	920,736	486,543	434,193	89.2%
Net assets: unrestricted	210,058	5,904,064	(5,694,006)	-96.4%
Total Net Position	\$ 125,078,929	\$ 118,685,787	\$ 6,393,142	5.4%

The district's revenues and expenses for the fiscal years ended June 30, 2024 and June 30, 2025, were as follows:

	2025	2024	Difference	%
Revenues				
Charges for Services	\$ 509,661	\$ 461,278	\$ 48,383	10.5%
Operating Grants	22,048,843	21,747,608	\$ 301,235	1.4%
Capital Grants		-	\$ -	
General Revenues				
Property Taxes	52,710,306	51,405,604	\$ 1,304,702	2.5%
State Revenue Sharing	22,812,169	22,126,083	\$ 686,086	3.1%
Miscellaneous	3,955,509	3,592,501	\$ 363,008	10.1%
Total Revenues	102,036,488	99,333,074	2,703,414	2.7%
Expenses				
Instruction	53,299,527	45,472,772	7,826,755	17.2%
Support Services	42,746,642	34,971,670	7,774,972	22.2%
Community Services	4,080,129	3,702,636	377,493	10.2%
Interest on Long-Term Debt	1,133,968	2,274,107	(1,140,139)	-50.1%
Total Expenses	101,260,266	86,421,185	14,839,081	17.2%
Change in Net Position	9,276,014	20,872,054	(11,596,040)	-55.6%
Beginning Net Position	118,685,918	97,813,733	20,872,185	21.3%
Restatement GASB 101	(2,883,003)			
Ending Net Position	\$ 125,078,929	\$ 118,685,787	\$ 6,393,142	5.4%

Approximately 52% of the costs of the district's activities are paid by property tax revenues. This percentage is approximately 3.2% less than the prior year. Expenses increased 17.2% and property tax revenues increased 2.5%. Approximately 22.4% of revenue comes from the State of Oregon revenue sharing. This is a decrease of (.3%) compared to the prior year. Roughly 21.8% of the district's activities continue to be paid for with operating grants. Interest on long-term debt continues to decline as outstanding debt decreases.

FUND FINANCIAL ANALYSIS

The focus of the Governmental Funds Statements are to provide information on near-term inflows, outflows and balances of spendable resources. Unreserved fund balance measures the district's net resources available for appropriation in the next fiscal year. As of June 30, 2025, the total fund balance of the governmental funds was \$67,554,241.

Summary of ending fund balances for the major governmental funds for 2024 and 2025 are as follows:

	ENDING FUND BALANCE		
	2025	2024	Change
General Fund	\$ 15,192,860	\$ 16,939,952	\$ (1,747,092)
Special Revenue Funds	17,167,304	14,148,073	3,019,231
Debt Service Fund	18,290,443	12,971,058	5,319,385
Capital Construction Fund	2,853,182	2,941,182	(88,000)
Total	\$ 53,503,789	\$ 47,000,265	\$ 6,503,524

The General Fund ending fund balance decreased by (\$1,747,092). Board policy requires a minimum of 7% of the general fund budget to be retained at the end of the fiscal year to cover cash flow requirements from June through November until local tax revenues are received. As the district's overall budget increases, the ending fund balance requirement increases proportionately. The excess above the 7% required ending fund balance was transferred to Special Revenue Funds as required by board policy and as budgeted. This included additional excess funds from the beginning fund balance, resulting in a decrease in the ending fund balance for 2025.

Special Revenue Fund ending balances increased as excess general funds were transferred in and additional grant funds were awarded to the district. The Debt Service Fund balance has increased as a result of continuing to build a reserve balance for the PERS Debt Service Fund to offset future year expenditure increases and building a reserve for the final Qualified Schools Construction Bonds payment due June 2026.

In prior years, the Self-Insurance Fund balance was reported in this section. This fund is now reported as a proprietary fund and therefore is not included above with the governmental funds.

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Self-Insurance Fund	\$4,771,488	\$ 4,201,112	\$570,376

In 2015-16 the district added a Group HRA medical plan in addition to the existing dental/vision self-insured plans. The purpose of the Group HRA is to provide reimbursement to staff for medical deductible and out of pocket expenses that are equivalent to a \$250 deductible plan with higher medical benefits. The Group HRA is funded by the difference in premium between MODA's high-deductible plan and the district's medical benefit cap. The dental/vision self-insured plan ending fund balance decreased (\$281). The Group HRA ending fund balance increased \$570,658 for a net increase of \$570,377

CAPITAL ASSETS

On June 30, 2025, the district had \$111,572,427 invested in a broad range of capital assets, including land, building, equipment and vehicles. See Note 5 of the district's Financial Statements following this MD & A for further details on capital assets.

DEBT ADMINISTRATION

As of June 30, 2025, the district had \$29,275,000 in outstanding bonds. The two bond obligations the district incurred in 2002-2003 are the Limited Tax Pension Bonds sold in October 2002 and April 2003. The resources from these bonds allowed the district to pay down the unfunded liability with Oregon Public Employees Retirement System (PERS). As a result of these bonds, for 2024-25 the district received a rate credit (reduction) of (48.24%) and the district's 2024-25 PERS rate was reduced from 27.87% for Tier 1/Tier 2 and 25.03% for OPSRP, to 0%. Although there is excess rate credit, the rate cannot go below 0%. The district repays the bonds from the same money that it would have paid to PERS by charging 11% to salary expenditures and transferring those funds to the PERS debt service fund. The 2002 and 2003 PERS bonds were reduced by \$2,255,000 and \$3,055,000 respectively, with an outstanding combined value of \$14,275,000.

The 2011 Qualified School Construction Bonds have not been reduced from the previous year as no principal is due until the final balloon payment in June 2026, with an outstanding value of \$15,000,000. The district had \$112,638 in total lease liabilities and \$424,892 in subscription liabilities as of June 30, 2025. See Notes 9, 15 and 16 of the district's Financial Statements following this MD & A for further details on long term debt.

THE 2025-26 BUDGET

The budget for 2025-26 has total appropriations of \$164,400,031, compared to the 2024-25 budget of \$147,095,350, an 11.8% net increase of \$17,304,681. This is partially attributable to funds previously budgeted as unappropriated ending fund balances and reserves being appropriated as contingency in 25-26.

The General Fund budget decreased (\$1,688,753), including the required 7% unappropriated ending fund balance, contingency funds and transfers to special funds required by board policy. \$3,750,000 has been retained and budgeted in contingency as a cushion against further enrollment or funding declines. \$1,000,000 has been budgeted as transfers to Special Revenue funds as required by board policy to fund future curriculum and technology purchases. These funds are transferred to Special Revenue Funds for one-time expenditures as they are one-time revenues and should not be used to fund ongoing commitments such as employee positions that must be sustained in future years by revenue from the State School Fund. This is a decrease from previous years as State School Fund revenues are expected to decline due to continued declining district enrollment in addition to the loss of State Wildfire Relief funds which expired June 30, 2025.

The state's Student Investment Account which is permanently funded by a corporate business tax continues to support \$2,611,715 in positions that could not be sustained in the General Fund.

The Special Revenue Funds budget increased \$3,385,443. The Special Funds budget fluctuates from year to year as the availability of and the need for grants is ever changing. A portion of that increase is attributable to new and pending grant awards. The Self Insurance Funds budget increased \$730,831. The Capital Construction Funds budget increased \$373,225.

The remaining overall budget increase includes the Unappropriated Ending Fund Balance for the Debt Service Funds which reflects the annual increases in the PERS Bond Payments and the increase in balances held for future payments on those bonds and the Qualified School Construction Bonds.

REQUESTS FOR INFORMATION

Our financial report is designed to provide our taxpayers, parents, staff, students, investors and creditors with an overview of the district's finances. If you have any questions about this report or need any clarification of information, please contact Business Services at the Lincoln County School District.



Kim Cusick, SFO
Business Services Director
Lincoln County School District

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

STATEMENT OF NET POSITION

June 30, 2025

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	\$ 55,208,289
Receivables	11,663,775
OPEB Asset Oregon RHIA	920,736
Capital Assets:	
Lease Assets - net of accumulated amortization	111,159
Subscription Assets, net of accumulated amortization	1,434,654
Capital assets, not being depreciated	7,471,295
Capital assets, net of depreciation	104,101,132
Total Assets	180,911,040
DEFERRED OUTFLOWS OF RESOURCES:	
Pension related deferrals - Oregon RHIA	25,997
Pension related deferrals - Implicit	52,094
Pension related deferrals - Oregon PERS	16,685,819
Total Deferred Outflows	16,763,910
LIABILITIES:	
Accounts payable	3,147,454
Payroll liabilities	2,564,340
Unearned revenue	263,902
Noncurrent liabilities:	
OPEB Liability Implicit Subsidy	2,111,861
Proportionate Share of Net Pension Liability - Oregon PERS	16,790,973
Due within one year	21,906,303
Due in more than one year	12,710,046
Total Liabilities	59,494,879
DEFERRED INFLOWS OF RESOURCES:	
Lessor - GASB 87	79,312
Pension related deferrals - Oregon RHIA	199,453
Pension related deferrals - Implicit	1,645,935
Pension related deferrals - Oregon PERS	11,176,442
Total Deferred Inflows of Resources	13,101,142
NET POSITION:	
Net Investment in Capital Assets	97,580,711
Restricted For:	
Capital Projects	2,853,182
Grant Programs	3,723,821
Food Service	196,889
Student Body	1,303,089
Debt Service	18,290,443
Net Pension Asset - RHIA	920,736
Unrestricted	210,058
	125,078,929

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

PROGRAM REVENUES					
<u>FUNCTIONS</u>	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u>
Instruction	\$ 53,299,527	\$ 326,727	\$ 10,669,632	\$ -	\$ (42,303,168)
Support Services	42,746,642	-	8,361,193	-	(34,385,449)
Community Services	4,080,129	182,934	3,018,018	-	(879,177)
Interest on Long-Term Debt	<u>1,133,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,133,968)</u>
Total Primary Government	<u>\$ 101,260,266</u>	<u>\$ 509,661</u>	<u>\$ 22,048,843</u>	<u>\$ -</u>	<u>(78,701,762)</u>
General Revenues					
Property Taxes					52,710,306
State Revenue Sharing					22,812,169
Grants/Contributions Not Restricted to Specific Programs					
State, Intermediate and Local Sources					4,514,612
Federal Sources					745,782
Interest and Investment Earnings					3,239,398
Miscellaneous					<u>3,955,509</u>
Total General Revenues					<u>87,977,776</u>
Changes in Net Position					9,276,014
Net Position - Beginning					<u>118,685,918</u>
Restatement					<u>(2,883,003)</u>
Net Position - Ending					<u>\$ 125,078,929</u>

The accompanying notes are an integral part of this statement.

**LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON**

**BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025**

	GENERAL FUND	SPECIAL FUNDS	DEBT SERVICE FUND
ASSETS:			
Cash and investments	\$ 10,170,612	\$ 19,216,017	\$ 17,911,466
Receivables:			
Taxes	2,239,321	-	302,458
Accounts	1,600,398	255,737	378,977
Grants	1,334,012	5,407,151	-
Leases	13,091	61,856	-
Due from other funds	5,502,193	-	-
	<u>20,859,627</u>	<u>24,940,761</u>	<u>18,592,901</u>
Total Assets	<u>\$ 20,859,627</u>	<u>\$ 24,940,761</u>	<u>\$ 18,592,901</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES:			
Liabilities:			
Due to Other Funds	\$ 57,508	\$ 5,237,985	\$ -
Accounts Payable	1,022,016	1,975,840	-
Payroll Liabilities	2,334,824	229,516	-
Unearned Revenue	-	263,902	-
	<u>3,414,348</u>	<u>7,707,243</u>	<u>-</u>
Total Liabilities	<u>3,414,348</u>	<u>7,707,243</u>	<u>-</u>
Deferred Inflows:			
Unavailable revenue:			
Lease Receivable	13,098	66,214	-
Property Taxes	2,239,321	-	302,458
	<u>2,252,419</u>	<u>66,214</u>	<u>302,458</u>
Total Deferred Inflows	<u>2,252,419</u>	<u>66,214</u>	<u>302,458</u>
Fund Balances:			
Non-Spendable	-	-	-
Restricted For:			
Capital Projects	-	-	-
Grant Programs	-	3,723,821	-
Food Service	-	196,889	-
Student Body	-	1,303,089	-
Debt Service	-	-	18,290,443
Committed For:			
Building Maintenance	-	2,433,348	-
Curriculum	-	4,908,824	-
Vehicle Replacment	-	163,144	-
Technology	-	4,438,189	-
Unassigned	15,192,860	-	-
	<u>15,192,860</u>	<u>17,167,304</u>	<u>18,290,443</u>
Total Fund Balances	<u>15,192,860</u>	<u>17,167,304</u>	<u>18,290,443</u>
Total Liaibilites, Deferred Inflows and Fund Bal	<u>\$ 20,859,627</u>	<u>\$ 24,940,761</u>	<u>\$ 18,592,901</u>

The accompanying notes are an integral part of this statement.

CAPITAL CONSTRUCTION FUND		TOTALS
\$	3,090,178	\$ 50,388,273
	-	2,541,779
	70,774	2,305,886
	-	6,741,163
	-	74,947
	-	5,502,193
\$	3,160,952	\$ 67,554,241
\$	206,700	\$ 5,502,193
	101,070	3,098,926
	-	2,564,340
	-	263,902
	307,770	11,429,361
	-	-
	-	79,312
	-	2,541,779
	-	2,621,091
	-	-
	2,853,182	2,853,182
	-	3,723,821
	-	196,889
	-	1,303,089
	-	18,290,443
	-	-
	-	2,433,348
	-	4,908,824
	-	163,144
	-	4,438,189
	-	15,192,860
	2,853,182	53,503,789
\$	3,160,952	\$ 67,554,241

**LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025**

	GENERAL FUND	SPECIAL FUNDS	DEBT SERVICE FUND
REVENUES:			
Taxes	\$ 45,351,229	\$ 5	\$ 6,383,244
Federal grants	52,606	9,712,804	-
State grants	26,533,825	12,660,341	-
Intermediate Sources	459,336	25,681	964
Charges for services	335,833	182,934	4,366,080
Earnings from investments	1,449,626	413,595	1,020,865
Miscellaneous	992,007	2,882,608	-
	<hr/>	<hr/>	<hr/>
Total Revenues	75,174,462	25,877,968	11,771,153
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Current:			
Instruction	39,679,870	11,375,105	-
Support Services	32,230,561	8,914,036	-
Community Services	29,876	3,904,613	-
Facilities Acquisition and Construction	-	406,013	-
Other Uses	-	-	-
Capital Outlay	160,166	3,010,223	-
Debt Service:			
Other General Professional Services	2,600	-	-
Principal	96,591	1,118,873	5,310,000
Interest	11,753	44,518	1,141,768
	<hr/>	<hr/>	<hr/>
Total Expenditures	72,211,417	28,773,381	6,451,768
	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	2,963,045	(2,895,413)	5,319,385
Other Financing Sources, (Uses):			
Transfers in	-	4,800,000	6,515,000
Transfer out	(4,800,000)	-	(6,515,000)
SBITAs Proceeds	29,291	1,114,513	-
Sale of Capital Assets	60,572	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(4,710,137)	5,914,513	-
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	(1,747,092)	3,019,100	5,319,385
Fund balance, beginning	16,939,952	14,148,204	12,971,058
	<hr/>	<hr/>	<hr/>
Fund balance, Ending	\$ 15,192,860	\$ 17,167,304	\$ 18,290,443
	<hr/>	<hr/>	<hr/>

CAPITAL CONSTRUCTION FUND	TOTALS
\$ 680,088	\$ 52,414,566
-	9,765,410
-	39,194,166
-	485,981
-	4,884,847
147,619	3,031,705
4,407	3,879,022
832,114	113,655,697
-	51,054,975
-	41,144,597
-	3,934,489
130,311	536,324
-	-
789,803	3,960,192
-	2,600
-	6,525,464
-	1,198,039
920,114	108,356,680
(88,000)	5,299,017
-	11,315,000
-	(11,315,000)
-	1,143,804
-	60,572
-	1,204,376
(88,000)	6,503,393
2,941,182	47,000,396
\$ 2,853,182	\$ 53,503,789

**LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON**

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2025**

Total Fund Balances - Governmental Funds	\$ 53,503,789
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The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The statement of Net Position includes those capital assets among the assets of the District as a whole.

Net Capital Assets	111,572,427
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Lease assets are reported as an expenditure in governmental funds. The Statement of Net Assets includes those lease assets among the assets of the District as a whole.	111,159
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Subscription assets are reported as an expenditure in governmental funds. The Statement of Net Assets includes those subscription assets among the assets of the District as a whole	1,434,654
--	-----------

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Position.

Long term Liabilities		
Accrued Compensated Absences	\$ (4,803,819)	
OPEB Liability	(3,705,702)	
General obligation bonds payable (Net of unamortized premium and discount) and	(29,812,530)	
Lease and Subscriptions Payable.		(38,322,051)

The Net Pension Asset (Liability), and deferred inflows and outflows related to the Net Pension Asset is the difference between the total pension liability and assets set aside to pay benefits earned to past and current employees and beneficiaries. This include Oregon PERS and RHIA	(10,534,316)
--	--------------

The Net Position of the Internal Service Fund is included in the Government-Wide balance sheet	4,771,488
--	-----------

Unavailable revenue related to property taxes and other assets	<u>2,541,779</u>
--	------------------

Net Position	<u><u>\$ 125,078,929</u></u>
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LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2025

Total Net Changes in Fund Balances - Governmental Funds	\$	6,503,393
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Repayment of bond principal, premium/discount, compensated absences, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Additions to these items are expensed in the Statement of Activities, but not in the governmental funds.

		\$4,021,534
--	--	-------------

Capital asset additions are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeds depreciation.

Capital Asset Additions		3,080,542
Depreciation Expense		(3,125,157)
Gain/(loss)		(14,509)

Internal Service Fund Net Income flows to the Statement of Activities		570,377
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Lease assets are reported as an expenditure in governmental funds. The Statement of Net Assets includes those lease assets among the assets of the District as a whole. Net of debt payments and amortization

		(456)
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Subscription assets are reported as an expenditure in governmental funds. The Statement of Net Assets includes those subscription assets among the assets of the District as a whole. Net of debt payments and amortization

		\$1,112,407
--	--	-------------

The OPEB (implicit) and the changes in deferred inflows and outflows related to the Liability Asset represents the changes in the OPEB Liability from year to year

		248,225
--	--	---------

The Pension Expense and the changes in deferred inflows and outflows related to the Net Pension Asset/Liability represents the changes in Net Pension Asset (Liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits. This includes Oregon PERS and RHIA

		(3,416,082)
--	--	-------------

Property tax revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes a deferred revenue for all property taxes levied but not received, however in the Statement of Activities, there is no deferred revenue and the full property tax receivable is accrued.

		\$295,740
	\$	<u>9,276,014</u>

The accompanying notes are an integral part of this statement.

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

STATEMENT OF PROPRIETARY NET POSITION
INTERNAL SERVICE FUND
June 30, 2025

	SELF INSURANCE FUND
ASSETS:	
Current assets	
Cash and Investments	\$ 4,820,016
Total current assets	4,820,016
Total assets	\$ 4,820,016
LIABILITIES AND NET POSITION:	
LIABILITIES:	
Current Liabilities	
Accounts Payable	\$ 48,528
Total Current Liabilities	48,528
Total Liabilities	48,528
NET POSITION	
Unrestricted	4,771,488
Total Net Position	4,771,488
Total Liabilities and Net Position	\$ 4,820,016

The accompanying notes are an integral part of this statement.

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN PROPRIETARY NET POSITION
INTERNAL SERVICE FUND
For the Year Ended June 30, 2025

	SELF INSURANCE FUND
OPERATING REVENUES:	
Services Provided to Other Funds	\$ 1,976,329
Miscellaneous	21,320
	<hr/>
Total Operating Revenues	1,997,649
	<hr/>
OPERATING EXPENSES:	
Purchased Services	1,634,965
	<hr/>
Total Operating Expenses	1,634,965
	<hr/>
Income From Operations	362,684
	<hr/>
OTHER FINANCING SOURCES, (USES)	
Earnings from Investments	207,693
	<hr/>
Total Other Financing Sources, (Uses)	207,693
	<hr/>
Change in Net Position	570,377
	<hr/>
Net Position, Beginning	4,201,111
	<hr/>
Net Position, Ending	\$ 4,771,488
	<hr/> <hr/>

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
For the Year Ended June 30, 2025

	SELF INSURANCE FUND
Cash Flows From Operating Activities:	
Cash Received from Customers	\$ 1,997,649
Cash Paid to Vendors	<u>(1,635,163)</u>
Net cash provided (used) by operating activities	<u>362,486</u>
Cash Flows From Investing Activities	
Interest Received	207,693
Net increase (decrease) in cash and investments	570,179
Cash and investments, beginning of year	<u>4,249,838</u>
Cash and investments, end of year	<u><u>\$ 4,820,017</u></u>
Reconciliation of Operating Income to	
Net Cash Provided by Operating Activities	
Change in Net Position	\$ 362,684
Adjustments for:	
(Increase) Decrease in Receivables	-
Increase (Decrease) in Payables	(198)
Increase (Decrease) in Estimated Claims	<u>-</u>
Net Cash Provided by Operating Activities	<u><u>\$ 362,486</u></u>

The accompanying notes are an integral part of this statement.

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

Lincoln County School district is a municipal corporation governed by an elected board. The accompanying financial statements present the government and any component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The District does not have any component units.

BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Position and Statements of Activities display information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund statement level.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions".

Program Revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest of general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

FUND FINANCIAL STATEMENTS

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property tax revenue and proceeds from sale of property are not considered available and, therefore, are not recognized until received. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences and claims and judgments which are recognized as expenditures because they will be liquidated with expendable financial resources.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The District reports the following major governmental funds:

GENERAL FUND

The General Fund accounts for all financial resources and expenditures of the District, except those required to be accounted for in another fund. The principal revenue sources are property taxes and an apportionment from the State of Oregon School Support Fund.

SPECIAL FUNDS

The Special Funds account for revenues and expenditures related to specific educational and other projects. Principal revenue sources are federal and state grant awards, fundraising, donations, proceeds from the sale of land and/or buildings and earnings from temporary investments.

DEBT SERVICE FUND

The Debt Service Fund accounts for the payment of principal and interest of the District's general obligation bonds and PERS Bonds. The principal resources are property taxes for general obligation bonds and internal charges for PERS Bonds.

CAPITAL CONSTRUCTION FUND

The Capital Construction Fund accounts for expenditures related to capital projects. Principal resources are bond proceeds and construction excise taxes.

PROPRIETARY FUND TYPE

Proprietary funds are used to account for a government's business-type activities. There are two types of proprietary funds – enterprise funds and internal service funds. Both fund types use the same generally accepted accounting principles (GAAP) as similar to businesses in the private sector. Both enterprise and internal service funds recover the full cost of providing services (including capital costs) through fees and charges on those who use their services.

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPRIETARY FUND TYPE (CONTINUED)

The adopted budget is based on the modified accrual basis. The management of these funds, however, is based on the “bottom line” and whether the expenses are supported by revenue. The District uses “net unrestricted position” to evaluate these funds. This method is similar to working capital and is the result of all transactions that affect unrestricted assets and liabilities. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the District’s internal service fund are internal health insurance charges. Operating expenses for internal service funds include the cost of sales and services, and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District reports the following proprietary fund:

SELF INSURANCE FUND

The Self Insurance Fund is an internal service fund that accounts for insurance claims made by employees for various medical costs. The principal resources are internal charges.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the combined balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The governmental funds are maintained using the modified accrual basis of accounting. Revenues are recorded in the accounting period in which they become susceptible to accrual (i.e., measurable and available) and expenditures are recorded at the time the related fund liabilities are incurred, except for:

- 1) Vested compensated absences which are recorded as expenditures to the extent they are expected to be liquidated with expendable available financial resources.
- 2) Post retirement benefits which are recorded when paid.
- 3) Accrued interest and principal on long-term debt which is recorded on its due date.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Significant revenues susceptible to accrual under the modified accrual basis of accounting are as follows:

- 1) Federal and state grants.
- 2) Property taxes received within approximately sixty days of the end of a fiscal year.
- 3) Any local or county shared revenues.

The basis of accounting described above is in accordance with accounting principles generally accepted in the United States of America.

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETS

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting in the main program categories required by Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles except the property taxes received after year-end not considered budgetary resources in the funds. A budget is not prepared for the agency funds as allowed by Oregon law.

The District begins its budget process early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are generally published in spring with a public hearing being held approximately three weeks later. The Board may amend the budget prior to adoption. However, budgeted expenditures for each fund may not be increased by more than ten percent without re-publication. The budget is then adopted, appropriations are made, and the tax levy declared no later than June 30th.

Expenditure budgets are appropriated at the following levels for each fund: Instruction, Supporting Services, Enterprise & Community Services, Facilities Acquisition and Construction, Other Uses - Debt Service and Interfund Transfers, Operating Contingency.

Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted.

Budget amounts shown in the basic financial statements reflect the original budgeted appropriation amounts and a supplemental budget and appropriation transfers. Expenditures of the various funds were within authorized appropriation levels for the year ended June 30, 2025, except for Self Insurance Fund Support Services that was overspent by \$334,447.

PROPERTY TAXES RECEIVABLE

Uncollected real and personal property taxes are reflected on the statement of net position and the balance sheet as receivables. Uncollected taxes are deemed to be substantially collectible or recoverable through liens. All property taxes receivable are due from property owners within the District.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are payable in three installments due on November 15, February 15 and May 15. Property tax collections are distributed monthly except for November, when such distributions are made weekly.

GRANTS

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures are recorded as unearned revenue on the statement of net position and the balance sheet.

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS

Capital assets are recorded at original cost or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Interest incurred during construction is not capitalized. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 to 50 years
Vehicles and Equipment	5 to 30 years

RETIREMENT PLANS

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

COMPENSATED ABSENCES (GASB 101)

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The District's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

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

LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

LEASE RECEIVABLES

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the government, reduced by principal payments received.

LEASE ASSETS

Lease assets are assets which the government leases for a term of more than one year. The value of leases is determined by the net present value of the leases at the government's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

LEASES PAYABLE

In the government-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

SUBSCRIPTION ASSETS

Subscription assets are assets in which the government obtains control of the right to use the underlying IT asset. The value of the subscription asset is initially measured as the sum of the initial subscription liability amount, any payments made to the IT software vendor before commencement of the subscription term, and any capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized in a straight-line manner over the course of the subscription term.

SUBSCRIPTION LIABILITIES

In the government-wide financial statements, subscription liabilities are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of subscription payments expected to be made

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NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUBSCRIPTION LIABILITIES (CONTINUED)

during the subscription term is reported as other financing sources. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

FUND BALANCE

GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, is followed. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The District has not assigned fund balances.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

NET POSITION

Net position comprises of the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Components of net position are classified in the following three categories:

Net Investment in Capital Assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION (CONTINUED)

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.

When both restricted and unrestricted net position are available for use, restricted net position is utilized first.

DEFERRED OUTFLOWS/INFLOW OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports revenue in the governmental funds that is not available to pay for current obligations as Deferred Inflows.

FAIR VALUE, INPUTS, METHODOLOGIES AND HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. BUDGET/GAAP REPORTING DIFFERENCES

While the District reports financial position, results of operations, and changes in fund balance/net position on the basis of accounting principles generally accepted in the United States of America (GAAP), the District's budgetary basis of accounting differs from generally accepted accounting principles, as required by ORS. The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The primary differences between the District's budgetary basis and GAAP basis is the classification of capital outlay and debt service, which for budgetary purposes is reported within the functional categories at the level of appropriation control. In the budgetary statements capital purchases and debt service payments are recognized as expenses whereas in the GAAP statements they are recorded as increases in capital assets and reductions in long term debt. The District also posts the net present value of leased assets to the GAAP funds but not the budgetary funds, this increases other financing sources and capital outlay.

3. CASH AND INVESTMENTS

State statutes govern the District's cash management policies, because the District does not have an official investment policy. Statutes authorize the District to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool. Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

Cash and cash equivalents

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2025. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2025, the fair value of the position in the LGIP is 100.49% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS (CONTINUED)

Cash and Investments at June 30, 2025, (recorded at fair value) consisted of:

Deposits With Financial Institutions:	2025
Petty Cash	\$ 305
Demand Deposits:	
Checking	13,125,828
CD's	1,881,199
Investments	40,200,957
	<u>\$ 55,208,289</u>

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-18	More than 18
Oregon Coast Investments	1,881,199	-	1,881,199	-
State Treasurer's Investment Pool	40,200,957	40,200,957	-	-
Total	<u>\$ 42,082,156</u>	<u>\$ 40,200,957</u>	<u>\$ 1,881,199</u>	<u>\$ -</u>

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB.

Credit Risk-Investment

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Custodial Credit Risk

At year-end, the District's net carrying amount of deposits was \$13,125,827 and the bank balance was \$14,640,281. Of these deposits, \$500,000 was covered by federal depository insurance. The remainder is collateralized by the Oregon Public Funds Collateralization Program (PFCP).

4. ACCOUNTS/GRANTS RECEIVABLE

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs. No allowance for doubtful accounts is recorded because all receivables are deemed to be collectable.

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2025 are as follows:

	Beginning of Year	Additions	(Deletions)	End Of Year
Fixed Assets				
Land	7,134,280	-	-	7,134,280
Land Improvements	11,107,091	440,809	(1,314)	11,546,586
Buildings & Improvements	142,601,912	1,977,837	-	144,579,749
Equipment	8,172,021	454,099	(231,404)	8,394,716
CIP	129,218	2,754,348	(2,546,551)	337,015
Total	169,144,522	5,627,093	(2,779,269)	171,992,346
Accumulated Depreciation				
Land Improvements	1,130,688	116,127	(13)	1,246,802
Buildings & Improvements	51,198,125	2,626,397	-	53,824,522
Equipment	5,184,158	382,633	(218,196)	5,348,595
Total	57,512,971	3,125,157	(218,209)	60,419,919
Total Net Capital Assets	<u>111,631,551</u>			<u>111,572,427</u>

Depreciation was allocated to the functions as follows:

Instruction	\$ 2,343,868
Support Services	625,031
Community Services	<u>156,258</u>
Total	<u>\$ 3,125,157</u>

6. DEFINED BENEFIT PENSION PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Annual Comprehensive Financial Report which can be found at:

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

If the link is expired please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **Pension Benefits.** The PERS 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, and 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 benefits results.

LINCOLN COUNTY SCHOOL DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 1 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 2 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.

- ii. **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 contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **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 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.
 - ii. **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. The surviving spouse may

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.

- iii. **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.

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. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2022 actuarial valuation, which became effective July 1, 2023. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2025 were \$0, excluding amounts to fund employer specific liabilities. In addition approximately \$2,325,998 in employee contributions were paid or picked up by the District in fiscal 2025. At June 30, 2025, the District reported a net pension liability of \$16,790,973 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2024 and 2023, the District's proportion was .076 percent and .000 percent, respectively. Pension expense for the year ended June 30, 2025 was \$3,676,819.

The rates in effect for the year ended June 30, 2025 were:

- (1) Tier 1/Tier 2 – 0.0%
- (2) OPSRP general services – 0.0%

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2026.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 994,710	\$ 40,075
Changes in assumptions	1,688,170	2,163
Net difference between projected and actual earnings on pension plan investments	1,066,696	-
Net changes in proportionate share	12,936,243	8,138,763
Differences between contributions and proportionate share of contributions	-	2,995,441
Subtotal - Amortized Deferrals (below)	16,685,819	11,176,442
Contributions subsequent to measuring date	-	-
Deferred outflow (inflow) of resources	<u>\$ 16,685,819</u>	<u>\$ 11,176,442</u>

Amounts reported as deferred outflows or inflows of resources related to pension will be recognized in pension expense as follows:

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ (104,094)
2027	2,011,942
2028	1,282,842
2029	1,643,386
2030	675,302
Thereafter	-
Total	<u>\$ 5,509,378</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated January 31, 2025. Oregon PERS produces an independently audited ACFR which can be found at:

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

Actuarial Valuations – The employer contribution rates effective July 1, 2023 through June 30, 2025, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer 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 actuarially determined amount for funding a disability benefit component, and (c) 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.

Actuarial Methods and Assumptions:

Valuation date	December 31, 2022
Experience Study Report	2022, Published July 24, 2023
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Fair value
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

LINCOLN COUNTY SCHOOL DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 2022 Experience Study which is reviewed for the four-year period ending December 31, 2022.

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5%	32.5%	27.5%
Real Estate	7.5%	17.5%	12.5%
Private Equity	15.0%	27.5%	20.0%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			100.0%

(Source: June 30, 2024 PERS ACFR; p. 116)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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. 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.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Global Equity	27.50%	7.07%
Private Equity	25.50%	8.83%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Hedge Fund of Funds - Multistrategy	1.25%	6.27%
Hedge Fund Equity - Hedge	0.63%	6.48%
Hedge Fund - Macro	5.62%	4.83%
<i>Assumed Inflation - Mean</i>		2.35%

(Source: June 30, 2024 PERS ACFR; p. 88)

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NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 the 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.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate – the following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
Proportionate share of the net pension liability	\$ 26,487,077	\$ 16,790,973	\$ 8,670,011

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer’s reporting date that are expected to have a significant effect on the employer’s share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

There are no changes subsequent to the June 30, 2024 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

Deferred Compensation Plan

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of resignation, death, disability, or retirement; unforeseeable emergency; or by requesting a de minimis distribution from inactive accounts valued less than \$5,000. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the District.

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NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

Employees of the district are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

Pension Benefits:

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. 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 OPSRP 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. Each distribution option has a \$200 minimum distribution limit.

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.

Contributions:

Employees of the District pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning \$2,500 or more per month (increased to \$3,333 per month in 2022) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going 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. The District did make optional contributions approximately \$0 to member IAP accounts for the year ended June 30, 2025.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700.

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. POST EMPLOYMENT HEALTH CARE BENEFITS

Post Employment Health Care Benefits

Plan Description

The District administers a single-employer defined benefit healthcare plan that covers both active and retired participants. The plan provides post-retirement healthcare benefits for eligible retirees and their dependents through the District's group health insurance plans. The District's post-retirement plan was established in accordance with Oregon Revised Statutes (ORS) 243.303 which states, in part, that for the purposes of establishing healthcare premiums, the calculated rate must be based on the cost of all plan members, including both active employees and retirees.

Because claim costs are generally higher for retiree groups than for active members, the premium amount does not represent the full cost of coverage for retirees. The resulting additional cost, or implicit subsidy, is required to be valued under GASB Statement 75 related to Other Post-Employment Benefits (OPEB). Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective. The valuation date was July 1, 2024 and the measurement date was June 30, 2025.

Funding Policy

The District has not established a trust fund to finance the cost of post-employment health care benefits related to implicit rate subsidies. Premiums are paid by retirees based on the rates established for active employees. Additional costs related to an implicit subsidy are paid by the District on a pay-as-you-go basis. There is no obligation on the part of the District to fund these benefits in advance. The District considered the liability to be solely the responsibility of the District as a whole and it is allocated to the governmental statements.

Actuarial Methods and Assumptions

The District engaged an actuary to perform a valuation as of July 1, 2024 using the Entry Age Normal, level percent of salary Actuarial Cost Method. Mortality rates were based on the RP-2000 healthy white collar male and female mortality tables, set back one year for males. Mortality is projected on a generational basis using Scale BB for males and females. Demographic assumptions regarding retirement, mortality, and turnover are based on Oregon PERS valuation assumptions as of July 1, 2022. Election rate and lapse assumptions are based on experience implied by valuation data for this and other Oregon public employers.

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. POST EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Annual Medical Plan Premium Increase Rate

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2024-25	4.00%	2032-33	5.20%
2025-26	4.50%	2033-34	5.00%
2026-27	5.00%	2034-35	4.90%
2027-28	5.50%	2035-36	4.80%
2028-29	6.00%	2036-37	4.70%
2029-30	5.80%	2037-38	4.60%
2030-31	5.60%	2038+	4.50%
2031-32	5.40%		

General Inflation 2.5% per year

Annual Pay Increase 3.5% per year

Mortality Active Employees: PUB 2010 Employee Table for Teachers, sex distinct, projected generationally.

Active Employees Adjustments: 125% of the blend of 80% of published rates and 20% of PUB 2010 Employee Tables for General Employees for males. 100% of published rates for females.

Retirees: Pub 2010 Retiree Tables for Teachers, sex Distinct, projected generationally.

Active Employees Adjustments: A blend of 80% of published rates and 20% of PUB 2010 Employee Tables for general Employees for males, 100% of published rates for females.

Disability Based on Oregon PERS assumption. Annual rates are based on employee classification, gender, and duration from hire date.

Withdrawal Based on Oregon PERS assumption. Annual rates are based on employee classification, gender, and duration from hire date.

Retirement Based on Oregon PERS assumption. Annual rates are based on employee classification, gender, and duration from hire date.

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. POST EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Changes in the Net OPEB Liability

Total OPEB Liability, beginning of year	\$ 2,737,257
Changes for the year:	
Service cost	229,517
Interest	115,973
Changes in benefit terms	-
Differences between expected and actual experience	(257,202)
Changes of assumptions or other input	(578,795)
Benefit payments	(134,889)
Balance as of end of Year	<u>\$ 2,111,861</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Trend Rates

The following analysis presents the net OPEB liability using a discount rate of 5.25%, as well as what the District's net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, a similar sensitivity analysis is presented for the changes in the healthcare trend assumption:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 2,296,996	\$ 2,111,861	\$ 1,940,894
	1% Decrease 3% Graded Up to 5%, then Back Down to 4.25%	Current Trend Rate 4.0% Graded Up to 6%, then Back Down to 5.25%	1% Increase 5% Graded Up to 7%, then Back Down to 6.25%
Total OPEB Liability	\$ 1,835,544	\$ 2,111,861	\$ 2,446,103

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Benefits

The district reports information on deferred outflows and deferred inflows of resources at year end as well as a schedule of amounts of those deferred outflows of resources and deferred inflows of resources that will be recognized in other post-employment benefit expense for the following five years.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 668,660
Changes in assumptions or other input	52,094	977,275
Deferred outflow (inflow) of resources	<u>\$ 52,094</u>	<u>\$ 1,645,935</u>

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. POST EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2026	(299,425)
2027	(351,519)
2028	(351,516)
2029	(207,181)
2030	(168,087)
Thereafter	(216,113)
Total	<u>\$ (1,593,841)</u>

8. OTHER POST-EMPLOYMENT BENEFIT PLAN (RHIA)

Plan Description:

As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy:

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. 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.

Participating districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.00% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2025. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion 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.

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFIT PLAN (RHIA) (CONTINUED)

At June 30, 2025, the District reported a net OPEB liability/(asset) of (\$920,736) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2024, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2022. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2024 and 2023, the District's proportion was .23 percent and .14 percent, respectively. OPEB expense for the year ended June 30, 2025 was (\$260,235).

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (109,466)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	(150,769)
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
Employer's Total OPEB Expense/(Income)	<u>\$ (260,235)</u>

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 18,008
Changes in assumptions	-	11,646
Net difference between projected and actual earnings on pension plan investments	25,997	-
Net changes in proportionate share	-	169,799
Differences between contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	<u>25,997</u>	<u>199,453</u>
Contributions subsequent to measuring date	-	-
Deferred outflow (inflow) of resources	<u>\$ 25,997</u>	<u>\$ 199,453</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2026.

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFIT PLAN (RHIA) (CONTINUED)

Amounts reported as deferred outflows or inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ (206,734)
2027	16,211
2028	14,065
2029	3,001
2030	-
Thereafter	-
Total	<u>\$ (173,457)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2024. That independently audited report was dated January 31, 2025 and can be found at:

<https://www.oregon.gov/pers/emp/Documents/GASB/2024/Oregon-Public-Employees-Retirement-System-RHIA-Schedule-Plan-FY06302024.pdf>

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2022
Experience Study Report	2022, Published July 24, 2023
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Retiree healthcare participation	Healthy retirees: 25%; Disabled retirees: 15%
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 Disabled 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 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

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFIT PLAN (RHIA) (CONTINUED)

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 2022 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 as of the measurement date of June 30, 2024 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.

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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. 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.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Global Equity	27.50%	7.07%
Private Equity	25.50%	8.83%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Hedge Fund of Funds - Multistrategy	1.25%	6.27%
Hedge Fund Equity - Hedge	0.63%	6.48%
Hedge Fund - Macro	5.62%	4.83%
<i>Assumed Inflation - Mean</i>		2.35%

(Source: June 30, 2024 PERS ACFR; p. 88)

Sensitivity of the District's proportionate share of the net OPEB liability/(asset) to changes in the discount rate – The following presents the District's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

LINCOLN COUNTY SCHOOL DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFIT PLAN (RHIA) (CONTINUED)

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net OPEB liability (asset)	\$ (852,322)	\$ (920,736)	\$ (979,643)

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2024 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

9. LONG-TERM OBLIGATIONS

Pension Obligation Bonds

In October 31, 2002 and April 2003, the District issued \$47,951,519 of limited tax pension obligation bonds to finance its unfunded actuarially accrued liability (UAL) with the State of Oregon Public Employees Retirement System (PERS). The issuance of the bonds was considered an advance refunding of the District's UAL and resulted in an estimated present value savings of approximately \$12.3 million over the life of the bonds. The actual savings realized by the District over the life of the bonds is uncertain because of the various legislative changes and legal issues pending with the PERS system which could impact the District's future required contribution rate. The Pension Obligation Bonds bear interest at 2.06% - 6.10% and mature on June 30, 2028.

Upon the occurrence and continuation of default on the 2002 bonds, the owners of 25% or more of the outstanding principal of the 2002 bonds, or 51% or more of the 2003 bonds then outstanding may take any actions available at law or in equity as may appear necessary or desirable to enforce or to protect any of the rights of the owners of the bonds, whether for the specific enforcement of any covenant or agreement. However, the bonds shall not be subject to acceleration.

General Obligation Bonds

On June 22, 2011, the District signed a purchase agreement to issue \$63,000,000 of General Obligation Bonds. The bonds were issued to pay for new construction and major renovation of District facilities. The bonds bear interest at 3.50-5.00% and mature on June 15, 2026. Included in the issue are \$15,000,000 in Qualified School Construction Bonds, which are part of an expiring federal stimulus program. Through the program, the District benefits because the federal government pays the vast majority of interest on the Qualified School Construction Bonds. All of the interest was initially being paid by the federal government, but starting in 2012-2013 the District has been required to pay minimal amounts of interest due to the federal sequester. The District estimates that it will save nearly \$7,000,000 in interest expense over the life of the bonds.

The payment of the principal and interest on these bonds when due is guaranteed by the full faith and credit of the State of Oregon under the provisions of the Oregon School Bond Guaranty Act – Oregon Revised Statutes (ORS) 328.321 and 328.356. Upon the occurrence and continuation of default on the bonds, the owners of 51% or more of the outstanding principal of the bonds then outstanding may take any actions available at law or in equity as may appear necessary or desirable to enforce or to protect any of the rights of the owners of the bonds, whether for the specific enforcement of any covenant or agreement.

LINCOLN COUNTY SCHOOL DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

9. LONG-TERM OBLIGATIONS (CONTINUED)

Changes in Long-Term Obligations are as follows:

<u>Issue Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding Beginning of Year</u>	<u>Issued</u>	<u>Matured & Redeemed</u>	<u>Outstanding End of Year</u>	<u>Due in One Year</u>
October 2002	2.06-6.1%	\$ 21,009,781	\$ 8,855,000	\$ -	\$ 2,255,000	\$ 6,600,000	\$ 2,510,000
April 2003	2.06-6.1%	26,941,738	10,730,000	-	3,055,000	7,675,000	2,855,000
August 2011	3.50-5.00%	63,000,000	15,000,000	-	-	15,000,000	15,000,000
			34,585,000	-	5,310,000	29,275,000	20,365,000
Unamortized Premium/ (Discount)			740,262	-	740,262	-	-
Total Bonds Payable			35,325,262	-	6,050,262	29,275,000	20,365,000
Total Lease Liabilities			135,570	50,424	73,356	112,638	71,935
Total SBITAs Liabilities			533,647	1,051,336	1,160,091	424,892	118,454
Total Long-Term Obligations			<u>\$46,151,039</u>	<u>1,101,760</u>	<u>\$7,283,709</u>	<u>\$29,812,530</u>	<u>\$20,555,389</u>

Future maturities of bond principal are as follows:

<u>Fiscal Year Ending June 30</u>	<u>2002 PERS Bonds</u>		<u>2003 PERS Bonds</u>		<u>2011 GO Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	2,510,000	366,300	2,855,000	435,940	15,000,000	716,700
2027	2,790,000	226,995	2,875,000	273,776	-	-
2028	1,300,000	72,150	1,945,000	-	-	-
2029	-	-	-	-	-	-
Total	<u>\$ 6,600,000</u>	<u>\$ 665,445</u>	<u>\$ 7,675,000</u>	<u>\$ 709,716</u>	<u>\$ 15,000,000</u>	<u>\$ 716,700</u>

Compensated absences are assumed to be used on a first in first out basis; therefore, all outstanding balances are considered due within one year of June 30, 2025. This benefit is paid primarily from the general fund.

Changes in compensated absences for the year ended June 30, 2025 was as follows:

	<u>Outstanding Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding End of Year</u>	<u>Due Within One Year</u>
Compensated Absences Payable	3,113,015	1,690,804	-	4,803,819	1,350,914
Totals	<u>\$ 3,113,015</u>	<u>\$ 1,690,804</u>	<u>\$ -</u>	<u>\$ 4,803,819</u>	<u>\$ 1,350,914</u>

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. DEFERRED COMPENSATION

The District has a deferred compensation plan available for its employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one, which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service.

11. RISK MANAGEMENT

The District is self-insured for medical, dental, vision and for certain policy deductible limits on District vehicles, errors and omissions and the first \$1,000 of property/fire losses. The District purchases insurance for worker's compensation, liability claims and all property losses in excess of deductible limits. There were no significant reductions in the District's insurance coverage during the current fiscal year. Settled claims have not exceeded this commercial coverage for any of the past three years.

12. INTERFUND ACTIVITY

Interfund balances and Transfers are used to fund operations between funds. Interfund transfers are clearly segregated and shown on the face of the financial statements.

13. PROPERTY TAX LIMITATIONS

The voters of the State of Oregon approved ballot Measure 5, a constitutional limit on property taxes for schools and non-school government operations, in November, 1990 (now Article XI, Section 11b). School operations include community colleges, local school districts and education service districts. The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this initiative has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues for the major source of operating revenue. The voters of the State of Oregon passed ballot Measure 50 in May 1997 to further reduce property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit.

Measure 50 reduced the amount of operating property tax revenues available to the District for its 1997-98 fiscal year, and thereafter. This reduction is accomplished by rolling assessed property values back to their 1995-96 values less 10%, and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Measure also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State of Oregon to minimize the impact of the tax cuts to school districts.

14. COMMITMENTS AND CONTINGENCIES

The District receives a substantial portion of its operating funding from the State of Oregon. State funding is determined through state wide revenue projections that are paid to individual school districts based on pupil counts and other factors in the state school fund revenue formula. Since these projections and pupil counts fluctuate they can cause the District to either have increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on the District's operations cannot be determined.

The District is involved in various claims and legal matters relating to its operations which have all been tendered to, and are either being adjusted by the District's liability carrier, or are being defended by attorneys retained by the District's liability carrier.

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

15. LEASE PAYABLE & RECEIVABLE

LEASE PAYABLE

For the year ended 6/30/2025, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

As of 06/30/2025, Lincoln County School District, OR had 10 active leases. The leases have payments that range from \$139 to \$50,322 and interest rates that range from 0.8930% to 3.0590%. As of 06/30/2025, the total combined value of the lease liability is \$112,637, the total combined value of the short-term lease liability is \$71,934. The combined value of the right to use asset, as of 06/30/2025 of \$311,868 with accumulated amortization of \$200,709 is included within the Lease Class activities table found below. The leases had \$0 of Variable Payments and \$0 of Other Payments, not included in the Lease Liability, within the Fiscal Year.

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 71,934	\$ 1,277	\$ 73,211
2027	33,788	370	34,157
2028	3,624	150	3,775
2029	1,779	70	1,849
2030	1,512	22	1,534
	<u>\$ 112,637</u>	<u>\$ 1,889</u>	<u>\$ 114,526</u>

GOVERNMENTAL ACTIVITIES:	Balance as of July 1, 2024		Additions	Reductions	Balance as of June 30, 2025	Short-Term Balance as of June 30, 2025
Lease Liability						
Equipment						
Kubota Excavator	\$ -	\$ 34,516	\$ 18,587	\$ 15,929	\$ 15,929	
Kyocera Copier - Compass Online School	4,079	-	1,666	2,413	1,697	
Kyocera Copiers - District Wide	127,980	-	49,080	78,900	49,661	
NMS Postage Machine - Postbase Vision A5	-	8,110	1,903	6,207	1,956	
SCE Postage Machine - Postbase Vision A5	239	-	239	-	-	
TAES Postage Machine Postbase Vision S3	179	-	179	-	-	
TAHS Postage Machine - Sendpro C Series	2,735	-	1,206	1,529	1,221	
TOHS Postage Machine - Postbase Fusion S3	-	7,798	138	7,659	1,471	
TOHS Postage Machine - Postbase Vision S3	179	-	179	-	-	
YVE Postage Machine - Postbase Vision S3	179	-	179	-	-	
Total Equipment Lease Liability	\$ 135,570	\$ 50,424	\$ 73,356	\$ 112,637	\$ 71,935	

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

15. LEASE PAYABLE & RECEIVABLE (CONTINUED)

GOVERNMENTAL ACTIVITIES:	Balance as of July 1, 2024	Additions	Reductions	Balance as of June 30, 2025
Lease Assets				
Equipment				
Kubota Excavator	\$ -	\$ 36,039	\$ -	\$ 36,039
Kyocera Copier - Compass Online School	7,994	-	-	7,994
Kyocera Copiers - District Wide	244,385	-	-	244,385
NMS Postage Machine - Postbase Vision A5	-	9,657	-	9,657
SCE Postage Machine - Postbase Vision A5	1,654	-	1,654	-
TAES Postage Machine Postbase Vision S3	1,240	-	1,240	-
TAHS Postage Machine - Sendpro C Series	5,995	-	-	5,995
TOHS Postage Machine - Postbase Fusion S3	-	7,798	-	7,798
TOHS Postage Machine - Postbase Vision S3	1,240	-	1,240	-
YVE Postage Machine - Postbase Vision S3	1,240	-	1,240	-
Total Equipment Lease Assets	263,748	53,494	5,374	311,868
Total Lease Assets	\$ 263,748	\$ 53,494	\$ 5,374	\$ 311,868
Lease Accumulated Amortization				
Equipment				
Kubota Excavator	\$ -	\$ 20,373	\$ -	\$ 20,372
Kyocera Copier - Compass Online School	3,887	1,654	-	5,541
Kyocera Copiers - District Wide	117,712	48,877	-	166,589
NMS Postage Machine - Postbase Vision A5	-	3,629	-	3,627
SCE Postage Machine - Postbase Vision A5	1,358	296	1,654	-
TAES Postage Machine Postbase Vision S3	1,019	222	1,240	-
TAHS Postage Machine - Sendpro C Series	3,187	1,199	-	4,387
TOHS Postage Machine - Postbase Fusion S3	-	193	-	193
TOHS Postage Machine - Postbase Vision S3	1,019	222	1,240	-
YVE Postage Machine - Postbase Vision S3	1,019	222	1,240	-
Total Equipment Lease Accumulated Amortization	129,201	76,887	5,374	200,709
Total Lease Accumulated Amortization	129,201	76,887	5,374	200,709
Total Governmental Lease Assets, Net	\$ 134,547	\$ (23,393)	\$ -	\$ 111,159

Amortization was allocated to the functions as follows:

Instruction	\$ 39,981
Support Services	33,830
Community Services	3,076
Total	<u>\$ 76,887</u>

LEASE RECEIVABLE

For the year ended 6/30/2025, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

15. LEASE PAYABLE & RECEIVABLE (CONTINUED)

As of 06/30/2025, Lincoln County School District, OR had 2 active leases. The leases have receipts that range from \$6,556 to \$20,988 and interest rates that range from 0.8930% to 3.1100%. As of 06/30/2025, the total combined value of the lease receivable is \$74,947, the total combined value of the short-term lease receivable is \$26,781, and the combined value of the deferred inflow of resources is \$79,312. The leases had \$0 of Variable Receipts and \$0 of Other Receipts, not included in the Lease Receivable, within the Fiscal Year.

Principal and Interest Expected to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 26,781	\$ 960	\$ 27,741
2027	27,364	580	27,943
2028	20,802	186	20,988
	<u>\$ 74,947</u>	<u>\$ 1,726</u>	<u>\$ 76,672</u>

GOVERNMENTAL ACTIVITIES:

	Balance as of July 1, 2024	Additions	Reductions	Balance as of June 30, 2025
Deferred Inflow of Resources				
Buildings				
LBL Early Intervention Classroom 24-27	\$ -	\$ 19,647	\$ 6,549	\$ 13,098
Total Building Deferred Inflow of Resources	-	19,647	6,549	13,098
Land				
NHS Land - Sprint Cell Tower	83,120	-	16,906	66,214
Total Land Deferred Inflow of Resources	83,120	-	16,906	66,214
Total Deferred Inflow of Resources	<u>\$ 83,120</u>	<u>\$ 19,647</u>	<u>\$ 23,455</u>	<u>\$ 79,312</u>

16. SUBSCRIPTION PAYABLE

For the year ended 6/30/2025, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

As of 06/30/2025, Lincoln County School District (Lincoln County), OR had 18 active subscriptions. The subscriptions have payments that range from \$1,750 to \$808,159 and interest rates that range from 0.3210% to 3.2380%. As of 06/30/2025, the total combined value of the subscription liability is \$424,891, and the total combined value of the short-term subscription liability is \$118,453. The combined value of the right to use asset, as of 06/30/2025 of \$2,087,903 with accumulated amortization of \$649,638 is included within the Subscription Class activities table found below. The subscriptions had \$0 of Variable Payments and \$0 of Other Payments, not included in the Subscription Liability, within the Fiscal Year.

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

16. SUBSCRIPTIONS PAYABLE (CONTINUED)

Amount of Subscription Assets by Mmajor Classes of Underlying Asset

Asset Class	As of Fiscal Year-end	
	Subscription Asset Value	Accumulated Amortization
Software	2,087,903	649,638
Total Subscriptions	2,087,903	649,638

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2026	118,453	12,086	130,539
2027	80,405	8,686	89,091
2028	66,202	6,383	72,585
2029	61,065	4,528	65,593
2030	63,302	2,815	66,117
2031 - 2032	35,463	1,565	37,028
Total Principal Payments	424,890		

GOVERNMENTAL ACTIVITIES:

	Balance as of July 1, 2024	Additions	Reductions	Balance as of June 30, 2025	Short-Term Balance as of June 30, 2025
Subscription Liability					
Software					
DebtBook	12,700	-	12,700	-	-
Discovery Education	-	-	-	-	-
Ellevation	-	26,865	26,865	-	-
Enome - Goalbook	44,147	-	21,762	22,385	22,385
Enterprise Scenario Planning (ESP)	11,344	-	11,344	-	-
Hudl - NHS	18,012	-	8,877	9,135	9,135
Hudl - TAHS	18,204	-	8,972	9,232	9,232
Hudl - TOHS	-	24,239	8,000	16,239	7,995
Hudl - WHS	-	24,239	8,000	16,239	7,995
Meraki	-	41,174	41,174	-	-
Remind	-	-	-	-	-
Savvas MyView Literacy Curriculum	-	803,870	803,870	-	-
Savvas Science Curriculum	-	130,949	130,949	-	-
School Info App - TAHS	1,468	-	1,468	-	-
Synergy SIS	262,847	-	40,877	221,970	42,007
Synergy SIS - MTSS Module	120,372	-	11,982	108,390	12,798
Synergy SIS Addl Environments	28,021	-	6,719	21,302	6,907
Synergy SIS Distance Learning Portal (DLP)	16,532	-	16,532	-	-
Teaching Channel	-	-	-	-	-
Total Software Subscription Liability	533,647	1,051,336	1,160,091	424,892	118,454
Total Subscription Liability	533,647	1,051,336	1,160,091	424,892	118,454

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

16. SUBSCRIPTIONS PAYABLE (CONTINUED)

GOVERNMENTAL ACTIVITIES:

	Balance as of July 1, 2024	Additions	Reductions	Balance as of June 30, 2025
Subscription Assets				
Software	\$ 1,100,230	\$ 1,051,336	\$ 63,663	\$ 2,087,903
Accumulated Amortization				
Software	331,304	365,536	43,591	653,249
Total Subscription Assets, Net	<u>\$ 768,926</u>	<u>\$ 685,800</u>	<u>\$ 20,072</u>	<u>\$ 1,434,654</u>

Amortization was allocated to the functions as follows:

Instruction	\$ 190,079
Support Services	160,836
Community Services	<u>14,621</u>
Total	<u>\$ 365,536</u>

17. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

Implementation of GASB No. 101 – Compensated Absences

In fiscal year 2024-25, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This Statement was issued to improve the recognition and measurement of compensated absences and liabilities, such as vacation and sick leave, and to enhance consistency in financial reporting among governments.

GASB 101 requires that compensated absences be recognized as a liability when the related leave is earned rather than when it is paid or taken. Under the previous standard, GASB Statement No. 16, certain leave types were only recognized when they were due and payable.

As a result of implementing GASB 101, the beginning net position as of July 1, 2024 has been restated as follows:

Government-wide Statement of Net Position	Governmental Activities
Beginning Net Position, as previously reported	\$118,685,918
Adjustment for implementation of GASB 101	<u>(\$2,883,003)</u> (increase in compensated absences liability)
Beginning Net Position, as restated	\$115,802,915

The adjustment reflects the cumulative effect of applying the new standard retroactively to beginning balances. The change had no impact on fund balance in the governmental fund financial statements because liabilities for compensated absences are recognized only to the extent they are due and payable in those statements.

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

18. CERTAIN RISK DISCLOSURES

State and Federal Funding

The School District operates as a subdivision of the state, and as such, its funding is heavily reliant on appropriations from the state legislature to the School Support Fund (SSF). For the year ended June 30, 2025, approximately 19.8% of the District's total governmental fund revenues were derived from SSF grants. This concentration of funding exposes the District to significant financial risk should state funding levels decrease. Although the legislature approved the next biennial funding cycle, effective beginning July 1, 2025, the District's future funding remains uncertain, particularly given the state's dependence on federal aid for various programs, including education. Federal funding, as noted in subsequent sections, is currently experiencing reductions and is expected to face further reductions in the foreseeable future.

The District also receives a notable portion of its governmental resources through a Student Investment Account (SIA) grant, which accounted for 3.3% of total governmental fund resources for the fiscal year ending June 30, 2025. The SIA grant is primarily funded through the state's Corporate Activity Tax (CAT), which is subject to fluctuation based on economic conditions at both the federal and state levels. The funding cycle aligns with the state's biennial budget process, with the next cycle commencing on July 1, 2025. This concentration presents additional risk, as the volatility of the underlying tax revenue increases the potential for future reductions. The District's management continues to monitor economic trends and their potential impact on SIA funding levels.

The District also receives federal grants, which totaled 8.6% of its governmental fund revenues for the year ending June 30, 2025. Most of these federal grants are scheduled to begin in the upcoming fiscal year starting October 1, 2025. As of the financial statement date, federal budget negotiations for 2025-26 are ongoing, and the District's reliance on federal funding introduces exposure to the broader implications of national debt levels and potential federal spending adjustments. Management actively monitors economic and legislative developments to assess potential impacts on future federal funding.

Payroll costs and Collective Bargaining

The School District's operating expenses are predominantly driven by employee salaries and benefits, with approximately 87% of staff compensation covered by two separate collective bargaining agreements. This heavy reliance on a limited number of agreements exposes the District to financial and operational risks, especially as future contract negotiations could significantly impact the District's resources. Negotiations with the licensed and classified staff unions for new contracts, which also expire on June 30, 2026, are scheduled to begin during the 2026 fiscal year. The District's management is actively involved in these discussions to ensure operational continuity and to mitigate potential adverse effects on the District's budget and long-term fiscal health.

REQUIRED SUPPLEMENTARY INFORMATION

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - OREGON PERS

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability / (Asset)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.076 %	\$ 16,790,973	\$ 39,421,263	43%	79.3 %
2024	0.000	-	33,458,528	0%	81.7
2023	0.068	10,398,001	32,097,660	32%	84.5
2022	0.033	4,041,165	28,575,831	14%	87.6
2021	0.072	15,785,496	30,356,658	52%	75.8
2020	0.000	-	27,456,992	0%	80.2
2019	0.050	7,137,649	24,591,791	29%	82.1
2018	0.005	621,590	23,392,566	3%	83.1

SCHEDULE OF CONTRIBUTIONS - OREGON PERS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2025	\$ -	\$ -	\$ -	\$ 39,601,837	- %
2024	-	-	-	39,421,263	-
2023	-	-	-	33,458,528	-
2022	-	-	-	32,097,660	-
2021	-	-	-	28,575,831	-
2020	-	-	-	30,356,658	-
2019	-	-	-	27,456,992	-
2018	-	-	-	24,591,791	-

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - OREGON RHIA

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability / (Asset)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.23 %	\$ (920,736)	\$ 39,421,263	-2%	220.6 %
2024	0.14	(503,332)	33,458,528	-2%	201.6
2023	0.13	(471,168)	32,097,660	-1%	194.6
2022	0.14	(511,839)	28,575,831	-2%	183.9
2021	0.42	(869,703)	30,356,658	-3%	150.1
2020	0.25	(474,946)	27,456,992	-2%	144.4
2019	0.23	(256,487)	24,591,791	-1%	124.0
2018	0.22	(92,146)	23,392,566	0%	108.9

SCHEDULE OF CONTRIBUTIONS - OREGON RHIA

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2025	\$ -	\$ -	\$ -	\$ 39,601,837	- %
2024	-	-	-	39,421,263	-
2023	-	-	-	33,458,528	-
2022	3,646	3,646	-	32,097,660	-
2021	4,484	4,484	-	28,575,831	-
2020	30,481	30,481	-	30,356,658	0.001
2019	122,917	122,917	-	27,456,992	0.004
2018	110,695	110,695	-	24,591,791	0.005

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date. These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

SCHEDULE OF CHANGE IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2025

MEDICAL BENEFIT

	2025	2024	2023	2022	2021	2020
Total OPEB Liability - beginning	2,737,257	2,624,968	2,887,855	3,056,944	4,036,644	3,609,908
Service cost	229,517	230,950	221,248	265,018	278,922	269,490
Interest	115,973	103,988	106,391	72,563	94,864	129,876
Changes of benefit terms	-	-	-	-	-	-
Differences between expected & actual Change of Assumptions and other input	(257,202)	-	(234,426)	-	(792,246)	-
Benefit Payments	(578,795)	(56,859)	(217,387)	(312,799)	(362,447)	364,658
Net change in total OPEB liability	(134,889)	(165,790)	(138,713)	(193,871)	(198,793)	(337,288)
	(625,396)	112,289	(262,887)	(169,089)	(979,700)	426,736
Total OPEB Liability - end	2,111,861	2,737,257	2,624,968	2,887,855	3,056,944	4,036,644
Fiduciary net position - beginning						
Contributions - Employer	134,889	165,790	138,713	193,871	198,793	337,288
Contributions - Employee				-	-	-
Net Investment Income				-	-	-
Benefit payments	(134,889)	(165,790)	(138,713)	(193,871)	(198,793)	(337,288)
Administrative expense				-	-	-
Net change in fiduciary net position	-	-	-	-	-	-
Fiduciary net position - end of year				-	-	-
Net OPEB Liability - end of year	2,111,861	2,737,257	2,624,968	2,887,855	3,056,944	4,036,644
Fiduciary net position as percentage of the total OPEB liability				0%	0%	0%
Covered Payroll	NA	35,588,808	34,988,608	32,862,524	29,862,649	33,160,978
Net OPEB liability as percentage of covered payroll	NA	8%	8%	9%	9%	12%

2019	2018	2017
4,635,767	4,873,523	5,291,914
418,185	265,474	265,474
144,527	140,531	150,228
-	-	-
19,762	-	-
(1,135,557)	-	-
(472,776)	(643,761)	(834,093)
(1,025,859)	(237,756)	(418,391)
3,609,908	4,635,767	4,873,523
472,776	643,761	834,093
-	-	-
-	-	-
(472,776)	(643,761)	(834,093)
-	-	-
-	-	-
3,609,908	4,635,767	4,873,523
0%	0%	0%
32,039,592	34,261,846	33,263,928
11%	14%	15%

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2025

	<u>GENERAL FUND</u>			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Revenue From Local Sources:				
Ad Valorem Taxes Levied by District	\$ 45,781,913	\$ 45,781,913	\$ 45,351,229	\$ (430,684)
Revenue from Other Local Governments	-	-	33,364	33,364
Earnings from Investments	1,090,000	1,090,000	1,449,626	359,626
Rentals	10,000	10,000	9,106	(894)
Contributions and Donations From Private Sources	-	-	688	688
Services Provided Other Local Education Agencies	-	-	326,727	326,727
Recovery of Prior Years' Expenditures	-	-	7,939	7,939
Fees Charged to Grants	650,000	650,000	605,985	(44,015)
Miscellaneous	1,283,546	1,283,546	344,031	(939,515)
Total Local Revenue	48,815,459	48,815,459	48,128,695	(686,764)
Revenue From Intermediate Sources:				
County School Fund	300,000	300,000	206,320	(93,680)
Other Intermediate Sources	-	-	7,070	7,070
Restricted Revenue	180,000	180,000	245,946	65,946
Total Intermediate Revenue	480,000	480,000	459,336	(20,664)
Revenue From State Sources:				
State School Fund- General Support	22,763,459	22,763,459	22,505,195	(258,264)
Common School Fund	663,240	663,240	681,710	18,470
State Managed County Timber	500,000	500,000	330,577	(169,423)
Other Grants from State	1,184,296	1,184,296	3,016,343	1,832,047
Total State Revenue	25,110,995	25,110,995	26,533,825	1,422,830
Revenue From Federal Sources:				
State Fiscal Stabilization Funds	-	-	-	-
Unrestricted Revenue From Fed Gov't Through State	50,000	50,000	6,433	(43,567)
Federal Forest Fees	-	-	46,173	46,173
Total Federal Revenue	50,000	50,000	52,606	2,606
Total Revenues	74,456,454	74,456,454	75,174,462	718,008
EXPENDITURES:				
Instruction	42,435,631	42,435,631 (1)	39,733,483	2,702,148
Support Services	33,360,054	33,360,054 (1)	32,445,458	914,596
Enterprise and Community Services	29,888	29,888 (1)	29,876	12
Facilities, Acquisition and Construction	5,000	5,000 (1)	-	5,000
Debt Service	3,200	3,200 (1)	2,600	600
Contingency	3,750,000	3,750,000 (1)	-	3,750,000
Total Expenditures	79,583,773	79,583,773	72,211,417	7,372,356
Excess of Revenues Over, (Under)				
Expenditures	(5,127,319)	(5,127,319)	2,963,045	8,090,364
Transfers Out	(4,800,005)	(4,800,005) (1)	(4,800,000)	5
SBITAs Proceeds	-	-	29,291	29,291
Sale of Fixed Assets	-	-	60,572	60,572
Total Other Financing Sources, (Uses)	(4,800,005)	(4,800,005)	(4,710,137)	89,868
Net Change in Fund Balance	(9,927,324)	(9,927,324)	(1,747,092)	8,180,232
Beginning Fund Balance	15,281,164	15,281,164	16,939,952	1,658,788
Ending Fund Balance	\$ 5,353,840	\$ 5,353,840	\$ 15,192,860	\$ 9,839,020

(1) Appropriation Level

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2025

<u>SPECIAL FUNDS</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES:				
Revenue From Local Sources:				
Taxes - Prior Year Levies	\$ 3,015	\$ 3,015	\$ 5	\$ (3,010)
Earnings on Investments	103,372	103,372	413,595	310,223
School Sponsored Activities	1,220,000	1,220,000	1,213,909	(6,091)
Food Service Sales	214,200	214,200	171,295	(42,905)
Rentals	20,000	20,000	11,639	(8,361)
Private Contributions	161,500	161,500	206,808	45,308
Recovery of Prior Year Expenditures	-	-	2,508	2,508
Miscellaneous	1,099,118	1,099,118	1,459,383	360,265
Intermediate Sources:				
Restricted Revenue	-	-	25,681	25,681
Revenue From State Sources:				
Basic School Support	924,959	924,959	306,974	(617,985)
Grants-In-Aid	10,421,517	11,152,517	12,353,367	1,200,850
Revenue From Federal Sources:				
Restricted Grants-In-Aid	11,351,880	11,351,880	9,712,804	(1,639,076)
Total Revenues	<u>25,519,561</u>	<u>26,250,561</u>	<u>25,877,968</u>	<u>(372,593)</u>
EXPENDITURES:				
Instruction	12,513,530	13,134,880 (1)	12,571,259	563,621
Support Services	12,249,207	12,358,857 (1)	10,290,021	2,068,836
Community Services	4,696,088	4,696,088 (1)	4,077,867	618,221
Facilities Acquisition and Construction	3,465,263	3,465,263 (1)	1,834,234	1,631,029
Contingencies	7,345,501	7,345,501 (1)	-	7,345,501
Total Expenditures	<u>40,269,589</u>	<u>41,000,589</u>	<u>28,773,381</u>	<u>12,227,208</u>
Excess of Revenues Over, (Under)				
Expenditures	(14,750,028)	(14,750,028)	(2,895,413)	11,854,615
Other Financing Sources, (Uses):				
Sbita Proceeds	-	-	1,114,513	1,114,513
Transfers In	4,800,005	4,800,005	4,800,000	(5)
Transfers Out	<u>(5)</u>	<u>(5) (1)</u>	<u>-</u>	<u>5</u>
Total Other Financing Sources, (Uses)	4,800,000	4,800,000	5,914,513	1,114,513
	(9,950,028)	(9,950,028)	3,019,100	12,969,128
Beginning Fund Balance	<u>13,833,343</u>	<u>13,833,343</u>	<u>14,148,204</u>	<u>314,861</u>
Ending Fund Balance	<u>\$ 3,883,315</u>	<u>\$ 3,883,315</u>	<u>\$ 17,167,304</u>	<u>\$ 13,283,989</u>

SUPPLEMENTARY INFORMATION

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2025

	<u>SELF INSURANCE FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES:				
From Local Sources:				
Earnings on Investments	\$ 125,185	\$ 125,185	\$ 207,693	\$ 82,508
Services Charged Other Funds	1,740,884	1,740,884	1,976,329	235,445
Miscellaneous	21,960	21,960	21,320	(640)
Total Local Revenue	<u>1,888,029</u>	<u>1,888,029</u>	<u>2,205,342</u>	<u>317,313</u>
EXPENDITURES:				
Support Services	1,300,518	1,300,518 (1)	1,634,965	(334,447)
Contingency	<u>4,464,132</u>	<u>4,464,132 (1)</u>	<u>-</u>	<u>4,464,132</u>
Total Expenditures	<u>5,764,650</u>	<u>5,764,650</u>	<u>1,634,965</u>	<u>4,129,685</u>
Net Change in Fund Balance	(3,876,621)	(3,876,621)	570,377	4,446,998
Beginning Fund Balance	<u>3,876,621</u>	<u>3,876,621</u>	<u>4,201,111</u>	<u>324,490</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,771,488</u>	<u>\$ 4,771,488</u>

(1) Appropriation Level

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2025

<u>DEBT SERVICE FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Revenue From Local Sources:				
Taxes - Current Year's Levy	\$ 6,009,076	\$ 6,009,076	\$ 6,251,493	\$ 242,417
Taxes - Prior Years' Levies	120,000	120,000	131,751	11,751
Services Provided Other Funds	4,598,418	4,598,418	4,366,080	(232,338)
Interest Earnings	725,900	725,900	1,020,865	
Revenue From Intermediate Sources:				
Other Intermediate Sources	-	-	964	964
Total Revenues	11,453,394	11,453,394	11,771,153	317,759
EXPENDITURES:				
Debt Service:				
Principal on Bonded Indebtedness	5,310,000	5,310,000	5,310,000	-
Interest on Bonded Indebtedness	1,479,693	1,479,693	1,141,768	337,925
Total Expenditures	6,789,693	6,789,693 (1)	6,451,768	337,925
Excess of Revenues Over, (Under) Expenditures	4,663,701	4,663,701	5,319,385	655,684
Other Financing Sources:				
Transfer Out	(6,515,000)	(6,515,000) (1)	(6,515,000)	-
Transfer In	6,515,005	6,515,005	6,515,000	(5)
Net Change in Fund Balance	4,663,706	4,663,706	5,319,385	655,679
Beginning Fund Balance	11,540,997	11,540,997	12,971,058	1,430,061
Ending Fund Balance	\$ 16,204,703	\$ 16,204,703	\$ 18,290,443	\$ 2,085,740

(1) Appropriation Level

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2025

CAPITAL CONSTRUCTION FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Revenue From Local Sources:				
Taxes	\$ 533,300	\$ 533,300	\$ 680,088	\$ 146,788
Earnings on Investments	54,720	54,720	147,619	92,899
Recovery of Prior Year Expenditures	-	-	4,407	4,407
Total Revenues	588,020	588,020	832,114	244,094
EXPENDITURES:				
Support Services	282,370	282,370 (1)	-	282,370
Facilities Acquisition and Construction	3,090,265	3,090,265 (1)	920,114	2,170,151
Total Expenditures	3,372,635	3,372,635	920,114	2,452,521
Net Change in Fund Balance	(2,784,615)	(2,784,615)	(88,000)	2,696,615
Beginning Fund Balance	2,784,615	2,784,615	2,941,182	156,567
Ending Fund Balance	\$ -	\$ -	\$ 2,853,182	\$ 2,853,182

(1) Appropriation Level

INDEPENDENT AUDITORS' REPORT REQUIRED
BY OREGON STATE REGULATIONS



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December 29, 2025

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Lincoln County School District as of and for the year ended June 30, 2025, and have issued our report thereon dated December 29, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the Lincoln County School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 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 Lincoln County School 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. Except for the following:

- There was one instance where the actual expenditures exceeded the budget as noted on page 16.

OAR 162-10-0230 Internal Control

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

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

A handwritten signature in blue ink, appearing to read "Ken Allen", with a stylized, flowing script.

Kenneth Allen, CPA
Municipal Auditor
Clear Trail CPAS

GRANT COMPLIANCE REVIEW

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

Program Title	Pass Through Organization	ALN	Pass Through Entity Number	Period Covered	Expenditures	Passed Through to Subrecipients
US DEPARTMENT OF EDUCATION						
Title I Grants to Local Educational Agencies						
Title IA	OR Department of Education	84.010	76513	7/1/23-9/30/24	609,085	
Title IA	OR Department of Education	84.010	82197	7/1/24-9/30/25	1,597,382	129,027
ESSA District & School Improvement	OR Department of Education	84.010	79392	7/1/24-9/30/25	197,583	30,169
ESSA District & School Improvement	OR Department of Education	84.010	75159	7/1/23-9/30/24	53,051	
Total Title I Grants to Local Education Agencies					2,457,101	159,196
Title I State Agency Program for Neglected and Delinquent Children and Youth						
Title ID - Neglected & Delinquent Children	OR Department of Education	84.013	35382	7/1/23-6/30/25	4,019	-
Total Title I State Agency Program for Neglected and Delinquent Children and Youth					4,019	-
Education Stabilization						
ESSER III Fund - ARP	OR Department of Education	84.425	64921	3/13/20-9/30/24	1,016,039	
ESSER III Fund - LTCT	OR Department of Education	84.425	75900	6/1/22-9/30/24	34,720	
ESSER III Title VI Native Education Investment	OR Department of Education	84.425	80409	2/15/24-9/30/24	45,409	
ARP - Homeless Children and Youth II	OR Department of Education	84.425	69364	4/23/21-9/30/24	15,855	
ARP - Jumpstart Kindergarten	OR Department of Education	84.425	74697	5/1/22-9/30-24	308,556	
Total Education Stabilization					1,420,578	-
Supporting Effective Instruction State Grants						
Supporting Effective Instruction State Grants	OR Department of Education	84.367	81285	5/1/24-9/30/25	9,904	
Supporting Effective Instruction State Grants	OR Department of Education	84.367	82460	7/1/24-9/30/25	29,844	
Supporting Effective Instruction State Grants	OR Department of Education	84.367	72745	7/1/22-9/30/23	52,480	
Supporting Effective Instruction State Grants	OR Department of Education	84.367	76710	7/1/23-9/30/24	172,919	
Total Supporting Effective Instruction State Grants					265,146	-
English Language Acquisition State Grants						
Title III - English Language Acquisition	OR Department of Education	84.365	76990	7/1/23-9/30/24	53,825	
Title III - English Language Acquisition	OR Department of Education	84.365	82330	7/1/24-9/30/25	3,593	
Title III - English Language Acquisition	OR Department of Education	84.365	73103	7/1/22-9/30/23	45,269	
Total English Language Acquisition State Grants					102,688	-
Student Support and Academic Enrichment						
Title IV-A - SSAE	OR Department of Education	84.424	82657	7/1/24-9/30/25	171,328	
Total Student Support and Academic Enrichment					171,328	-
21st Century Community Learning Centers						
Title IV-B - After School Learning Centers	OR Department of Education	84.287	77613	7/1/23-9/30/25	220,261	
Title IV-B - After School Learning Centers	OR Department of Education	84.287	83281	7/1/24-9/30/26	252,747	
Total 21st Century Community Learning					473,008	-
Education for Homeless Children and Youth						
McKinney-Vento Homeless	OR Department of Education	84.196	79859	7/1/23-9/30/24	12,175	
McKinney-Vento Homeless	OR Department of Education	84.196	83262	7/1/24-9/30/26	55,126	
Total Education for Homeless Children and Youth					67,301	-
Special Education Grants to State Cluster						
IDEA Part B Section 611 FY23 Formula	OR Department of Education	84.027	78000	7/1/23-9/30/25	367,177	
IDEA Part B Section 611 FY24 Formula	OR Department of Education	84.027	83387	7/1/24-9/30/26	743,546	
Long Term Care & Trtmt - IDEA Funds	OR Department of Education	84.027	35832	7/1/23-6/30/25	3,828	
Special Education - Preschool Grants	OR Department of Education	84.173	77815	7/1/23-9/30/25	4,111	
Special Education - Preschool Grants	OR Department of Education	84.173	83583	7/1/24-9/30/26	11,954	
Total Special Education Cluster					1,130,615	-
Indian Education Grants to Local Educational Agencies						
Indian Education	US Department of Education	84.060A	S060A240152	7/1/24-6/30/25	109,831	
Total Indian Education Grants to Local Educational Agencies					109,831	-
Gaining Early Awareness and Readiness for Undergraduate Programs						
GEAR UP	Oregon State University	84.334	ED185C-J	9/1/23-8/31/25	130,215	
GEAR UP	Oregon State University	84.334	ED185C-I	9/1/23-8/31/25	100,152	
GEAR UP	Oregon State University	84.334	ED185C	9/1/24-8/31/25	32,512	-
Total Gaining Early Awareness and Readiness for Undergraduate Programs					262,879	-
TOTAL US DEPARTMENT OF EDUCATION					6,464,495	159,196

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

Program Title	Pass Through Organization	ALN	Pass Through Entity Number	Period Covered	Expenditures	Passed Through to Subrecipients
US DEPARTMENT OF AGRICULTURE						
Local Food For Schools (LFS) Cooperative	OR Department of Education	10.185	76156	7/1/23-6/30/24	30,860	
Child Nutrition Cluster						
National School Breakfast Program	OR Department of Education	10.553	2112001	7/1/24-6/30/25	644,419	
National School Lunch Program - Commodities (non-cash)	OR Department of Education	10.555	2112001	7/1/24-6/30/25	204,203	
National School Lunch Program	OR Department of Education	10.555	2112001	7/1/24-6/30/25	1,665,559	
Summer Food Service Program	OR Department of Education	10.559	2112001	7/1/24-6/30/25	56,767	
Summer Food Service Program -Commodities (non-cash)	OR Department of Education	10.559	2112001	7/1/24-6/30/25	86	
Total Child Nutrition Cluster					2,571,035	-
Child and Adult Care Food Program	OR Department of Education	10.558	2112001	7/1/22-6/30/23	27,585	
Fresh Fruits and Vegetable Program	OR Department of Education	10.582	78603	7/1/24-9/30/24	1,750	
Fresh Fruits and Vegetable Program	OR Department of Education	10.582	78604	7/1/24-9/30/24	656	
Fresh Fruits and Vegetable Program	OR Department of Education	10.582	78605	7/1/24-9/30/24	2,657	
Fresh Fruits and Vegetable Program	OR Department of Education	10.582	78606	7/1/24-9/30/24	1,589	
Fresh Fruits and Vegetable Program	OR Department of Education	10.582	78607	7/1/24-9/30/24	2,078	
Fresh Fruits and Vegetable Program	OR Department of Education	10.582	78608	7/1/24-9/30/24	2,848	
Fresh Fruits and Vegetable Program	OR Department of Education	10.582	78609	7/1/24-9/30/24	1,928	
Fresh Fruits and Vegetable Program	OR Department of Education	10.582	78610	7/1/24-9/30/24	2,168	
Fresh Fruits and Vegetable Program	OR Department of Education	10.582	78612	7/1/24-9/30/24	276	
Fresh Fruits and Vegetable Program	OR Department of Education	10.582	78613	7/1/24-9/30/24	1,625	
Fresh Fruits and Vegetable Program	OR Department of Education	10.582	83746	10/1/24-9/30/25	15,511	
Fresh Fruits and Vegetable Program	OR Department of Education	10.582	83747	10/1/24-9/30/25	7,315	
Fresh Fruits and Vegetable Program	OR Department of Education	10.582	83748	10/1/24-9/30/25	21,558	
Fresh Fruits and Vegetable Program	OR Department of Education	10.582	83749	10/1/24-9/30/25	13,360	
Fresh Fruits and Vegetable Program	OR Department of Education	10.582	83750	10/1/24-9/30/25	17,228	
Fresh Fruits and Vegetable Program	OR Department of Education	10.582	83751	10/1/24-9/30/25	23,280	
Fresh Fruits and Vegetable Program	OR Department of Education	10.582	83756	10/1/24-9/30/25	14,448	
Fresh Fruits and Vegetable Program	OR Department of Education	10.582	83753	10/1/24-9/30/25	15,120	
Fresh Fruits and Vegetable Program	OR Department of Education	10.582	83752	10/1/24-9/30/25	15,032	
Fresh Fruits and Vegetable Program	OR Department of Education	10.582	83754	10/1/24-9/30/25	6,188	
Fresh Fruits and Vegetable Program	OR Department of Education	10.582	83755	10/1/24-9/30/25	5,034	
					199,233	-
TOTAL US DEPARTMENT OF AGRICULTURE					2,801,128	-
US DEPARTMENT OF HOMELAND SECURITY						
Federal Emergency Management Agency						
Hazard Mitigation Grant Program	OR Department of Emergency Management	97.039	N/A	N/A	414,593	
TOTAL US DEPARTMENT OF HOMELAND SECURITY					414,593	-
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Community Development Block Grant Disaster Recovery	OR Housing and Community Services Department	14.228	9042	2/5/25-2/2/29	15,260	
TOTAL US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					15,260	-
TOTAL GRANTS EXPENDED OR PASSED THROUGH TO SUBRECIPIENTS					\$ 9,695,476	159,196
School Medicaid Billing	OR Dept of Human Services				23,761	
Schools and Roads - Federal Forest Fees	Lincoln County				46,173	
Total Federal Revenue					\$ 9,765,410	



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December 29, 2025

To the Board of Directors
Lincoln County School District
Lincoln County, Oregon

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 29, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in dark ink, appearing to read "Ken Allen", is positioned above the printed name.

Kenneth Allen, CPA
Municipal Auditor
Clear Trail CPAS



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December 29, 2025

To the Board of Directors
Lincoln County School District
Lincoln County, Oregon

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lincoln County School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2025. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lincoln County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lincoln County School District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material

noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Kenneth Allen, CPA
Municipal Auditor
Clear Trail CPAS

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(s) identified that are not considered
to be material weaknesses?

☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

Any GAGAS audit findings disclosed that are required to be reported in
accordance with section 515(d)(2) of the Uniform Guidance?

☐ yes ☒ no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(s) identified that are not considered
to be material weaknesses?

☐ yes ☒ none reported

Type of auditors’ report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance
with section 200.516(a) of the Uniform Guidance?

☐ yes ☒ no

IDENTIFICATION OF MAJOR PROGRAMS

AL NUMBER

NAME OF FEDERAL PROGRAM CLUSTER

84.010

Title 1 Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

LINCOLN COUNTY SCHOOL DISTRICT
LINCOLN COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings were noted during the audit for 2024-2025.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS:

No findings were noted during the audit for 2024-2025.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The entity has not elected to use the ten percent de minimus indirect cost rate as allowed under Uniform Guidance, due to the fact that they already have a negotiated indirect cost rate with Oregon Department of Education, and thus is not allowed to use the de minimus rate.