



NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2025



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Albany, Oregon 97321 • (541) 223-5555

**NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon**

DISTRICT OFFICIALS

June 30, 2025

BOARD OF DIRECTORS

Sandra Tyrer, Chair
P.O. Box 733
Garibaldi, Oregon 97118

Renae Scalabrin, Vice Chair
9385 Nehalem Road
Nehalem, Oregon 97131

Michele Aeder
P.O. Box 424
Garibaldi, Oregon 97118

Marisa Bayouth-Real
23100 Foss Road
Nehalem, Oregon 97131

Joe Carr
5850 Main Street
Bay City, Oregon 97107

Randy Schultz
P.O. Box 555
Rockaway Beach, Oregon 97136

Mike Wantland
P.O. Box 132
Rockaway Beach, Oregon 97136

ADMINISTRATION

Tyler Reed, Superintendent

Kari Fleisher, Business Manager

ADMINISTRATIVE OFFICE

P.O. Box 28
504 North Third Avenue
Rockaway Beach, Oregon 97136

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Neah-Kah-Nie School District
Rockaway Beach, Oregon 97136

Opinions

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Neah-Kah-Nie School District, Tillamook County, Oregon, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Neah-Kah-Nie School District, Tillamook County, Oregon as of June 30, 2025, and the respective changes in cash basis financial position thereof for the year then ended on the cash basis of accounting described in Note I.

Basis for Opinions

We conducted our audit in accordance with 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Neah-Kah-Nie School District, Tillamook County, Oregon, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Basis of Accounting

We draw attention to Note I of the financial statements, which describes the basis of accounting. Neah-Kah-Nie School District, Tillamook County, Oregon, prepares its financial statements on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2025, the District adopted new accounting guidance: GASB Statement No. 102, *Certain Risk Disclosures*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note I, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Neah-Kah-Nie School District, Tillamook County, Oregon'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 Neah-Kah-Nie School District, Tillamook County, Oregon's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Neah-Kah-Nie School District, Tillamook County, Oregon's basic financial statements. The budgetary comparison information, combining statements, individual fund schedules, and schedule of expenditures of federal awards required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information, combining statements, individual fund schedules, and 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 supplemental information required by the Oregon Department of Education, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion 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.

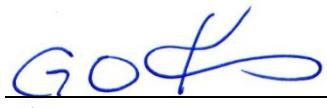
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2025 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Neah-Kah-Nie School District's internal control over financial reporting and compliance.

Other Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 1, 2025 on our tests of the District's compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Accuity, LLC

By: 
Glen O. Kearns, CPA

Albany, Oregon
December 1, 2025

BASIC FINANCIAL STATEMENTS

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

STATEMENT OF NET POSITION - CASH BASIS

June 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 12,258,567
Restricted assets	
Cash and cash equivalents	<u>1,236,997</u>
Total assets	<u>13,495,564</u>
NET POSITION	
Restricted for:	
Student activities	361,495
Grant projects	714,462
Capital building needs	161,040
Unrestricted	<u>12,258,567</u>
Total net position	<u>\$ 13,495,564</u>

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

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

STATEMENT OF ACTIVITIES - CASH BASIS

For the Year Ended June 30, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
			Operating Charges for Services	Capital Grants and Contributions	
	Expenses	Services	Grants and Contributions	Grants and Contributions	
Governmental activities					
Instruction	\$ 10,591,334	\$ 152,602	\$ 2,824,084	\$ -	\$ (7,614,648)
Support services	8,790,982	-	-	-	(8,790,982)
Community services	492,724	4,586	434,416	-	(53,722)
Debt service expense	1,564,917	-	-	-	(1,564,917)
Facilities expense	<u>821,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(821,666)</u>
Total governmental activities	<u>\$ 22,261,623</u>	<u>\$ 157,188</u>	<u>\$ 3,258,500</u>	<u>\$ -</u>	<u>(18,845,935)</u>
General revenues					
Property taxes - general					11,825,342
Property taxes levied for debt service					1,278,243
Construction excise taxes					133,427
County school fund					808,523
Common school fund					91,466
State timber revenue					2,601,327
Unrestricted state funding					57,969
Investment earnings					735,157
Miscellaneous					<u>237,786</u>
Total general revenues					<u>17,769,240</u>
Change in net position					(1,076,695)
Net position - beginning					<u>14,572,259</u>
Net position - ending					<u>\$ 13,495,564</u>

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

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

BALANCE SHEET - CASH BASIS

GOVERNMENTAL FUNDS

June 30, 2025

	Special Revenue Fund		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Federal Projects		
ASSETS				
Cash and cash equivalents	\$ 12,119,333	\$ 53,097	\$ 1,323,134	\$ 13,495,564
FUND BALANCES				
Restricted	\$ -	\$ -	\$ 1,236,997	\$ 1,236,997
Committed	425,972	53,097	86,137	565,206
Unassigned	11,693,361	-	-	11,693,361
Total fund balances	\$ 12,119,333	\$ 53,097	\$ 1,323,134	\$ 13,495,564

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

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
CASH BASIS**

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

	General Fund	Special Revenue Fund		Nonmajor Governmental Funds	Total Governmental Funds
		Federal Projects			
REVENUES					
Property taxes	\$ 11,825,341	\$ -	\$ 1,278,244	\$ 13,103,585	
Construction excise tax	-	-	133,427	133,427	
Common school fund	91,466	-	-	91,466	
State grants	208,346	2,044	1,386,382	1,596,772	
County school funds	808,523	-	-	808,523	
Other local/intermediate sources	21,170	-	274,552	295,722	
Fees and charges	36,918	-	177,012	213,930	
Investment earnings	674,151	-	61,005	735,156	
Timber revenue	2,601,327	-	-	2,601,327	
Federal grants	-	1,061,182	362,793	1,423,975	
Miscellaneous revenue	110,940	-	70,104	181,044	
Total revenues	<u>16,378,182</u>	<u>1,063,226</u>	<u>3,743,519</u>	<u>21,184,927</u>	
EXPENDITURES					
Current					
Instruction	8,857,535	662,090	1,071,709	10,591,334	
Support services	7,481,729	266,877	1,042,375	8,790,981	
Enterprise and community services	2,415	-	490,309	492,724	
Debt service	48,517	-	1,516,400	1,564,917	
Facilities acquisition and construction	-	-	821,666	821,666	
Total expenditures	<u>16,390,196</u>	<u>928,967</u>	<u>4,942,459</u>	<u>22,261,622</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(12,014)</u>	<u>134,259</u>	<u>(1,198,940)</u>	<u>(1,076,695)</u>	
OTHER FINANCING SOURCES (USES)					
Transfers in	-	100,000	962,147	1,062,147	
Transfers out	<u>(1,062,147)</u>	<u>-</u>	<u>-</u>	<u>(1,062,147)</u>	
Total other financing sources (uses)	<u>(1,062,147)</u>	<u>100,000</u>	<u>962,147</u>	<u>-</u>	
Net change in fund balances	(1,074,161)	234,259	(236,793)	(1,076,695)	
Fund balances (deficit) - beginning	<u>13,193,494</u>	<u>(181,162)</u>	<u>1,559,927</u>	<u>14,572,259</u>	
Fund balances - ending	<u>\$ 12,119,333</u>	<u>\$ 53,097</u>	<u>\$ 1,323,134</u>	<u>\$ 13,495,564</u>	

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

NOTES TO BASIC FINANCIAL STATEMENTS

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Neah-Kah-Nie School District have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported by the District.

B. Reporting Entity

Neah-Kah-Nie School District was established in 1959. The District serves students in pre-kindergarten through grade twelve. Control of the District is vested in its board of directors, whose members are elected to office by voters within the District. Administrative functions are delegated to individuals who report to and are responsible to the board. The chief administrative officer is the Superintendent.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. The primary sources of revenue are property taxes and state revenues.

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

Special Revenue Fund

Federal Projects Fund – The Federal Projects Fund accounts for revenues and expenditures of specialized education project costs. The primary source of revenue is federal revenues.

Additionally, the District reports the following nonmajor governmental funds:

Special Revenue Funds

Student Activities Fund – The Student Activities Fund accounts for revenues and expenditures for fundraising and student fees earmarked for co-curricular activities and projects. The primary source of revenue is local revenues.

State and Local Grants Fund – The State and Local Grants Fund accounts for revenues and expenditures of various programs of the District. The primary source of revenue is state and local grants.

Food Services Fund – The Food Services Fund accounts for the revenues and expenditures of the District's food service program. The primary sources of revenues are cash sales of food, state meal subsidies, and subsidies under the National School Lunch Act.

Debt Service Fund

Debt Reserve Fund – The Debt Reserve Fund accounts for revenues accumulated and expenditures made for payments on principal and interest on long-term debt. The primary source of revenue is property taxes.

Capital Projects Funds

Vehicle Replacement Fund – The Vehicle Replacement Fund accounts for revenues and expenditures related to vehicle purchases. The primary source of revenue is transfers from the General Fund.

Building and Facilities Fund – The Building and Facilities Fund accounts for revenues and expenditures related to building acquisition, construction, and improvement costs. The primary sources of revenue are grants and transfers from the General Fund.

Construction Excise Tax Fund – The Construction Excise Tax Fund accounts for revenues and expenditures related to improvement costs. The primary source of revenue is construction excise tax.

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

Additionally, the District reports the Maintenance Fund, as described below, which is presented in the General Fund for financial statement presentation purposes in accordance with GASB Statement No. 54. A budget and actual statement is presented for this fund in accordance with Oregon Budget Law.

Maintenance Fund – The Maintenance Fund accounts for facilities maintenance expenses. The primary source of revenue is transfers from the General Fund.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between funds included in governmental activities are eliminated.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and fund financial statements are reported using the economic resources measurement focus within the limitations of the cash basis of accounting. This basis recognizes assets, liabilities, fund balance/net position, revenues, and expenditures when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements would use the modified accrual basis of accounting and the government-wide financial statements would be presented on the accrual basis of accounting.

F. Budgetary Information

Annual budgets are adopted on the cash basis of accounting. The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, debt service, and capital projects funds

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of directors by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Total instruction, support services, enterprise and community services, debt service, facility acquisition and construction, operating contingencies, and interfund transfers for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line-item budgets within appropriation categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. A supplemental budget less than 10% of a fund's original budget may be adopted by the board of directors at a regular board meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors.

Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there was one supplemental budget adopted. The District does not use encumbrances and appropriations lapse at year end.

Budget amounts shown in the financial statements reflect the original budget amounts, one supplemental budget, and one approved appropriation change.

G. Assets, Liabilities, and Net Position/Fund Balance

1. Cash and Cash Equivalents

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

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

2. Investments

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

3. Net Position Flow Assumption

Sometimes, the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

4. Fund Balance Flow Assumption

Sometimes, the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

5. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

Restricted fund balance includes amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of directors is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for the specific purposes but do not meet the criteria to be classified as committed. The board of directors has, by resolution, authorized the Superintendent and Business Manager to assign fund balance. The board of directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

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

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes levied are certified by the District no later than July 15 and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15.

3. Retirement Plan

Most of the District's employees participate in Oregon's Public Employees Retirement System (PERS). Contributions and expenditures are made on a current basis, as required by the plan.

I. Use of Estimates

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures Over Appropriations

The District expended funds in excess of appropriations, which is in violation of Oregon Budget Law. The following appropriations were over-expended for the fiscal year ended June 30, 2025:

Fund	Function	Appropriations	Expenditures	Excess
Federal Projects Fund	Instruction	\$ 655,844	\$ 662,090	\$ 6,246
Federal Projects Fund	Support services	200,894	266,877	65,983
State and Local Grants Fund	Support services	969,641	1,012,788	43,147

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

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

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. The District participates in an external investment pool (State of Oregon Local Government Investment Pool (LGIP)). The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested, exercising reasonable care, skill, and caution. Investments in the LGIP are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments. The portion of the external investment pool that belongs to local government investment participants is reported in an Investment Trust Fund in the State's Annual Comprehensive Financial Report (ACFR). A copy of the State's ACFR may be obtained at the Oregon State Treasury, 867 Hawthorne Avenue SE., Salem, Oregon 97301.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or price 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.

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

The classification of securities within the fair value hierarchy is based 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 quoted prices for identical investments in active markets.
- *Level 2* – Observable inputs other than quoted market prices.
- *Level 3* – Unobservable inputs.

The LGIP investments are not required to be categorized under the fair value hierarchy. The fair value of the District's position in the LGIP is the same as the value of the pool shares.

Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The board may authorize the investment or reinvestment of funds that are not immediately needed for the operations of the District. Such investments will comply with state law and Oregon Administrative Rules.

Investments

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

	Credit Quality		
	Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	<u>\$ 11,721,099</u>

Interest Rate Risk

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

Concentration of Credit Risk – Investments

The District does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100 percent of the District's investments are in the Oregon Local Government Investment Pool.

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a policy that limits the amount of investments that can be held by counterparties.

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The District holds accounts at US Bank, for which the FDIC provides insurance coverage of \$250,000 for demand deposit accounts and \$250,000 for time and savings accounts. At June 30, 2025, the District had deposits of \$250,000 insured by the FDIC, and \$2,742,847 collateralized by the PFCP.

Deposits

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

Checking accounts	\$ 1,774,465
Investments	<u>11,721,099</u>
Total deposits and investments	<u><u>\$ 13,495,564</u></u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 12,119,333
Federal Projects Fund	53,097
Nonmajor governmental funds	<u>86,137</u>
Total governmental activities - unrestricted	<u><u>12,258,567</u></u>
Governmental activities - restricted	
Nonmajor governmental funds	<u>1,236,997</u>
Total cash and investments	<u><u>\$ 13,495,564</u></u>

Restricted cash is for special projects, debt service, and future capital acquisitions.

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

B. Capital Assets

Capital assets are not reported on the face of the financial statements as a result of the District's cash basis of accounting. However, capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,321,493	\$ -	\$ -	\$ 1,321,493
Construction in progress	<u>15,567</u>	<u>86,500</u>	<u>(15,567)</u>	<u>86,500</u>
Total capital assets not being depreciated	<u>1,337,060</u>	<u>86,500</u>	<u>(15,567)</u>	<u>1,407,993</u>
Capital assets being depreciated				
Land improvements	3,582,380	-	-	3,582,380
Buildings and improvements	46,276,798	603,226	(155,937)	46,724,087
Equipment	<u>1,979,592</u>	<u>297,564</u>	<u>(6,963)</u>	<u>2,270,193</u>
Total capital assets being depreciated	<u>51,838,770</u>	<u>900,790</u>	<u>(162,900)</u>	<u>52,576,660</u>
Less accumulated depreciation for				
Land improvements	(945,287)	(94,028)	-	(1,039,315)
Buildings and improvements	(20,758,646)	(909,095)	54,182	(21,613,559)
Equipment	<u>(1,514,448)</u>	<u>(82,682)</u>	<u>6,963</u>	<u>(1,590,167)</u>
Total accumulated depreciation	<u>(23,218,381)</u>	<u>(1,085,805)</u>	<u>61,145</u>	<u>(24,243,041)</u>
Total capital assets being depreciated, net	<u>28,620,389</u>	<u>(185,015)</u>	<u>(101,755)</u>	<u>28,333,619</u>
Governmental activities capital assets, net	<u>\$ 29,957,449</u>	<u>\$ (98,515)</u>	<u>\$ (117,322)</u>	<u>\$ 29,741,612</u>

A summary of capital asset values for the year ended June 30, 2025 is as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	\$ 1,321,493	\$ -	\$ 1,321,493
Construction in progress	86,500	-	86,500
Land improvements	3,582,380	(1,039,315)	2,543,065
Buildings and improvements	46,724,087	(21,613,559)	25,110,528
Equipment	<u>2,270,193</u>	<u>(1,590,167)</u>	<u>680,026</u>
Total capital assets	<u>\$ 53,984,653</u>	<u>\$ (24,243,041)</u>	<u>\$ 29,741,612</u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

C. Long-Term Liabilities

1. Changes in Long-Term Liabilities

Long-term liabilities are not reported on the face of the financial statements as a result of the District's cash basis of accounting. However, long-term liability activity for the year ended June 30, 2025 was as follows:

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
General obligation bonds 2012	2.63%	\$ 9,390,000	\$ 1,485,000	\$ -	\$ 1,485,000	\$ -	\$ -
Solar panel loan	5.95%	18,000	14,595	-	1,273	13,322	1,348
Total governmental activities		<u>\$ 9,408,000</u>	<u>\$ 1,499,595</u>	<u>\$ -</u>	<u>\$ 1,486,273</u>	<u>\$ 13,322</u>	<u>\$ 1,348</u>

2. General Obligation Bonds 2012

General obligation bonds are direct obligations that pledge the full faith and credit of the District and are payable from ad valorem debt service levy proceeds. On September 20, 2012, the District issued general obligation bonds of \$9,390,000 (par value) with an interest rate of 2.63%, to advance refund a portion of previously issued bonds. Interest is due semiannually on December 15 and June 15. The Debt Service Fund has generally been used to liquidate long-term debt related to the general obligation bonds. As of June 30, 2025, the obligation had been paid in full.

3. Solar Panel Loan

On April 5, 2021, the District signed an agreement for \$18,000, with an interest rate of 5.95%, for the purchase and installation of solar panels. Principal and interest are due annually on December 15 in the amount of \$2,141. The General Fund has generally been used to liquidate long-term debt related to this obligation.

4. Future Maturities of Long-Term Liabilities

Year Ending June 30	Solar Panel Loan		
	Principal	Interest	Total
2026	\$ 1,348	\$ 793	\$ 2,141
2027	1,429	712	2,141
2028	1,514	627	2,141
2028	1,604	537	2,141
2029	1,699	442	2,141
2030-2033	<u>5,728</u>	<u>695</u>	<u>6,423</u>
	<u>\$ 13,322</u>	<u>\$ 3,806</u>	<u>\$ 17,128</u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

D. Interfund Transfers

Operating transfers are reflected as other financing sources (uses) in the governmental funds. Interfund transfers during the year consisted of:

	Transfers in:		
	Federal Projects Fund	Nonmajor Governmental Funds	Total
Transfers out:			
General Fund	<u>\$ 100,000</u>	<u>\$ 962,147</u>	<u>\$ 1,062,147</u>

The purpose of the interfund transfers was to reserve funds for future expenditures.

E. Constraints on Fund Balances

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

	General Fund	Federal Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:				
Restricted for:				
Student activities	\$ -	\$ -	\$ 361,495	\$ 361,495
Nutrition programs	-	-	40,026	40,026
Grant projects	-	-	674,436	674,436
Capital building needs	-	-	161,040	161,040
Committed for:				
Grant projects	-	53,097	-	53,097
Vehicle purchases	-	-	73,640	73,640
Facilities needs	425,972	-	12,497	438,469
Unassigned	<u>11,693,361</u>	<u>-</u>	<u>-</u>	<u>11,693,361</u>
Total fund balances	<u>\$ 12,119,333</u>	<u>\$ 53,097</u>	<u>\$ 1,323,134</u>	<u>\$ 13,495,564</u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

B. Pension Plan

1. Plan Description

The District is a participating employer in the Oregon Public Employees Retirement System (OPERS), a cost-sharing, multiple-employer, defined benefit, and defined contribution pension plan. The Oregon Legislature has delegated authority to the Public Employees Retirement System Board to administer and manage the system. All benefits of the system are established by the legislature, pursuant to Oregon Revised Statutes (ORS) Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available annual comprehensive financial report and actuarial valuation, both of which can be obtained at: <https://www.oregon.gov/pers/emp/pages/annual-reports.aspx>.

2. Benefits Provided

a. Tier One/Tier Two Retirement Benefits (ORS Chapter 238)

Pension Benefits

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

NEAH-KAH-NIE SCHOOL DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if they have had a contribution in each of five calendar years or have reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

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

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member 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 when determining the monthly benefit.

Benefit Changes After Retirement

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

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

b. Oregon Public Service Retirement Plan (OPSRP) Pension Program (Defined Benefit)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions and earnings. Benefits are calculated with the following formula for members who attain normal retirement age:

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

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

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% of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credit before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living adjustments (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0%.

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

c. OPSRP Individual Account Program (IAP) (Defined Contribution)

Benefit Terms

The IAP is an individual account-based program under the OPERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account is 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 their employee account, rollover account, and vested employer-funded account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, or 20-year period or an anticipated life span option. Installment amounts vary with market returns as the account remains invested while in distribution. When chosen, the distribution option must result in a \$200 minimum distribution amount, or the frequency of the installments will be adjusted to reach that minimum.

Death Benefits

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

Recordkeeping

OPERS contracts with Voya Financial to maintain IAP participant records.

3. 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. Employer contribution rates during the period were based on the December 31, 2022 actuarial valuation, which became effective July 1, 2023. Employer contributions for the year ended June 30, 2025 were \$2,313,923, excluding amounts to fund employer-specific liabilities. The rates in effect for the fiscal year ended June 30, 2025 were 27.87% for Tier One/Tier Two general service members, 25.03% for OPSRP Pension Program general service members, and 6% for OPSRP IAP.

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

C. Commitments

On October 30, 2024, the District signed an agreement for equipment replacement in the amount of \$173,550, of which \$87,050 remained outstanding at year end.

D. New Pronouncements

For the fiscal year ended June 30, 2025, the District implemented the following new accounting standard:

GASB Statement No. 102, Certain Risk Disclosures – This statement improves reporting by providing users of financial statements with essential information that previously was not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.

The District will implement applicable new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements for implementing any of the following pronouncements:

GASB Statement No. 103, Financial Reporting Model Improvements – The objective of this statement is to improve key components of the financial reporting model. The purposes of the improvements are to (a) enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and (b) address certain application issues identified through pre-agenda research conducted by the GASB. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No. 104, Disclosure of Certain Capital Assets – This statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

E. Subsequent Events

Management has evaluated subsequent events through December 1, 2025, which was the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

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

GENERAL FUND

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual		
				Budget Basis	Adjustments	Modified Cash Basis
REVENUES						
Local revenue	\$ 11,879,983	\$ 11,879,983	698,227	\$ 12,578,210	\$ 69,390	\$ 12,647,600
Intermediate revenue	636,718	636,718	192,725	829,443	-	829,443
State revenues	2,503,838	2,503,838	397,301	2,901,139	-	2,901,139
Federal revenues	40,000	40,000	(40,000)	-	-	-
Total revenues	<u>15,060,539</u>	<u>15,060,539</u>	<u>1,248,253</u>	<u>16,308,792</u>	<u>69,390</u>	<u>16,378,182</u>
EXPENDITURES						
Current						
Instruction	9,541,928	9,541,928	(684,393)	8,857,535	-	8,857,535
Support services	7,697,102	8,097,102	(881,933)	7,215,169	266,560	7,481,729
Enterprise and community services	5,000	5,000	(2,585)	2,415	-	2,415
Debt service	52,425	52,425	(3,908)	48,517	-	48,517
Contingency	<u>943,184</u>	<u>543,184</u>	<u>(543,184)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>18,239,639</u>	<u>18,239,639</u>	<u>(2,116,003)</u>	<u>16,123,636</u>	<u>266,560</u>	<u>16,390,196</u>
Excess (deficiency) of revenues over (under) expenditures	(3,179,100)	(3,179,100)	3,364,256	185,156	(197,170)	(12,014)
OTHER FINANCING SOURCES (USES)						
Transfers out	<u>(1,307,500)</u>	<u>(1,307,500)</u>	<u>(95,353)</u>	<u>(1,212,147)</u>	<u>150,000</u>	<u>(1,062,147)</u>
Net change in fund balance	(4,486,600)	(4,486,600)	3,459,609	(1,026,991)	(47,170)	(1,074,161)
Fund balance - beginning	<u>12,500,000</u>	<u>12,500,000</u>	<u>220,352</u>	<u>12,720,352</u>	<u>473,142</u>	<u>13,193,494</u>
Fund balance - ending	<u>\$ 8,013,400</u>	<u>\$ 8,013,400</u>	<u>\$ 3,679,961</u>	<u>\$ 11,693,361</u>	<u>\$ 425,972</u>	<u>\$ 12,119,333</u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

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

FEDERAL PROJECTS FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
State revenues	\$ -	\$ 2,044	\$ 2,044
Federal revenues	<u>861,285</u>	<u>199,897</u>	<u>1,061,182</u>
Total revenues	<u>861,285</u>	<u>201,941</u>	<u>1,063,226</u>
EXPENDITURES			
Current			
Instruction	655,844	6,246	662,090
Support services	200,894	65,983	266,877
Enterprise and community services	<u>4,547</u>	<u>(4,547)</u>	<u>-</u>
Total expenditures	<u>861,285</u>	<u>67,682</u>	<u>928,967</u>
Excess (deficiency) of revenues over (under) expenditures	-	134,259	134,259
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>150,000</u>	<u>(50,000)</u>	<u>100,000</u>
Net change in fund balances	150,000	84,259	234,259
Fund balance (deficit) - beginning	-	(181,162)	(181,162)
Fund balance - ending	<u>\$ 150,000</u>	<u>\$ (96,903)</u>	<u>\$ 53,097</u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

COMBINING BALANCE SHEET - CASH BASIS

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2025

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Student Activities	State and Local Grants	Food Services	Vehicle Replacement	Building and Facilities	Construction Excise Tax	
ASSETS							
Cash and cash equivalents	\$ 361,495	\$ 674,436	\$ 40,026	\$ 73,640	\$ 12,497	\$ 161,040	\$ 1,323,134
FUND BALANCES							
Restricted for:							
Student activities	\$ 361,495	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 361,495
Nutrition programs	-	-	40,026	-	-	-	40,026
Grant projects	-	674,436	-	-	-	-	674,436
Capital building needs	-	-	-	-	-	161,040	161,040
Committed to:							
Vehicles purchases	-	-	-	73,640	-	-	73,640
Facilities needs	-	-	-	-	12,497	-	12,497
Total fund balances	\$ 361,495	\$ 674,436	\$ 40,026	\$ 73,640	\$ 12,497	\$ 161,040	\$ 1,323,134

NEAH-KAH-NIE SCHOOL DISTRICT

Tillamook County, Oregon

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - CASH BASIS

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

	Debt Service							Total Nonmajor Governmental Funds
	Special Revenue Funds			Fund	Capital Projects Funds			
	Student Activities	State and Local Grants	Food Services	Debt Reserve	Vehicle Replacement	Building and Facilities	Construction Excise Tax	
REVENUES								
Property taxes	\$ -	\$ 1	\$ -	\$ 1,278,243	\$ -	\$ -	\$ -	\$ 1,278,244
Construction excise tax	-	-	-	-	-	-	-	133,427
State grants	-	1,314,759	71,623	-	-	-	-	1,386,382
Other local/intermediate sources	170,214	104,338	-	-	-	-	-	274,552
Fees and charges	165,880	6,158	4,974	-	-	-	-	177,012
Investment earnings	66	19,234	-	31,591	2,946	954	6,214	61,005
Federal grants	-	-	362,793	-	-	-	-	362,793
Miscellaneous revenue	5,552	64,403	149	-	-	-	-	70,104
Total revenues	<u>341,712</u>	<u>1,508,893</u>	<u>439,539</u>	<u>1,309,834</u>	<u>2,946</u>	<u>954</u>	<u>139,641</u>	<u>3,743,519</u>
EXPENDITURES								
Current								
Instruction	323,284	748,425	-	-	-	-	-	1,071,709
Support services	-	1,012,788	-	-	29,587	-	-	1,042,375
Enterprise and community services	-	-	490,309	-	-	-	-	490,309
Debt services	-	-	-	1,516,400	-	-	-	1,516,400
Facilities	-	-	-	-	-	565,123	256,543	821,666
Total expenditures	<u>323,284</u>	<u>1,761,213</u>	<u>490,309</u>	<u>1,516,400</u>	<u>29,587</u>	<u>565,123</u>	<u>256,543</u>	<u>4,942,459</u>
Excess (deficiency) of revenues over (under) expenditures	18,428	(252,320)	(50,770)	(206,566)	(26,641)	(564,169)	(116,902)	(1,198,940)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	290,000	92,500	154,647	25,000	400,000	-	962,147
Net change in fund balances	18,428	37,680	41,730	(51,919)	(1,641)	(164,169)	(116,902)	(236,793)
Fund balances (deficit) - beginning	<u>343,067</u>	<u>636,756</u>	<u>(1,704)</u>	<u>51,919</u>	<u>75,281</u>	<u>176,666</u>	<u>277,942</u>	<u>1,559,927</u>
Fund balances - ending	<u>\$ 361,495</u>	<u>\$ 674,436</u>	<u>\$ 40,026</u>	<u>\$ -</u>	<u>\$ 73,640</u>	<u>\$ 12,497</u>	<u>\$ 161,040</u>	<u>\$ 1,323,134</u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

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

STUDENT ACTIVITIES FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenues	\$ 272,100	\$ 69,612	\$ 341,712
EXPENDITURES			
Current Instruction	<u>384,790</u>	<u>(61,506)</u>	<u>323,284</u>
Excess (deficiency) of revenues over (under) expenditures	(112,690)	131,118	18,428
Fund balance - beginning	<u>400,000</u>	<u>(56,933)</u>	<u>343,067</u>
Fund balance - ending	<u>\$ 287,310</u>	<u>\$ 74,185</u>	<u>\$ 361,495</u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

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

STATE AND LOCAL GRANTS FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 110,500	\$ 52,791	\$ 163,291
Intermediate revenue	16,000	14,843	30,843
State revenues	<u>1,280,000</u>	<u>34,759</u>	<u>1,314,759</u>
Total revenues	<u>1,406,500</u>	<u>102,393</u>	<u>1,508,893</u>
EXPENDITURES			
Current			
Instruction	923,574	(175,149)	748,425
Support services	969,641	43,147	1,012,788
Enterprise and community services	<u>2,684</u>	<u>(2,684)</u>	<u>-</u>
Total expenditures	<u>1,895,899</u>	<u>(134,686)</u>	<u>1,761,213</u>
Excess (deficiency) of revenues over (under) expenditures	(489,399)	237,079	(252,320)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>200,000</u>	<u>90,000</u>	<u>290,000</u>
Net change in fund balance	(289,399)	327,079	37,680
Fund balance - beginning	<u>600,000</u>	<u>36,756</u>	<u>636,756</u>
Fund balance - ending	<u>\$ 310,601</u>	<u>\$ 363,835</u>	<u>\$ 674,436</u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

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

FOOD SERVICES FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 5,000	\$ 123	\$ 5,123
State revenue	55,000	16,623	71,623
Federal revenue	<u>375,000</u>	<u>(12,207)</u>	<u>362,793</u>
Total revenues	435,000	4,539	439,539
EXPENDITURES			
Current			
Enterprise and community services	<u>617,432</u>	<u>(127,123)</u>	<u>490,309</u>
Excess (deficiency) of revenues over (under) expenditures	(182,432)	131,662	(50,770)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>182,500</u>	<u>(90,000)</u>	<u>92,500</u>
Net change in fund balances	68	221,662	41,730
Fund balance - beginning	<u>-</u>	<u>(1,704)</u>	<u>(1,704)</u>
Fund balance - ending	<u><u>\$ 68</u></u>	<u><u>\$ 219,958</u></u>	<u><u>\$ 40,026</u></u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

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

DEBT SERVICE FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 1,269,400	\$ 40,434	\$ 1,309,834
EXPENDITURES			
Debt service	<u>1,516,400</u>	-	<u>1,516,400</u>
Excess (deficiency) of revenues over (under) expenditures	(247,000)	40,434	(206,566)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>200,000</u>	<u>(45,353)</u>	<u>154,647</u>
Net change in fund balance	(47,000)	(4,919)	(51,919)
Fund balance - beginning	<u>47,000</u>	<u>4,919</u>	<u>51,919</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

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

VEHICLE REPLACEMENT FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 2,000	\$ 946	\$ 2,946
EXPENDITURES			
Current			
Support services	<u>102,000</u>	<u>(72,413)</u>	<u>29,587</u>
Excess (deficiency) of revenues over (under) expenditures	(100,000)	73,359	(26,641)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Net change in fund balance	(75,000)	73,359	(1,641)
Fund balance - beginning	<u>75,000</u>	<u>281</u>	<u>75,281</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 73,640</u>	<u>\$ 73,640</u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

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

BUILDING AND FACILITIES FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 2,000	\$ (1,046)	\$ 954
EXPENDITURES			
Facilities acquisition and construction	<u>579,000</u>	<u>(13,877)</u>	<u>565,123</u>
Excess (deficiency) of revenues over (under) expenditures	(577,000)	12,831	(564,169)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>400,000</u>	<u>-</u>	<u>400,000</u>
Net change in fund balance	(177,000)	12,831	(164,169)
Fund balance - beginning	<u>177,000</u>	<u>(334)</u>	<u>176,666</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 12,497</u>	<u>\$ 12,497</u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

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

CONSTRUCTION EXCISE TAX FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 188,000	\$ (48,359)	\$ 139,641
EXPENDITURES			
Facilities acquisition and construction	<u>467,000</u>	<u>(210,457)</u>	<u>256,543</u>
Excess (deficiency) of revenues over (under) expenditures	(279,000)	162,098	(116,902)
Fund balance - beginning	<u>279,000</u>	<u>(1,058)</u>	<u>277,942</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 161,040</u>	<u>\$ 161,040</u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

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

MAINTENANCE FUND

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual		
				Budget Basis	Adjustments	Modified Cash Basis
REVENUES						
Local revenue	\$ 5,000	\$ 355,000	\$ (285,609)	\$ 69,391	\$ (69,391)	\$ -
EXPENDITURES						
Current						
Support services	321,000	671,000	(404,439)	266,561	(266,561)	-
Excess (deficiency) of revenues over (under) expenditures	(316,000)	(316,000)	118,830	(197,170)	197,170	-
OTHER FINANCING						
SOURCES (USES)						
Transfers in	150,000	150,000	-	150,000	(150,000)	-
Net change in fund balance	(166,000)	(166,000)	118,830	(47,170)	47,170	-
Fund balance - beginning	475,000	475,000	(1,858)	473,142	(473,142)	-
Fund balance - ending	\$ 309,000	\$ 309,000	\$ 116,972	\$ 425,972	\$ (425,972)	\$ -

* In accordance with GASB 54, this fund is presented within the General Fund in the fund financial statements.

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



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Neah-Kah-Nie School District
Rockaway Beach, Oregon 97136

We have audited the basic financial statements of Neah-Kah-Nie School District as of and for the year ended June 30, 2025 and have issued our report thereon dated December 1, 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 Neah-Kah-Nie 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 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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)

Student Success Act's Student Investment Account (SIA) Funding

State school fund factors and calculation

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

1. The District expended funds in excess of appropriations, which is in violation of Oregon Budget Law. The following appropriations were over-expended for the fiscal year ended June 30, 2025;

Fund	Function	Appropriations	Expenditures	Excess
Federal Projects Fund	Instruction	\$ 655,844	\$ 662,090	\$ 6,246
Federal Projects Fund	Support services	200,894	266,877	65,983
State and Local Grants Fund	Support services	969,641	1,012,788	43,147

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered Neah-Kah-Nie School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Neah-Kah-Nie School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Neah-Kah-Nie School District's internal control over financial reporting. However, we noted certain matters that we have reported to management of the District in a separate letter dated December 1, 2025.

This report is intended solely for the information and use of the board of directors and management of Neah-Kah-Nie School District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Accuity, LLC
Accuity, LLC
December 1, 2025

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

SUPPLEMENTAL INFORMATION REQUIRED BY OREGON DEPARTMENT OF EDUCATION

For the Year Ended June 30, 2025

Part A is needed for computing Oregon's full allocation for ESEA, Title I, and other Federal Funds for Education.

A. Energy Bill for Heating - All Funds:

Please enter your expenditures for electricity, heating fuel, and water and sewage for these Functions and Objects.

Objects 325, 326, 327	
Function 2540	\$ 218,989.91
Function 2550	\$ -

B. Replacement of Equipment - General Fund:

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

\$ -

Exclude these functions:

1113, 1122, and 1132	Co-curricular Activities	2550	Pupil Transportation
1140	Pre-Kindergarten	3100	Food Service
1300	Continuing Education	3300	Community Services
1400	Summer School	4150	Construction

SINGLE AUDIT SECTION

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2025

Federal Grantor, Pass through Grantor, Program Title	Pass-Through Grantor Number	ALN	Revenues	Expenditures
<u>U.S. Department of Education</u>				
Passed through Oregon State Department of Education				
Title I Grants to Local Educational Agencies	82214/76530/72565	84.010	\$ 298,159	\$ 293,519
Special Education Cluster				
IDEA Special Education Grants To States	78015/83403	84.027	206,769	206,739
Preschool Grants	83598/74259	84.173	<u>3,285</u>	<u>3,285</u>
Total Special Education Cluster			210,054	210,024
English Language Acquisition	83963	84.365	689	689
Title IIA Improving Teaching Quality State Grants	82477/76727	84.367	40,309	40,279
Title V-B Rural and Low Income Schools	76938	84.358	7,935	7,935
Student Support and Academic Enrichment	72959/82674/77150	84.424	21,676	24,386
COVID-19 - Elementary & Secondary Schools Emergency Relief Fund *	64938/69371/77671	84.425	<u>312,074</u>	<u>174,932</u>
Total Passed through Oregon State Department of Education			890,896	751,764
Passed through Tillamook School District				
Youth Transition Program	N/A	84.126	7,540	-
Passed through Oregon State University				
Gaining Early Awareness and Readiness for Undergraduate Programs	ED185C-E	84.334	<u>162,746</u>	<u>176,882</u>
Total U.S. Department of Education			<u>1,061,182</u>	<u>928,646</u>

(Continued)

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2025

(Continued)

Federal Grantor, Pass through Grantor, Program Title	Pass-Through Grantor Number	ALN	Revenues	Expenditures
<u>U.S. Department of Agriculture</u>				
Passed through Oregon State Department of Education				
Child Nutrition Cluster*				
National School Breakfast Program	2914001	10.553	\$ 76,397	\$ 76,397
National School Lunch Program	2914001	10.555	239,240	239,240
National School Lunch Program - Supply Chain Assistance	2914001	10.555	21,635	21,635
National School Lunch Program - Commodities	2914001	10.555	<u>25,521</u>	<u>25,521</u>
Total Child Nutrition Cluster			<u>362,793</u>	<u>362,793</u>
Total federal expenditures			<u>\$ 1,423,975</u>	<u>\$ 1,291,439</u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2025

I. PURPOSE OF SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Neah-Kah-Nie School District's under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) 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 activities of the District, it is not intended to and does not present the financial position, changes in net position, nor the operating funds' revenues and expenses.

II. SIGNIFICANT ACCOUNTING POLICIES FOR FEDERAL AWARD EXPENDITURES

A. Basis of Presentation

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

B. Federal Financial Assistance

Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, non-monetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

C. Major Programs

The Uniform Guidance establishes criteria to be used in defining major federal financial assistance programs. Major programs of the District are those programs selected for testing by the auditor using a risk assessment model, as well as certain minimum expenditure requirements, as outlined in the Uniform Guidance.

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2025

D. Reporting Entity

The reporting entity is fully described in the notes to the District's basic financial statements. Additionally, the Schedule includes all federal programs administered by the District for the year ended June 30, 2025.

E. Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the cash basis of accounting.



**INDEPENDENT AUDITOR'S 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**

Board of Directors
Neah-Kah-Nie School District
Rockaway Beach, Oregon 97136

We have audited, in accordance with 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 Neah-Kah-Nie School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Neah-Kah-Nie School District's basic financial statements, and have issued our report thereon dated December 1, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Neah-Kah-Nie School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Neah-Kah-Nie School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Neah-Kah-Nie School District's 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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Neah-Kah-Nie School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*.

1. The District expended funds in excess of appropriations, which is in violation of Oregon Budget Law. The following appropriations were over-expended for the fiscal year ended June 30, 2025;

Fund	Function	Appropriations	Expenditures	Excess
Federal Projects Fund	Instruction	\$ 655,844	\$ 662,090	\$ 6,246
Federal Projects Fund	Support services	200,894	266,877	65,983
State and Local Grants Fund	Support services	969,641	1,012,788	43,147

Purpose of this Report

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

Accuity, LLC
Accuity, LLC
Albany, Oregon

December 1, 2025



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

Board of Directors
Neah-Kah-Nie School District
Rockaway Beach, Oregon 97136

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Neah-Kah-Nie School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Neah-Kah-Nie 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Neah-Kah-Nie 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 Neah-Kah-Nie School District's 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 the District's federal programs.

Auditor's 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 Neah-Kah-Nie School District's 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 Neah-Kah-Nie School District's 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 Neah-Kah-Nie School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Neah-Kah-Nie School District's 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 Neah-Kah-Nie School District's 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 a 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 Auditor's 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.

Accuity, LLC
Accuity, LLC
Albany, Oregon

December 1, 2025

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified not considered to be material weaknesses?	No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified not considered to be material weaknesses?	No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? No

Identification of major programs:

<i>Assistance Listing Number(s) (ALN)</i>	<i>Name of Federal Program or Cluster</i>
84.425	Elementary and Secondary Schools Emergency Relief Fund
10.55X	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No