

| LAKE COUNTY SCHOOL DISTRICT NO. 7
LAKEVIEW, OREGON

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023
WITH
INDEPENDENT AUDITOR'S REPORT



**Certified
Public
Accountants, LLP**

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LAKE COUNTY SCHOOL DISTRICT NO. 7

Lakeview, Oregon

June 30, 2023

BOARD OF DIRECTORS AS OF JUNE 30, 2023

Scott Havel	Chair
Annie Bunten	Director
Darwin Johnson	Director
Barry Shullanberger	Director
Teresa Shine	Director

All board of directors receive mail at the address listed below:

ADMINISTRATIVE OFFICE:

1341 South 1st
Lakeview, Oregon
541-947-3347

Michael Carter	Superintendent
Janet Melsness	Business Manager
Susan Warner	Elementary Principal
Hillary Hulseman	DMS/LHS Principal
Andrew Rygg	DMS/LHS VP Athletic Director



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LAKE COUNTY SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2023

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Independent Auditor's Report

Board of Education
Lake County School District No. 7
Lakeview, Oregon

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the financial statements of the governmental activities, each major fund, and the fiduciary fund information of the Lake County School District No. 7 (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
General Fund	Unmodified
Special Revenue Fund	Unmodified
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
Fiduciary Fund	Unmodified

Qualified Opinion on Governmental Activities

In our opinion, except for the matters described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each Major Fund and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the fiduciary fund information of the District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to Qualified Opinions on Governmental Activities

The District has not obtained an actuarial valuation for its single-employer other-postemployment benefit plan. Accounting principles generally accepted in the United States of America require that long-term liabilities and associated expenses be recorded, which would decrease the ending net position and the change in net position. The amount by which this departure would affect the ending net position and change in net position has not been determined.

Restatement of Prior Period Amounts

As discussed in Note 1, the District restated beginning fund balance for the General Fund and Debt Service Fund. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 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 GAAS 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 GAAS, we

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

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

Required Supplementary Information

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

The general fund and major special revenue fund budgetary comparison information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain 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 general fund and major special revenue fund budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also 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 other supplementary information and schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 23, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 the District's internal control over financial reporting and compliance.

Other Reporting Required by *Oregon State Regulations*

In accordance with *Oregon State Regulations*, we have also issued our report dated February 23, 2024, on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of *the Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.



Donald F. Ewalt, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
February 23, 2024



| MANAGEMENT'S DISCUSSION AND
ANALYSIS

LAKE COUNTY SCHOOL DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

As management of the Lake County School District No. 7 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here.

Financial Highlights

- In the government-wide statements, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2023 by \$2.3 million (net position).
- The District's total net position decreased by \$1 million. In the prior year, the District's total net position had increased by \$1.8 million.
- The District's net investment in capital assets increased by \$610 thousand. The District has a restricted net position of \$479 thousand.
- The District's total expenses increased from the prior year, from \$11.7 million to \$15.7 million. The \$4 million expense increase is due primarily to a \$2.2 million increase in the instruction function and \$1.7 million increase in the support services function. These increases were offset by a \$125 thousand decrease in interest and issuance costs on long-term debt as a result of issuance of \$10.75 million in Full Faith and Credit Pension Obligations, Series 2021A, issued in the prior year. Additionally, District revenues increased from the prior year, \$13.5 to \$14.7 million. The increase in revenues is due primarily to an increase in operating grants and contributions of \$925 thousand and state school fund - general support of \$595 thousand.
- The District's current assets decreased by \$734 thousand due to due to the increase in expenses surpassing the increase in revenues along with the timing of cash disbursements.
- The District's capital assets increased by \$592 thousand as a result of \$951 thousand in acquisitions of capital assets offset by \$359 thousand in depreciation and amortization expense recognized for the year.
- The District's total liabilities and deferred inflows decreased by \$3.8 million during the current year due to a decrease of \$2.7 million in the long-term PERS net pension liability and a decrease of \$229 thousand in the PERS pension deferred inflows of resources. Along with these changes, bonds payable decreased by \$350 thousand due in line with scheduled debt service payments.
- The District's governmental funds report combined ending fund balance of \$2.2 million, a decrease of \$202 thousand in comparison with the prior year. The decrease in fund balance is related to increases in basic school support and grant funding of \$1.7 million but offset by a decrease in property tax revenue of \$425 thousand as well as increases in facilities and acquisition expenditures of \$823 thousand. Approximately \$655 thousand is available for spending at the District's discretion.
- At the end of the fiscal year, the fund balance for the General Fund decreased by \$750 thousand. This includes an increase of \$1.1 million in basic school support, offset by increases in total expenditures of \$1.5 million. Total fund balance in the General Fund represented approximately 5.9 percent of total General Fund expenditures, down from 10.2 percent in the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements.

**LAKE COUNTY SCHOOL DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

Overview of the Financial Statements (continued)

Lake County School District No. 7 (the District), Lakeview, Oregon, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected five-member Board of Education (Board) who approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements include:

The *Statement of Net Position* presents information on all of the assets and liabilities of the District at year end. Net position is what remains after the liabilities have been paid or otherwise satisfied. Net position may be further separated into amounts restricted for specific purposes and unrestricted amounts. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the net position of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In the government-wide financial statements, the District's activities are shown in one category:

- *Governmental activities.* Most of the District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements

The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District funds are governmental funds.

The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**LAKE COUNTY SCHOOL DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

Overview of the Financial Statements (continued)

Fund financial statements (continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Position and Activities, respectively.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Special Programs, Debt Service, and Capital Projects all of which are considered to be major funds. The District does not have any non-major governmental funds.

The *fiduciary funds* are used to account for private-purpose trust funds for scholarships and are excluded from government-wide reporting.

The basic governmental fund financial statements can be found on pages 3 to 6 of this report and the fiduciary fund financial statements are on pages 7 and 8 of this report.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 9 through 34 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* (RSI). This Management's Discussion and Analysis, is considered required supplementary information. RSI also includes displaying budgetary comparison schedules for the General Fund and all major Special Revenue funds, and certain pension and other postemployment benefits schedules. These RSI can be found on pages 35 to 38 of this report.

Government-wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2.3 million at June 30, 2023. At June 30, 2022, District assets and deferred outflows of resources were greater than liabilities and deferred inflows of resources by \$3.4.

Deferred outflows of resources which represent amounts pending recognition in the statement of activities associated with the pension and OPEB plans of the District represent 48.5 percent of total assets and deferred outflows of resources. This is primarily the result of differences between employer contributions and employer's proportionate share to the PERS pension plan of \$8.9 million associated with \$10.59 million in pension bond contributions in the prior year. Capital assets, which consist of the District's land, buildings, building improvements, vehicles, equipment, right-of-use equipment and construction in progress, represent approximately 36.7 percent of total assets and deferred outflows. The remaining assets consist mainly of cash and investments and represent 14.1 percent of total assets and deferred outflows. At June 30, 2022, capital assets represented approximately 27.7 percent of total assets and deferred outflows. Deferred outflows represented 57.4 percent of total assets and deferred outflows.

**LAKE COUNTY SCHOOL DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

Government-wide Financial Analysis (continued)

Statement of Net Position (continued)

The District's largest liability (53 percent of total liabilities and deferred inflows) is for the repayment of long-term debt and leases payable. Pension liabilities represent 17.8 percent of the District's total liabilities and deferred inflows. Current liabilities, representing about 3.3 percent of the District's total liabilities and deferred inflows, consist almost entirely of payables on accounts and salaries and benefits. In the prior year the District's largest liability was its long-term debt and leases payable (45.9 percent) while current liabilities represented about 4.8 percent of total liabilities and deferred inflows.

A large portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, equipment, vehicles, right-of-use assets, and construction in progress) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students and other District residents; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Increase
	(in thousands)		(Decrease)
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>From</u>
			<u>June 30, 2022</u>
Assets:			
Current assets	\$ 3,043	\$ 3,777	\$ (734)
Capital assets	7,910	7,318	592
Other assets	134	133	1
Total assets	<u>11,087</u>	<u>11,228</u>	<u>(141)</u>
Deferred outflows	<u>10,461</u>	<u>15,155</u>	<u>(4,694)</u>
Total assets and deferred outflows	<u>21,548</u>	<u>26,383</u>	<u>(4,835)</u>
Liabilities:			
Current liabilities	633	1,108	(475)
Long-term liabilities	<u>13,620</u>	<u>16,720</u>	<u>(3,100)</u>
Total liabilities	<u>14,253</u>	<u>17,828</u>	<u>(3,575)</u>
Deferred inflows	<u>4,968</u>	<u>5,197</u>	<u>(229)</u>
Total liabilities and deferred inflows	<u>19,221</u>	<u>23,025</u>	<u>(3,804)</u>
Net position:			
Net investment in capital assets	7,848	7,238	610
Restricted	479	336	143
Unrestricted	<u>(6,000)</u>	<u>(4,216)</u>	<u>(1,784)</u>
Total net position	<u>\$ 2,327</u>	<u>\$ 3,358</u>	<u>\$ (1,031)</u>

**LAKE COUNTY SCHOOL DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

Government-wide Financial Analysis (continued)

Governmental activities

As previously stated, most District activities are governmental in nature, and during the current fiscal year, the District's net position decreased by \$1 million. The key elements of the change in the District's net position for the year ended June 30, 2023 as compared to the prior year are as follows:

	Governmental Activities (in thousands)		Increase (Decrease) From
	June 30, 2023	June 30, 2022	June 30, 2022
Revenues:			
Program revenues:			
Charges for services	\$ 325	\$ 246	\$ 79
Operating grants and contributions	3,968	3,043	925
Capital grants and contributions	246	19	227
General revenues:			
Property taxes	2,429	2,985	(556)
State school fund - general support	7,053	6,458	595
Other federal, state and local sources	544	493	51
Miscellaneous	147	294	(147)
Total revenues	<u>14,712</u>	<u>13,538</u>	<u>1,174</u>
Expenses:			
Instruction	8,860	6,703	2,157
Support services	5,740	4,011	1,729
Enterprise and community services	914	638	276
Facilities acquisition and construction	6	4	2
Interest on long-term debt	223	348	(125)
Total expenses	<u>15,743</u>	<u>11,704</u>	<u>4,039</u>
Change in net position	<u>\$ (1,031)</u>	<u>\$ 1,834</u>	<u>\$ (2,865)</u>

- Program revenues increased by \$1.2 million in 2022-23 primarily due to increases in operating grants and contributions.
- General revenues decreased by \$57 thousand in 2022-23 due primarily to an increase in state school funding – general support of \$595 thousand, offset by decreases in property taxes of \$556 thousand and miscellaneous revenue of \$147 thousand.
- Instruction and support services expenditures increased by \$3.9 million due primarily to pension and OPEB related adjustments. Interest and financing fees decreased by \$125 thousand due to the issuance of Full Faith and Credit Pension Obligations, Series 2021A in 2021-22.

**LAKE COUNTY SCHOOL DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds

The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2023 the District's governmental funds reported combined ending fund balances of \$2.2 million, a decrease of \$202 thousand in comparison with the prior year. About \$655 thousand (29.2 percent) of the ending fund balance constitutes *unassigned ending fund balance*, which is available for spending at the District's discretion.

The General Fund is the chief operating fund of the District. As of June 30, 2023, the fund balance was \$696 thousand, an decrease of \$750 thousand from the prior year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 6.2 percent of total General Fund expenditures.

The Special Revenue Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes. As of June 30, 2023, the District has a total fund balance of \$451 thousand. In the prior year the total fund balance was \$346 thousand

The Debt Service Fund has a total fund balance of \$943 thousand, all of which is committed as PERS reserve. The net increase in fund balance during the current year was \$456 thousand.

The Capital Projects Fund has a total fund balance of \$155 thousand which is committed for the purpose of upgrading the District's schools and athletic facilities. The net decrease in fund balance during the current year was \$11 thousand.

General Fund Budgetary Highlights

Final budget to actual results

The most significant difference between estimated and actual General Fund revenue was the revenue received from Basic School Support. Total estimated revenues were \$6.5 million and total actual revenues were \$7.1 million, an increase of \$566 thousand.

Expenditures were higher than projected. Total estimated expenditures were \$10.5 million while actual expenditures were \$11.1 million.

**LAKE COUNTY SCHOOL DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

Capital Asset and Debt Administration

Capital assets

The District's investment in capital assets includes land, construction in progress, buildings and improvements, vehicles and equipment and right-of-use assets. As of June 30, 2023, the District had invested \$7.9 million in capital assets, net of depreciation and amortization.

During the year, the District's investment in capital assets, net of depreciation and amortization, increased by \$592 thousand. The District's current year depreciation and amortization expense was approximately \$359 thousand.

Additional information of the District's capital assets can be found in *Note 1* and *Note 3* of this report.

Long-term debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$10.1 million, consisting of full faith and credit obligations, compared to \$10.5 in the prior year.

During the prior year, the District's total debt increased by \$10.5 million, primarily due to issuance of Full Faith and Credit Pension Obligations, Series 2021A.

Additional information on the District's long-term debt can be found in *Note 1*, *Note 4* and *Note 5* of this report.

Economic Factors and Next Year's Budget

The state legislature awarded the K-12 budgets an historic amount for the 23-25 biennium, however funding still does not meet the levels recommended by the Oregon Quality Education Commission. A few of the new state funding streams have additional goal setting and outcome reporting to justify the program dollars, and on top of other required data collections and reporting, administrative responsibilities have increased significantly. The federal ESSER funding streams to handle the effects of COVID will be expiring in 2026, the district has plans to use the remaining allocation through the 24-25 fiscal year. The federal legislature has filed to reauthorize the Secure Rural Schools and Community Self-Determination Act of 2000 at historical levels but the spending bill has not passed to incorporate this funding, currently April 2024 will be the school district's last payment through SRS. The act essentially replaced local federal forest fees. In reality, the state legislature uses those funds to reduce their obligation to school districts and uses the equivalent amount of funds for other purposes. The District operates mainly on State School Fund formula and property taxes which represents approximately 86.77% of the District's total operating revenues.

The District's total student enrollment has increased somewhat in recent years. In FY 2018 enrollment began at 767 and ended at 761. FY 2019 began the year with an enrollment of 758 and ended the year at 754. For FY 2020 student enrollment began at 660 and ended with 732. FY 2020 dramatic decrease in enrollment stemmed from the Covid-10 pandemic. Many students chose to be online some with our online program and others went elsewhere. During FY 2021 enrollment began at 737 while ending with 731. FY 2022 enrollment began the year with 762 and ended with 740. FY 2023 enrollment began at 730, we're hoping that with the addition of two large scale employers, student populations will increase. Fluctuations in enrollment have a direct effect on the distribution of School Support Funds, county and common school funds, grants and federal forest fees, if any.

Budget cuts to the District's maintenance reserve fund have jeopardized the District's ability to maintain buildings and playgrounds. Several roofs are now past their life span and in FY 2021 one section of the roof at the high school was replaced. All roofs within the District are now at the extensive repair or replacement stage. ESSER funding and State and local grants and donations are in planning stages to replace the LHS gym roof as well as the gym floor at LHS and AD Hay.

**LAKE COUNTY SCHOOL DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

Economic Factors and Next Year's Budget (continued)

Salaries and benefits were negotiated with the Lakeview Chapter of the Oregon Education Association Union and the Lakeview Chapter of the Oregon School Employees Association Union resulting in a 7% increase in 23-24 and a 4.5% in 24-25. The Public Employee Retirement System (PERS) had increased in cost for this biennium, but the participation in a multi-district PERS bond sale has limited the rate increase for LCSD7.

In conclusion, Lake County School District #7 has committed itself to financial stability. Enrollment is expected to stabilize if not grow and with the economic future of the nation and Oregon continuing to be strong, measures to weather a future economic storm are firmly in place.

The District's system of financial planning, budgeting, and internal control checks and balances are in compliance with governmental accounting standards.

The District's adopted budget for the fiscal year ending June 30, 2024 represents an overall increase of \$2,083,308 or 10.6% when compared with the current fiscal year budget. The total budget for the fiscal year ending June 30, 2024 is \$21,648,700.

The District will levy its maximum permanent property tax rate of \$4.5724 per \$1,000 of assessed property valuation.

Requests for Information

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Business Manager at 1341 South 1st, Lakeview, Oregon 97630.



| BASIC FINANCIAL STATEMENTS



| **GOVERNMENT-WIDE FINANCIAL
STATEMENTS**

**LAKE COUNTY SCHOOL DISTRICT NO. 7
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Governmental Activities
ASSETS:	
Cash and investments	\$ 1,562,914
Property taxes receivable	221,210
Grants receivable	1,219,012
Inventory	40,395
Capital assets, net	7,910,020
Other post-employment benefits asset (RHIA)	133,926
TOTAL ASSETS	11,087,477
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows related to pensions (PERS)	10,443,267
Deferred outflows related to other post-employment benefits (RHIA)	17,513
TOTAL DEFERRED OUTFLOWS OF RESOURCES	10,460,780
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	21,548,257
LIABILITIES:	
Accounts payable	114,710
Accrued salaries and benefits	490,014
Compensated absences	28,587
Bonds payable	
Due within one year	365,000
Due in more than one year	9,765,000
Lease liability	
Due within one year	16,413
Due in more than one year	45,753
Net pension liability (PERS)	3,427,508
TOTAL LIABILITIES	14,252,985
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows related to pensions (PERS)	4,949,505
Deferred inflows related to other post-employment benefits (RHIA)	18,307
TOTAL DEFERRED INFLOWS OF RESOURCES	4,967,812
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	19,220,797
NET POSITION:	
Net investment in capital assets	7,847,854
Restricted for:	
Teacher support	32,116
Grants	15,799
Student body	289,562
Food service	7,942
Restricted for other post-employment benefits asset (RHIA)	133,926
Unrestricted	(5,999,739)
TOTAL NET POSITION	\$ 2,327,460

**LAKE COUNTY SCHOOL DISTRICT NO. 7
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 8,859,789	\$ 203,816	\$ 2,833,783	\$ -	\$ (5,822,190)
Support services	5,740,018	120,930	1,133,836	-	(4,485,252)
Enterprise and community services	913,729	-	-	-	(913,729)
Facilities and acquisition	6,430	-	-	246,369	239,939
Interest on long-term debt	223,117	-	-	-	(223,117)
	<u>\$ 15,743,083</u>	<u>\$ 324,746</u>	<u>\$ 3,967,619</u>	<u>\$ 246,369</u>	<u>(11,204,349)</u>
General revenues:					
Property taxes levied for general purposes					2,429,610
State school fund - general support					7,053,243
Common school fund					90,396
Federal forest fees					380,964
Earnings on investments					72,817
Miscellaneous					146,712
					<u>10,173,742</u>
					CHANGE IN NET POSITION
					(1,030,607)
					NET POSITION - JULY 1, 2022
					<u>3,358,067</u>
					NET POSITION - JUNE 30, 2023
					<u>\$ 2,327,460</u>



| FUND FINANCIAL STATEMENTS

**LAKE COUNTY SCHOOL DISTRICT NO. 7
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS:					
Cash and investments	\$ 465,371	\$ -	\$ 943,061	\$ 154,482	\$ 1,562,914
Property taxes receivable	221,210	-	-	-	221,210
Grants receivable	76,878	1,142,134	-	-	1,219,012
Due from other funds	652,318	-	-	-	652,318
Inventories	-	40,395	-	-	40,395
TOTAL ASSETS	\$ 1,415,777	\$ 1,182,529	\$ 943,061	\$ 154,482	\$ 3,695,849
LIABILITIES:					
Accounts payable	\$ 43,144	\$ 71,368	\$ -	\$ 198	\$ 114,710
Accrued salaries and benefits	481,730	8,284	-	-	490,014
Due to other funds	-	652,318	-	-	652,318
TOTAL LIABILITIES	524,874	731,970	-	198	1,257,042
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	194,916	-	-	-	194,916
TOTAL DEFERRED INFLOWS OF RESOURCES	194,916	-	-	-	194,916
FUND BALANCES:					
Non-spendable	-	40,395	-	-	40,395
Restricted:					
Teacher support	32,116	-	-	-	32,116
Grants	-	15,799	-	-	15,799
Student body	-	289,562	-	-	289,562
Food service	-	7,942	-	-	7,942
Committed:					
PERS reserve	-	-	943,061	-	943,061
Student services	-	105,763	-	-	105,763
Capital projects	-	-	-	154,284	154,284
Unassigned	663,871	(8,902)	-	-	654,969
Total fund balances	695,987	450,559	943,061	154,284	2,243,891
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,415,777	\$ 1,182,529	\$ 943,061	\$ 154,482	\$ 3,695,849

**LAKE COUNTY SCHOOL DISTRICT NO. 7
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2023**

TOTAL FUND BALANCES		\$ 2,243,891
Capital assets are not financial resources and therefore are not reported in the governmental funds.		7,910,020
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.		194,916
The asset associated with the District's other post-employment benefit (RHIA) is not recorded in the governmental funds as it is not available currently.		133,926
The net deferred outflow/(inflow) associated with the District's pension (PERS) and OPEB (RHIA) plans are not recorded in the governmental funds as it is not available nor payable currently.		5,492,968
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due. These liabilities consist of:		
Long-term debt obligations	(10,130,000)	
Lease liability	(62,166)	
Compensated absences	(28,587)	
Net pension liability	<u>(3,427,508)</u>	<u>(13,648,261)</u>
TOTAL NET POSITION		\$ <u>2,327,460</u>

LAKE COUNTY SCHOOL DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
REVENUES					
Property taxes	\$ 2,487,029	\$ -	\$ -	\$ -	\$ 2,487,029
Basic school support	7,053,243	-	-	-	7,053,243
Intergovernmental	963,751	3,335,447	-	19,575	4,318,773
Local grant	-	11,875	-	-	11,875
Charges for services	167,948	145,648	-	11,150	324,746
Pension obligation bonds (internal fee)	-	-	1,022,365	-	1,022,365
Donations	-	277,335	-	-	277,335
Interest on investments	64,436	3,681	4,700	-	72,817
Miscellaneous	151,504	72,574	-	-	224,078
TOTAL REVENUES	10,887,911	3,846,560	1,027,065	30,725	15,792,261
EXPENDITURES					
Current					
Instruction	5,986,966	2,448,356	-	-	8,435,322
Support services	5,154,906	870,170	-	35,793	6,060,869
Enterprise and community services	-	900,837	-	-	900,837
Facilities and acquisition	-	-	-	6,430	6,430
Debt service	19,286	-	571,437	-	590,723
TOTAL EXPENDITURES	11,161,158	4,219,363	571,437	42,223	15,994,181
Excess (Deficiency) of Revenues Over Expenditures	(273,247)	(372,803)	455,628	(11,498)	(201,920)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	476,868	-	-	476,868
Transfers out	(476,868)	-	-	-	(476,868)
TOTAL OTHER FINANCING SOURCES	(476,868)	476,868	-	-	-
NET CHANGE IN FUND BALANCE	(750,115)	104,065	455,628	(11,498)	(201,920)
FUND BALANCE, July 1, 2022, as restated	1,446,102	346,494	487,433	165,782	2,445,811
FUND BALANCE, June 30, 2023	\$ 695,987	\$ 450,559	\$ 943,061	\$ 154,284	\$ 2,243,891

**LAKE COUNTY SCHOOL DISTRICT NO. 7
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

NET CHANGE IN FUND BALANCE		\$ (201,920)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Government funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which depreciation and amortization exceeded capital outlays in the current period.</p>		592,273
<p>Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Additionally, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.</p>		
Debt principal repaid	350,000	
Leases principal repaid	17,606	367,606
<p>Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.</p>		(57,419)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Changes in compensated absences	7	
Changes in pension liabilities and related deferred outflows and inflows of resources	(1,743,628)	
Changes in OPEB assets and related deferred outflows and inflows of resources	12,474	(1,731,147)
CHANGE IN NET POSITION		<u>\$ (1,030,607)</u>

**LAKE COUNTY SCHOOL DISTRICT NO. 7
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

	Private- Purpose Trusts
ASSETS:	
Cash and investments	\$ 47,786
TOTAL ASSETS	<u>47,786</u>
FIDUCIARY NET POSITION:	
Reserved for scholarships and grants	<u>47,786</u>
TOTAL FIDUCIARY NET POSITION	<u>\$ 47,786</u>

**LAKE COUNTY SCHOOL DISTRICT NO. 7
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023**

	<u>Private- Purpose Trusts</u>
ADDITIONS:	
Contributions	<u>\$ 1,376</u>
TOTAL ADDITIONS	<u>1,376</u>
DEDUCTIONS:	
Scholarships	6,658
Support services	<u>2,250</u>
TOTAL DEDUCTIONS	<u>8,908</u>
CHANGE IN FIDUCIARY NET POSITION	(7,532)
FIDUCIARY NET POSITION, July 1, 2022	<u>55,318</u>
FIDUCIARY NET POSITION, June 30, 2023	<u><u>\$ 47,786</u></u>



**| NOTES TO THE FINANCIAL
STATEMENTS**

LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 – Summary of Significant Accounting Policies:

The Lake County School District No. 7 (the District) was organized under the provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected five-member Board of Directors (Board) who approve the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

The Reporting Entity

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

Basis of Presentation

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

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

LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 – Summary of Significant Accounting Policies: (continued)

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

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

The District reports the following major governmental funds:

General Fund – The General Fund is the main operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other funds are accounted for in this fund. General Fund expenditures are categorized by function which includes the following categories: "Instruction" which is the direct teaching of students or the interaction between teacher and students, and "Support Services" which covers all the support activities for students, teachers, and facilities. Major activities in support services are transportation, maintenance of facilities (i.e. heating, phones, electricity, cleaning,) administration, counseling for students, and technology support. Additionally, "Debt Service" which represents payments on leases payable for right-of-use equipment. The District budgets for Proprietary Fund separately and is combined with the General Fund for financial reporting. The Proprietary Fund primarily collects and pays Oregon Employee Benefit Board insurance premiums for participating members.

Special Revenue Fund – The Special Revenue Fund accounts for federal, state and local grant programs, along with the District's food service program and the activities of the student body clubs.

Capital Projects Fund – The Capital Projects Fund accounts for activities of the District related to major facilities acquisitions, improvements, and repairs.

Debt Service Fund – The Debt Service Fund provides for the payment of principal and interest on the PERS bonds. The principal revenue sources are charges to other funds.

Additionally, the District reports the following fund type:

Private Purpose Trust Funds – Education Foundation/Alumni Trust and New Building funds are used to account for assets held by the district in a trustee capacity. This fund accounts for any public donations that may or may not be identified for a specific purpose. This type of fund is generally governed by a legal trust document.

Measurement Focus and Basis of Accounting

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

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized when the liability is incurred.

LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 – Summary of Significant Accounting Policies: (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within sixty days after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt which are reported when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under leases are reported as other financing sources.

The revenues susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received, as they are deemed immaterial. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when the revenue recognition is met or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Budgeting

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

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

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular 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. Original and supplemental budgets may be modified by the use of appropriation transfers within a fund between the levels of control (major function levels) with Board approval. During the year, the Board adopted one supplemental budget revising appropriations. Appropriations lapse at the end of each fiscal year.

**LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 1 – Summary of Significant Accounting Policies: (continued)

During the fiscal year ended June 30, 2023, the District was in compliance with Local Budget Law, except for the following:

- Adopted budget resolution values were not properly reflected in the detailed budget document.
- The adopted budget included a contingency for the Debt Service Fund which is not permitted.
- The District did not publish a revised “*Notice of Budget Hearing and Financial Summary*” for a major supplemental budget.
- The District did not hold a public hearing for the major supplemental budget.
- The District did not state in the resolution the need or purpose of the major supplemental budget.
- Values in the major supplemental budget did not clerically agree based on values listed.
- Expenditures in excess of appropriations were as follows:

	Appropriation	Expenditure	Variance
General Fund			
Instruction	\$ 5,500,784	\$ 6,006,252	\$ (505,468)
Support services	4,973,631	5,114,763	(141,132)

Cash and Investments

Cash and investments include cash on hand, checking, savings and money market accounts, and any short-term, highly liquid investments with initial maturity dates of three months or less.

The District has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the District to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

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

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short Term Fund (OSTF) which was established by the State Treasurer. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

Receivables

Amounts due from individuals, organizations or other governmental units are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and material provided by the District. All receivables are expected to be collected. Accordingly, receivables are reported at the gross amount without an allowance for uncollectible accounts.

Receivables are also recognized for property taxes and intergovernmental grants. Property taxes receivable consist of uncollected taxes levied and payable at the end of the fiscal year. All taxes are considered collectible. Consequently, no allowance for uncollectible taxes has been established. In the governmental fund financial statements, property taxes not collected within sixty days of the end of the fiscal year are reported as a deferred inflow or resources.

LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 – Summary of Significant Accounting Policies: (continued)

Intergovernmental grant reimbursement and entitlement amounts for which all eligibility requirements imposed by the provider have been met, but which were not received by the fiscal year end, are reported as accounts receivable.

Inventory

Food and supply inventories in the Special Revenue Fund are valued at cost determined on the first-in first-out (FIFO) method. Commodities inventory in the Food Service Fund is valued at estimated fair market value. Inventory is treated as being expended when used rather than when purchased. Inventories of non-food service supplies are not considered significant. The District records the cost of non-food service supplies as expenses and expenditures when purchased rather than when used.

Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost, or estimated cost when original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Maintenance and repairs of capital assets are not capitalized, but rather are charged to expenditures in the governmental funds. The District does not possess any infrastructure. The capitalization threshold used by the District as recommended by the State of Oregon is \$5,000 for machinery and equipment and \$25,000 for buildings and improvements and an estimated life in excess of one reporting period.

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

Buildings and improvements – 15 to 60 years
Vehicles and equipment – 5 to 30 years
Right-of-use equipment – depends on life of the lease or subscription

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

Compensated Absences and Accrued Liabilities

The liability for accrued vacation benefits reported in the government-wide statements consists of unpaid, accumulated annual vacation.

All payables and accrued liabilities are reported on the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full by current financial resources are reported as obligations of the funds.

Deferred Outflows/Inflows of Resources

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has two types of deferred outflows, both arise under the full-accrual basis of accounting that qualify for reporting in this category: deferred amounts related to pensions and deferred amounts related to other-postemployment benefits. These amounts are reported in the government-wide Statement of Net Position.

LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 – Summary of Significant Accounting Policies: (continued)

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has various types of deferred inflows, one which arises only under the modified accrual basis of account (unavailable revenues), and two that are reported under the full accrual basis of accounting (deferred amounts related to pensions and deferred amounts related to other-postemployment benefits). Accordingly, unavailable revenue, is reported only in the governmental funds balance sheet, and deferred amounts related to pensions and other-postemployment benefits are reported in the government-wide Statement of Net Position.

Leases

Leases are recognized in accordance with GASB Statement No. 87, *Leases*.

A lessee is required to recognize a lease payable and an intangible right-of-use lease asset. A lease payable is recognized at the net present value of future lease payments and is adjusted over time by interest and payments. Future lease payments include fixed payments. The right-of-use asset is initially recorded at the amount of the lease liability plus prepayments less any lease incentives received prior to lease commencement and is subsequently amortized over the life of the lease.

In the government-wide financial statements, right-of-use assets are reported on the Statement of Net Position. In the governmental fund financial statements, at lease inception, the present value of lease payments is reported as other financing sources. Under the modified accrual basis of accounting, lease payments are considered capital outlay and proceeds of lease contracts, and thereafter are recorded as debt service payments.

The District has chosen not to implement GASB 87 for the budgetary basis of accounting. For both the budgetary basis of accounting and for leases that do not meet the criteria for valuation under GASB 87, the District will report outflows of cash for lease payments.

Long-term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements bond premiums and discounts are recognized when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures when incurred.

Pensions

Substantially all the District's employees are participants in the State of Oregon Public Employees Retirement System (OPERS). Contributions to OPERS are made on a current basis as required by the plan and are charged as expenses/expenditures.

Other-postemployment Benefits

Certain District employees are participants in the State of Oregon Public Employees Retirement System (OPERS) – Retirement Health Insurance Account (RHIA). Contributions to OPERS – RHIA are made on a current basis as required by the plan and are charged as expenses/expenditures.

LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 – Summary of Significant Accounting Policies: (continued)

Additionally, the District allows eligible retirees to purchase health insurance at the same rate as active employees. Such costs are recorded as expenses in the General Fund and funded as premiums become due.

Net Position/Fund Balance

Government-wide Statements

Equity is classified as net position and is displayed in three components:

Net investment in capital assets – Consists of net capital assets reduced by the outstanding balances of any related bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

Unrestricted net position – Consists of all other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

Governmental Fund Financial Statements

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

Nonspendable – This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – This classification includes amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision-making authority (the Board) and does not lapse at year-end.

Assigned – This classification includes amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the Board or through delegating this responsibility to selected staff members or through the budgetary process.

Unassigned – This classification is the residual classification used for those balances not assigned to another category.

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

LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 – Summary of Significant Accounting Policies: (continued)

Property Taxes

Real property taxes attach as an enforceable lien on property as of January 1. All taxes are levied as of the lien date and are payable in three installments on November 15, February 15, and May 15. Discounts are allowed if the amount is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are recorded on the Statement of Net Position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectable taxes has been established.

Interfund Transactions

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

Use of Estimates

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

Adoption of New GASB Pronouncements

During the year ended June 30, 2023, the District implemented the following GASB Pronouncements:

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. There is no effect on the District's financial statements as a result of this Statement.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement's objective is to address accounting and financial reporting for arrangements in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a capital asset for a period of time in an exchange or exchange-like transaction. There is no effect on the District's financial statements as a result of this Statement.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement's objective is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The implementation of this pronouncement had no effect on net position.

**LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 1 – Summary of Significant Accounting Policies: (continued)

Future Adoption of GASB Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2023:

GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. Issued in June 2022, the primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective in fiscal year 2024.

GASB Statement No. 101, *Compensated Absences*. Issued in June 2022, this Statement updates recognition and measurement guidelines for compensated absences and is effective for the District for the fiscal year ending June 30, 2025.

The District will implement new GASB pronouncements no later than the required effective date. The District is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the District's financial statements.

Correction of Accounting Error

Beginning fund balance of the General Fund and Debt Service Fund was restated due to revenue from basic school support being recorded to the Debt Service Fund in the prior year although it should have been recorded to the General Fund. The following schedule reflects this restatement:

Fund Balance	Balance June 30, 2022 as previously reported	Restatement	Balance June 30, 2022 as restated
General Fund	\$ 989,152	\$ 456,950	\$ 1,446,102
Debt Service Fund	944,383	(456,950)	487,433

Note 2 – Cash and Investments:

Cash and investments are composed of the following at June 30, 2023:

Petty cash	\$ 2,900
Carrying amount of demand deposits	709,912
Carrying amount of investments	908,074
Total cash and investments	\$ 1,620,886

Cash and investments are shown on the basic financial statements as:

Statement of Net Position	\$ 1,562,914
Fiduciary Fund	47,786
Total cash and investments	\$ 1,620,886

LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2 – Cash and Investments (continued):

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes.

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

As of June 30, 2023, the carrying amount of the District's deposits in various financial institutions was \$699,726, the bank balances were \$1,063,303, and the District had \$2,900 in petty cash. Of the bank balance, the entire amount was ensured by the FDIC or covered by the collateral held in a multiple financial institutions collateral pool administered by the Oregon State Treasurer.

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

Investments. The District has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2023. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an external investment pool managed by the State Treasurer's office, which allow governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB statement No. 40. LGIP is not rated.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the District's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the District's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at amortized cost, which approximated fair value.

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool. At June 30, 2023, and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.

The District has no credit risk policy or investment policy that would further limit its investment choices.

Credit Risk. Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2023, the District's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

**LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 2 – Cash and Investments (continued):

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

Interest Rate Risk. The District has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

At June 30, 2023, the District had the following investments and maturities:

		Investment Maturities		
		Less than 1 year	1-5 years	6-10 years
Local Government Investment Pool	\$ 908,074	\$ 908,074	\$ -	\$ -
	<u>\$ 908,074</u>	<u>\$ 908,074</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures about Fair Value of Assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 - Unadjusted inputs using quoted prices in active markets for identical investments.

Level 2 - Other significant observable inputs other than level 1 prices, including, but are not limited to, quoted prices for similar investments, inputs other than quoted prices that are observable for investments (such as interest rates, prepayment speeds, credit risk, etc.) or other market corroborated inputs.

Level 3 - Significant inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

Investments Measured at Fair Value:	Totals at June 30, 2023	Level One	Level Two	Level Three	Amortized Cost Measurement Not Measured at Fair Value
	Local Government Investment Pool	\$ 908,074	\$ -	\$ -	\$ -
	<u>\$ 908,074</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 908,074</u>

LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 3 – Capital Assets:

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

	Balance July 1, 2022	Additions	Transfers/ Deletions	Balance June 30, 2023
Capital assets not being depreciated or amortized				
Land	\$ 12,685	\$ -	\$ -	\$ 12,685
Construction in progress	59,625	99,254	(87,898)	70,981
Total capital assets not being depreciated or amortized	<u>72,310</u>	<u>99,254</u>	<u>(87,898)</u>	<u>83,666</u>
Capital assets being depreciated or amortized				
Buildings and improvements	10,703,832	293,441	87,898	11,085,171
Vehicles and equipment	1,798,236	558,690	-	2,356,926
Intangible assets:				
Right-of-use	122,148	-	(38,707)	83,441
Total capital assets being depreciated or amortized	<u>12,624,216</u>	<u>852,131</u>	<u>49,191</u>	<u>13,525,538</u>
Less accumulated depreciation or amortization for:				
Buildings and improvements	(4,074,615)	(205,338)	-	(4,279,953)
Vehicles and equipment	(1,261,443)	(135,537)	-	(1,396,980)
Intangible assets:				
Right-of-use	(42,721)	(18,237)	38,707	(22,251)
Total accumulated depreciation or amortization	<u>(5,378,779)</u>	<u>(359,112)</u>	<u>38,707</u>	<u>(5,699,184)</u>
Total capital assets, net:				
Land	12,685	-	-	12,685
Construction in progress	59,625	99,254	(87,898)	70,981
Buildings and improvements	6,629,217	88,103	87,898	6,805,218
Vehicles and equipment	536,793	423,153	-	959,946
Intangible assets:				
Right-of-use	79,427	(18,237)	-	61,190
Total capital assets (net)	<u>\$ 7,317,747</u>	<u>\$ 592,273</u>	<u>\$ -</u>	<u>\$ 7,910,020</u>

Depreciation and amortization expense was charged to the governmental functions as follows:

Instruction	\$ 196,104
Support Services	141,922
Enterprise and community Services	<u>21,086</u>
Total	<u>\$ 359,112</u>

**LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 4 – Long-Term Debt:

Pension Obligation Bond – Series 2021A

On August 19, 2021, the District participated in a pooled issuance of Series 2021A full faith and credit pension obligations. Certain Oregon school districts and education service districts used the proceeds of the obligations to finance all or a portion of the estimated unfunded actuarial liability or each issue with the Oregon Public Employees Retirement System (PERS). The District's portion of the issuance was \$10,750,000 bearing interest rates of 0.182% to 2.895%, payable semiannually on December 30 and June 30 of each year until maturity in 2040.

The full faith and credit of the District was pledged for the punctual payment of the principal and interest on its obligation, and debt service on the obligation is not subject to annual appropriation. The obligation is further secured by an Intercept Agreement under which an amount equal to the debt service on each issuer's obligation will be diverted from State Education Revenues. The obligations are subject to prepayment as described in the official statement. The bonds contain a provision that in an event of default, the owners of fifty-one (51%) percent or more of the principal amount of bonds then outstanding shall take whatever action at law or in equity may appear necessary or desirable to enforce or to protect any of the rights vested in the owners of the bonds.

Future maturities on the pension bonds are as follows:

Year Ending June 30,	Principal	Interest	Total	Interest Rate
2024	\$ 365,000	\$ 220,296	\$ 585,296	0.592%
2025	390,000	218,135	608,135	0.874%
2026	410,000	214,727	624,727	1.104%
2027	440,000	210,200	650,200	1.360%
2028	465,000	204,216	669,216	1.530%
2029-2033	2,810,000	889,996	3,699,996	1.707% - 2.207%
2034-2038	3,845,000	533,204	4,378,204	2.357% - 2.895%
2039-2040	1,405,000	54,571	1,459,571	2.895%
	<u>\$ 10,130,000</u>	<u>\$ 2,545,345</u>	<u>\$ 12,675,345</u>	

The changes in unmatured bond principal for the year ended June 30, 2023 are as follows:

	Outstanding July 1, 2022	Issued	Matured	Outstanding June 30, 2023	Due in One Year
<i>Pension Obligation Bond</i>					
Series 2021A	\$ 10,480,000	\$ -	\$ (350,000)	\$ 10,130,000	\$ 365,000

Interest paid and expensed on the above debt was \$221,437 for the year ended June 30, 2023. The District had no direct borrowing or direct placement debt at June 30, 2023.

LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 5 – Leases Payable:

The District is involved in various leasing arrangements for copier equipment. In accordance with GASB Statement No. 87 *Leases*, newly acquired leases during the current fiscal year were analyzed and classified as either qualified or non-qualified leases, for both lessor and lessee positions, and lease receivables and payables were recognized accordingly.

Lessee Leases Payable. The District is the lessee under one non-cancellable lease agreements related to a copier which is qualified under GASB Statement No. 87 expiring June 2027. Monthly payments for the current year range from \$1,475 to \$1,586, with interest rates from 2.42% to 3.30%. The General Fund is typically used to liquidate this liability.

During the year ended June 30, 2023, lease principal and interest payments of \$17,606 and \$1,680 were made, respectively. Future maturities of the leases payable are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 16,413	\$ 1,386	\$ 17,799
2025	16,814	957	17,771
2026	17,226	517	17,743
2027	11,713	96	11,809
	\$ 62,166	\$ 2,956	\$ 65,122

The future debt service requirements on the above debt are as follows:

	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023	Due in One Year
Leases payable	\$ 79,772	\$ -	\$ (17,606)	\$ 62,166	\$ 16,413

Note 6 – Pension and Retirement Plans:

OPERS Plan

Plan Description

Employees are provided pensions as participants under one or more plans currently available through Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit plan administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Service Code Section 401(a).

There are currently two programs within OPERS, with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are OPERS Program members, and benefits are provided based on whether a member qualifies for Tier One or Tier Two described below. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members. OPSRP is a hybrid retirement plan with two components: 1) the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan), and 2) the Individual Account Program (IAP) (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan).

LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 6 – Pension and Retirement Plans (continued):

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

The 2003 Legislature enacted House Bill 2021, codified as ORS 238A, which created the Oregon Public Service Retirement Plan (OPSRP). OPSRP consists of the Pension Program and the Individual Account Program. Membership includes public employees hired on or after August 29, 2003.

Beginning January 1, 2004, OPERS active Tier One and Tier Two members became members of the Individual Account Program (IAP) or OPSRP. OPERS members retain their existing Regular or Variable (if applicable) accounts, but member contributions are now deposited into the member's IAP account. Accounts are credited with earnings and losses net of administrative expenses.

Tier One/Tier Two (Chapter 238)

Pension Benefits - The OPERS retirement allowance is payable monthly for life. Members may select from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for Police and Fire employees, 1.67 percent for General Service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled to.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit was equal to \$210,582 as of January 1, 2022, and it is indexed with inflation every year.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for Police and Fire members). General Service employees may retire after reaching age 55. Police and Fire members are eligible after reaching age 50. Tier One General Service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and Fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The plans are 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 receives a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

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

LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 6 – Pension and Retirement Plans (continued):

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 OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for Police and Fire members) when determining the monthly benefit.

Benefit Changes After Retirement - Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account.

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

OPSRP Pension Program (Chapter 238A)

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

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

Under Senate Bill 1049, passed during 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit was equal to \$210,582 as of January 1, 2022, and is indexed with inflation every year.

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

Death Benefits - Upon the death of a nonretired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years of age.

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

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

Contributions

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

LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 6 – Pension and Retirement Plans (continued):

Member Contributions - Beginning January 1, 2004, all member contributions, except for contributions by judge members, were placed in the IAP. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary for District employees and are remitted by participating employers.

Employer Contributions - OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and OPEB plans.

Employer contributions during the period July 1, 2021 through June 30, 2023, were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. For the period July 1, 2021 through June 30, 2023, net employer contribution rates were 26.83% for Tier 1/Tier 2 employees and 23.72% for OPSRP General Employees. Employer contributions for the year ended June 30, 2023 were \$547,735, excluding amounts to fund employees specific liabilities.

Pension Plan Annual Comprehensive Financial Report (ACFR)

OPERS prepares their financial statements in accordance with GAAP as set forth in GASB pronouncements that apply to fiduciary funds and enterprise funds. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefits and withdrawals are recognized when they are currently due and payable in accordance with the terms of the plans. Investments are recognized at fair value, the amount that could be received to sell an asset or paid to transfer a liability in an orderly transaction in between market participants at the measurement date.

OPERS produces an independently audited ACFR which includes the OPEB plans and can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2022-Annual-Comprehensive-Financial-Report.pdf>

Actuarial Valuation

The employer contribution rates effective July 1, 2021, through June 30, 2023, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from the member's date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

**LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 6 – Pension and Retirement Plans (continued):

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation date	December 31, 2020
Measurement date	June 30, 2022
Experience study	2020, published July 20, 2021
Actuarial assumptions:	
Actuarial cost method	Entry age normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i> Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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

Discount Rate

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

LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 6 – Pension and Retirement Plans (continued):

Assumed Asset Allocation

Asset Class	Target Allocation
Cash	0.00%
Debt securities	20.00%
Public equity	30.00%
Private equity	20.00%
Real estate	12.50%
Real assets	7.50%
Diversifying strategies	7.50%
Risk parity	2.50%
Total	100.00%

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June, 2021 the OPERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at the time based on the OIC long-term target asset allocation. The OIC’s description of each asset was used to map the target allocation to the asset classes shown below:

Asset Class	Target Allocation	20-Year Annualized Geometric Mean
Global equity	30.62 %	5.85 %
Private equity	25.50 %	7.71 %
Core fixed income	23.75 %	2.73 %
Real estate	12.25 %	5.66 %
Master limited partnerships	0.75 %	5.71 %
Infrastructure	1.50 %	6.26 %
Commodities	0.63 %	3.10 %
Hedge fund of funds - multistrategy	1.25 %	5.11 %
Hedge fund equity - hedge	0.63 %	5.31 %
Hedge fund - macro	5.62 %	5.06 %
US cash	-2.50 %	1.76 %
Total	100.00 %	

Assumed inflation - mean 2.40 %

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

**LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 6 – Pension and Retirement Plans (continued):

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

At June 30, 2023, the District reported \$3,427,508 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022 (measurement date), the District's proportion was approximately 0.02238445 percent.

For the year ended June 30, 2023, the District recognized an increase in pension expense of \$1,743,628. The \$1,743,628 was treated as an increase of payroll related expense in the Statement of Activities and allocated to Instruction, Support Services and Community Services using allocation percentages of 67%, 30%, and 3%, respectively.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 166,378	\$ 21,375
Changes of assumptions	537,795	4,913
Net difference between projected and actual earnings on investments	-	612,772
Changes in proportionate share	257,490	4,310,445
Differences between employer contributions and employer's proportionate share of system contributions	8,933,869	-
Contributions subsequent to measurement date	547,735	-
Total	\$ 10,443,267	\$ 4,949,505

\$547,735 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease to the net pension liability in the year ended June 30, 2024.

Side accounts are invested by the Oregon State Treasury in the Oregon Public Employees Retirement Fund (OPERS). Earnings or losses are applied to the account at the end of each year. This account is attributed solely to the employer making the payment and is held separate from other employer reserves.

**LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 6 – Pension and Retirement Plans (continued):

Other amounts reported as deferred outflows of resources and deferred inflows of resources (prior to post-measurement date contributions) related to pensions will be recognized in pension expense or expense reduction as follows:

Year Ended June 30,	Deferred Outflow/(Inflow) of Resources
2024	\$ 1,120,830
2025	1,034,749
2026	905,493
2027	1,373,775
2028	511,180
Total	<u>\$ 4,946,027</u>

Sensitivity for the District’s Proportionate Share of the Net Pension Liability to Changes in Discount Rate

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Defined Benefit Pension Plan Liability/(Asset)	\$ 6,078,390	\$ 3,427,508	\$ 1,208,843

Changes in Assumptions and Methods

A summary of key changes implemented since the December 31, 2020 valuation are noted below. Additional detail and list of changes can be found in the 2020 Experience Study for the System, which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/Actuarial/2022/Actuarial-Valuation-Results.pdf>

Assumption Changes

- There were no changes to actuarial assumptions since the December 31, 2020 actuarial valuation.

Actuarial Methods

- There were no changes to actuarial methods since the December 31, 2020 actuarial valuation.

Plan Changes

- There were no changes to plan provisions valued since the December 31, 2020 actuarial valuation. The provisions of Senate Bill 111 and House Bill 2906, both enacted in June 2021, were reflected in the December 31, 2020 actuarial valuation

**LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 6 – Pension and Retirement Plans (continued):

Defined Contribution Plan – Individual Account Program (IAP)

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 was established. If the employer makes optional employer contributions for a member, the contributions are deposited into a separate employer account. 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. The accounts fall under Internal Revenue Code Section 401(a).

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5, 10, 15, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

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

Contributions – Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member's gross pay in a month exceeds the monthly salary threshold, tied to the annual Consumer Price Index, 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to help fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

During 2023, the District, as an employee benefit, paid the employee portion of the contribution. Employer contributions for the year ended June 30, 2023 were \$364,461, of which \$302,881 was deposited into the individual members' accounts.

Note 7 – Other-postemployment Benefits (OPEB):

Retirement Health Insurance Account (RHIA)

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other post-employment benefit plan administered by OPERS. ORS 238.420 established the RHIA and authorizes a payment of up to \$60 from RHIA toward the monthly cost of health insurance for eligible OPERS members. The plan was closed to new entrants hired on or after August 29, 2003.

LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 7 – Other-postemployment Benefits (OPEB) (continued):

Funding Policy

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

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

Contributions

Employer Contributions – OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and OPEB Plans. The contribution rates in effect for the fiscal year ended June 30, 2023 for the OPEB program were: Tier1/Tier 2 – 0.05%, and OPSRP general service – 0.00%. The District contributed \$842 for the year ended June 30, 2023.

Actuarial Valuation

The actuarial valuation used for RHIA is identical to the actuarial valuation details related to the OPERS Plan disclosed in *Note 6 Pension and Retirement Plans* except the table listed below:

Actuarial assumptions:

Retiree healthcare participation	Healthy retirees: 27.5%; Disabled retirees: 15%
Healthcare cost trend rate	Not applicable
Cost-of-living adjustments (COLA)	Not applicable

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

At June 30, 2023, the District reported \$133,926 for its proportionate share of the net OPEB asset. The net RHIA OPEB asset was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020. The District's proportion of the net RHIA OPEB asset was based on a projection of the District's long-term share of contributions to the RHIA OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022 (measurement date), the District's proportion was approximately 0.03769008 percent.

**LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 7 – Other-postemployment Benefits (OPEB) (continued):

For the year ended June 30, 2023, the District recognized a reduction of OPEB expense of \$12,474. The \$12,474 was treated as a reduction of payroll related expense in the Statement of Activities and allocated to Instruction, Support Services, and Community Services using allocation percentages of 67%, 30% and 3%, respectively.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 3,629
Changes of assumptions	1,049	4,464
Net difference between projected and actual earning on investments	-	10,214
Changes in proportionate share	15,622	-
Differences between employer contributions and employers proportionate share of system contributions	-	-
Contributions subsequent to measurement date	842	-
Total	\$ 17,513	\$ 18,307

\$842 reported as deferred outflows of resources related to RHIA OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase to the net OPEB asset in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources (prior to post-measurement date contributions) related to RHIA OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflow/(Inflow) of Resources
2024	\$ 7,280
2025	(5,742)
2026	(6,445)
2027	3,271
2028	-
Thereafter	-
Total	\$ (1,636)

**LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 7 – Other-postemployment Benefits (OPEB) (continued):

Sensitivity for the District’s Proportionate Share of the Net RHIA OPEB Asset to Changes in Discount Rate.

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Defined Benefit OPEB Liability/(Asset)	\$ (120,705)	\$ (133,926)	\$ (145,260)

The RHIA OPEB is unaffected by healthcare cost trends due to the benefit being limited to \$60 monthly payments toward Medicare companion insurance premiums.

Changes in Assumptions

The changes in assumptions used for RHIA are identical to the changes in assumptions related to the OPERS plan disclosed in *Note 6 Pension and Retirement Plans*.

Single-Employer Defined Benefit Health Care Plan

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

Funding Policy. When the District has retirees participating in their health insurance plan, it will, when applicable, collect insurance premiums from all retirees each month and deposit them. The District will then pay healthcare insurance premiums for all retirees at the applicable rate for each family classification.

The District did not obtain an actuarial valuation for the year ended June 30, 2023 for the single-employer plan.

**LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 8: Interfund Receivables, Payables, and Transfers:

The interfund balances between the General Fund and Special Revenue Fund represent payments made by the general fund on behalf of the special revenue funds in relation to grant programs. All balances are expected to be repaid within one year.

Interfund balances at June 30, 2023 consisted of the following individual fund receivables and payables:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 652,318	\$ -
Special Revenue Fund	-	(652,318)
	\$ 652,318	\$ (652,318)

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

	Transfers In	Transfers Out
General Fund	\$ -	\$ (476,868)
Special Revenue Fund	476,868	-
Total Transfers	\$ 476,868	\$ (476,868)

Interfund transfers made from the General Fund to the Special Revenue Fund were to support various District program funding and initiatives including food service, student wellness and athletics.

Note 9: Contingent Liabilities:

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

Note 10: Risk Management:

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

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

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



**| REQUIRED SUPPLEMENTARY
INFORMATION**

**LAKE COUNTY SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Adopted</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES:				
Local sources				
Property taxes	\$ 3,086,000	\$ 2,472,500	\$ 2,487,029	\$ 14,529
Charges for services	190,000	190,000	167,948	(22,052)
Interest on investments	15,000	15,000	64,436	49,436
Miscellaneous	328,250	346,400	116,964	(229,436)
Intermediate sources				
Intergovernmental	308,750	315,250	358,967	43,717
State sources				
Basic school support	6,457,384	6,487,362	7,053,243	565,881
Intergovernmental	82,000	82,000	178,623	96,623
Federal sources				
Intergovernmental	451,010	426,207	426,161	(46)
TOTAL REVENUES	<u>10,918,394</u>	<u>10,334,719</u>	<u>10,853,371</u>	<u>518,652</u>
EXPENDITURES:				
Current				
Instruction	6,438,256	5,500,784	6,006,252	(505,468)
Support services	4,531,811	4,973,631	5,114,763	(141,132)
Debt service	100	-	-	-
Contingency	180,873	-	-	-
TOTAL EXPENDITURES	<u>11,151,040</u>	<u>10,474,415</u>	<u>11,121,015</u>	<u>(646,600)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(232,646)</u>	<u>(139,696)</u>	<u>(267,644)</u>	<u>(127,948)</u>
OTHER FINANCING SOURCES (USES):				
Lease issuance	-	83,441	-	(83,441)
Transfers in	-	7,500	-	(7,500)
Transfers out	(716,936)	(758,751)	(482,868)	275,883
TOTAL OTHER FINANCING SOURCES (USES)	<u>(716,936)</u>	<u>(667,810)</u>	<u>(482,868)</u>	<u>184,942</u>
NET CHANGE IN FUND BALANCE	(949,582)	(807,506)	(750,512)	56,994
FUND BALANCE, JULY 1, 2022, as restated	<u>1,449,582</u>	<u>960,601</u>	<u>1,414,383</u>	<u>453,782</u>
FUND BALANCE, JUNE 30, 2023	<u>\$ 500,000</u>	<u>\$ 153,095</u>	<u>\$ 663,871</u>	<u>\$ 510,776</u>

**LAKE COUNTY SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with
	Adopted	Final		Final Budget Positive (Negative)
REVENUES:				
Local sources				
Local grant	\$ 1,000	\$ 1,000	\$ 11,875	\$ 10,875
Charges for services	57,910	57,910	145,648	87,738
Donations	9,500	153,878	277,335	123,457
Interest on investments	250	250	3,681	3,431
Miscellaneous	21,000	21,000	72,574	51,574
Intermediate sources				
Intergovernmental	327,632	384,180	229,286	(154,894)
State sources				
Intergovernmental	1,298,644	1,562,835	1,654,397	91,562
Federal sources				
Intergovernmental	1,474,054	1,787,690	1,451,764	(335,926)
TOTAL REVENUES	<u>3,189,990</u>	<u>3,968,743</u>	<u>3,846,560</u>	<u>(122,183)</u>
EXPENDITURES:				
Current				
Instruction	2,300,826	2,459,649	2,448,356	11,293
Support services	390,236	914,208	870,170	44,038
Enterprise and community services	1,082,205	930,993	900,837	30,156
Contingency	33,371	381,528	-	381,528
TOTAL EXPENDITURES	<u>3,806,638</u>	<u>4,686,378</u>	<u>4,219,363</u>	<u>467,015</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(616,648)</u>	<u>(717,635)</u>	<u>(372,803)</u>	<u>344,832</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	645,926	922,297	476,868	(445,429)
Transfers out	(299,790)	(194,704)	-	194,704
TOTAL OTHER FINANCING SOURCES (USES)	<u>346,136</u>	<u>727,593</u>	<u>476,868</u>	<u>(250,725)</u>
NET CHANGE IN FUND BALANCE	(270,512)	9,958	104,065	94,107
FUND BALANCE, JULY 1, 2022,	<u>270,512</u>	<u>(9,958)</u>	<u>346,494</u>	<u>356,452</u>
FUND BALANCE, JUNE 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 450,559</u>	<u>\$ 450,559</u>

**LAKE COUNTY SCHOOL DISTRICT NO. 7
SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
AND DISTRICT SCHEDULE OF CONTRIBUTIONS (OPERS)
LAST 10 FISCAL YEARS ENDING JUNE 30**

Lake County School District No. 7 Proportionate Share of Net Pension Asset/(Liability) at the measurement date

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District proportion of the net pension asset/(liability)	0.02238445%	0.05148312%	0.04910086%	0.05378128%	0.05432622%
District's proportion of the net pension asset/(liability)	\$ (3,427,508)	\$ (6,160,717)	\$ (10,715,497)	\$ (9,302,873)	\$ (8,229,707)
District's covered-employee payroll	\$ 4,625,690	\$ 4,424,532	\$ 4,768,927	\$ 4,359,750	\$ 4,071,306
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	74.10%	139.24%	224.69%	213.38%	202.14%
Plan fiduciary net position as a percentage of the total pension liability	84.50%	87.60%	75.79%	80.23%	81.81%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District proportion of the net pension asset/(liability)	0.05830995%	0.05148312%	0.04910086%	0.07106267%	0.07215241%
District's proportion of the net pension asset/(liability)	\$ (7,860,203)	\$ (9,591,595)	\$ (4,142,603)	\$ 1,610,788	\$ (673,613)
District's covered-employee payroll	\$ 4,053,272	\$ 3,884,293	\$ 3,665,842	\$ 3,397,895	\$ 3,397,895
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	193.92%	246.93%	113.01%	47.41%	19.82%
Plan fiduciary net position as a percentage of the total pension liability	83.12%	80.53%	91.88%	103.59%	91.97%

Lake County School District No. 7 Contributions

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contributions	\$ 1,571,168	\$ 1,465,635	\$ 1,587,521	\$ 1,307,172	\$ 1,306,802
Contribution in relation to the contractually required	<u>(1,571,168)</u>	<u>(1,465,635)</u>	<u>(1,587,521)</u>	<u>(1,307,172)</u>	<u>(1,306,802)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	\$ 4,967,629	\$ 4,625,690	\$ 4,424,532	\$ 4,768,927	\$ 4,359,750
Contributions as a percentage of covered-employee payroll	31.63%	31.68%	35.88%	27.41%	29.97%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 963,266	\$ 785,133	\$ 799,772	\$ 733,439	\$ 764,158
Contribution in relation to the contractually required	<u>(963,266)</u>	<u>(785,133)</u>	<u>(799,772)</u>	<u>(733,439)</u>	<u>(764,158)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	\$ 4,071,306	\$ 4,053,272	\$ 3,884,293	\$ 3,665,842	\$ 3,397,895
Contributions as a percentage of covered-employee payroll	23.66%	19.37%	20.59%	20.01%	22.49%

See Note 6 in the footnotes for changes in assumptions and methods

**LAKE COUNTY SCHOOL DISTRICT NO. 7
SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE NET OPEB ASSET/(LIABILITY)
AND DISTRICT SCHEDULE OF CONTRIBUTIONS (RHIA)
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)**

Lake County School District No. 7 Proportionate Share of Net OPEB - RHIA Asset/(Liability) at the measurement date

	<u>2023</u>	<u>2022</u>	<u>2021</u>
District proportion of the net OPEB asset/(liability)	0.03769008%	0.03862749%	0.06673901%
District's proportion of the net OPEB asset/(liability)	\$ 133,926	\$ 132,647	\$ 135,988
District's covered-employee payroll	\$ 4,625,690	\$ 4,424,532	\$ 4,768,927
District's proportionate share of the net OPEB asset/(liability) as a percentage of its covered-employee payroll	2.90%	3.00%	2.85%
Plan fiduciary net position as a percentage of the total OPEB liability	194.60%	183.90%	150.10%
	<u>2020</u>	<u>2019</u>	<u>2018</u>
District proportion of the net OPEB asset/(liability)	0.04019851%	0.04043730%	0.03973812%
District's proportion of the net OPEB asset/(liability)	\$ 77,378	\$ 45,139	\$ 16,584
District's covered-employee payroll	\$ 4,359,750	\$ 4,071,306	\$ 4,071,306
District's proportionate share of the net OPEB asset/(liability) as a percentage of its covered-employee payroll	1.77%	1.11%	0.41%
Plan fiduciary net position as a percentage of the total OPEB liability	144.37%	123.99%	108.88%

Lake County School District No. 7 Contributions

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contributions	\$ 842	\$ 929	\$ 1,034
Contribution in relation to the contractually required	(842)	(929)	(1,034)
Contributions deficiency (excess)	\$ -	\$ -	\$ -
District's covered - employee payroll	\$ 4,967,629	\$ 4,625,690	\$ 4,424,532
Contributions as a percentage of covered-employee payroll	0.02%	0.02%	0.02%
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 4,765	\$ 19,923	\$ 19,580
Contribution in relation to the contractually required	(4,765)	(19,923)	(19,010)
Contributions deficiency (excess)	\$ -	\$ -	\$ -
District's covered - employee payroll	\$ 4,768,927	\$ 4,359,750	\$ 4,071,306
Contributions as a percentage of covered-employee payroll	0.10%	0.46%	0.48%

See Note 7 in the footnotes for changes in assumptions and methods

Other Information:

This schedule is presented to illustrate required supplementary information for a 10-year period. The District adopted GASB 75 during fiscal 2018, as a result, only six years of information is presented.



| SUPPLEMENTARY INFORMATION

**LAKE COUNTY SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local sources				
Pension obligation bonds (internal fee)	\$ 850,000	\$ 972,200	\$ 1,022,365	\$ 50,165
Interest on investments	-	-	4,700	4,700
Intermediate sources				
Intergovernmental	872,336	944,383	-	(944,383)
State sources				
Basic School Support	571,388	519,100	-	(519,100)
TOTAL REVENUES	<u>2,293,724</u>	<u>2,435,683</u>	<u>1,027,065</u>	<u>(1,408,618)</u>
EXPENDITURES:				
Debt service	571,388	792,776	571,437	221,339
Contingency	1,722,336	1,642,907	-	1,642,907
TOTAL EXPENDITURES	<u>2,293,724</u>	<u>2,435,683</u>	<u>571,437</u>	<u>1,864,246</u>
NET CHANGE IN FUND BALANCE	-	-	455,628	455,628
FUND BALANCE, JULY 1, 2022, as restated	-	-	487,433	487,433
FUND BALANCE, JUNE 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 943,061</u>	<u>\$ 943,061</u>

**LAKE COUNTY SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES:				
Local sources				
Charges for services	\$ 8,000	\$ 8,100	\$ 11,150	\$ 3,050
Miscellaneous	22,000	22,000	-	(22,000)
State sources				
Intergovernmental	45,210	60,484	19,575	(40,909)
Federal sources				
Intergovernmental	50,000	50,000	-	(50,000)
TOTAL REVENUES	<u>125,210</u>	<u>140,584</u>	<u>30,725</u>	<u>(109,859)</u>
EXPENDITURES:				
Current				
Support services	455,150	356,187	35,793	320,394
Facilities acquisition and construction	148,630	138,088	6,430	131,658
TOTAL EXPENDITURES	<u>603,780</u>	<u>494,275</u>	<u>42,223</u>	<u>452,052</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(478,570)</u>	<u>(353,691)</u>	<u>(11,498)</u>	<u>342,193</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	355,323	195,408	-	(195,408)
Transfers out	-	(7,500)	-	7,500
TOTAL OTHER FINANCING SOURCES (USES)	<u>355,323</u>	<u>187,908</u>	<u>-</u>	<u>(187,908)</u>
NET CHANGE IN FUND BALANCE	<u>(123,247)</u>	<u>(165,783)</u>	<u>(11,498)</u>	<u>154,285</u>
FUND BALANCE, JULY 1, 2022	<u>123,247</u>	<u>165,783</u>	<u>165,782</u>	<u>(1)</u>
FUND BALANCE, JUNE 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,284</u>	<u>\$ 154,284</u>

**LAKE COUNTY SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local sources				
Miscellaneous	\$ 53,150	\$ 35,000	\$ 34,540	\$ (460)
TOTAL REVENUES	<u>53,150</u>	<u>35,000</u>	<u>34,540</u>	<u>(460)</u>
EXPENDITURES:				
Current				
Support services	97,177	72,719	40,143	32,576
TOTAL EXPENDITURES	<u>97,177</u>	<u>72,719</u>	<u>40,143</u>	<u>32,576</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(44,027)</u>	<u>(37,719)</u>	<u>(5,603)</u>	<u>32,116</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	15,477	6,000	6,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>15,477</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(28,550)	(31,719)	397	32,116
FUND BALANCE, JULY 1, 2022, as restated	<u>28,550</u>	<u>31,719</u>	<u>31,719</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,116</u>	<u>\$ 32,116</u>

**LAKE COUNTY SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES:				
Local sources				
Donations	\$ -	\$ 1,376	\$ 1,376	\$ -
TOTAL REVENUES	<u>-</u>	<u>1,376</u>	<u>1,376</u>	<u>-</u>
EXPENDITURES:				
Current				
Instruction	\$ 48,512	\$ 47,388	\$ 6,658	\$ 40,730
Support services	-	2,500	2,250	250
Facilities acquisition and construction	6,806	6,806	-	6,806
TOTAL EXPENDITURES	<u>55,318</u>	<u>56,694</u>	<u>8,908</u>	<u>47,786</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(55,318)</u>	<u>(55,318)</u>	<u>(7,532)</u>	<u>47,786</u>
NET CHANGE IN FUND BALANCE	(55,318)	(55,318)	(7,532)	47,786
FUND BALANCE, JULY 1, 2022	<u>55,318</u>	<u>55,318</u>	<u>55,318</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,786</u>	<u>\$ 47,786</u>

**LAKE COUNTY SCHOOL DISTRICT NO. 7
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – BUDGETARY BASIS
 GENERAL FUND AND PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2023**

	General Fund	Proprietary Fund	Total
REVENUES			
Property taxes	\$ 2,487,029	\$ -	\$ 2,487,029
Basic school support	7,053,243	-	7,053,243
Intergovernmental	963,751	-	963,751
Charges for services	167,948	-	167,948
Interest on investments	64,436	-	64,436
Miscellaneous	116,964	34,540	151,504
TOTAL REVENUES	10,853,371	34,540	10,887,911
EXPENDITURES			
Current			
Instruction	6,006,252	-	6,006,252
Support services	5,114,763	40,143	5,154,906
TOTAL EXPENDITURES	11,121,015	40,143	11,161,158
Excess (Deficiency) of Revenues Over Expenditures	(267,644)	(5,603)	(273,247)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	6,000	6,000
Transfers out	(482,868)	-	(482,868)
TOTAL OTHER FINANCING SOURCES	(482,868)	6,000	(476,868)
NET CHANGE IN FUND BALANCE	(750,512)	397	(750,115)
FUND BALANCE, July 1, 2022, as restated	1,414,383	31,719	1,446,102
FUND BALANCE, June 30, 2023	\$ 663,871	\$ 32,116	\$ 695,987



| OTHER FINANCIAL SCHEDULES

LAKE COUNTY SCHOOL DISTRICT NO. 7
2022-23 DISTRICT AUDIT REVENUE SUMMARY
Year Ended June 30, 2023

Revenue from Local Sources								
	Totals	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
1110 Ad Valorem Taxes Levied by District	2,472,395	2,472,395	-	-	-	-	-	-
1120 Local Option Ad Valorem Taxes Levied by District	-	-	-	-	-	-	-	-
1130 Construction Excise Tax	-	-	-	-	-	-	-	-
1190 Penalties and Interest on Taxes	14,634	14,634	-	-	-	-	-	-
1200 Revenue from Local Governmental Units Other Than Districts	11,875	-	11,875	-	-	-	-	-
1311 Regular Day School Tuition - From Individuals	-	-	-	-	-	-	-	-
1312 Regular Day School Tuition - Other Dist Within State	64,835	64,835	-	-	-	-	-	-
1313 Regular Day School Tuition - Other Districts Outside	95,178	95,178	-	-	-	-	-	-
1320 Adult/Continuing Education Tuition	-	-	-	-	-	-	-	-
1330 Summer School Tuition	-	-	-	-	-	-	-	-
1411 Transportation Fees - From Individuals	-	-	-	-	-	-	-	-
1412 Transportation Fees - Other Dist Within State	-	-	-	-	-	-	-	-
1413 Transportation Fees - Other Districts Outside	-	-	-	-	-	-	-	-
1420 Summer School Transportation Fees	-	-	-	-	-	-	-	-
1500 Earnings on Investments	72,817	64,436	3,681	4,700	-	-	-	-
1600 Food Service	50,770	-	50,770	-	-	-	-	-
1610 Daily Sales - Reimbursable Programs	-	-	-	-	-	-	-	-
1630 Special Functions	-	-	-	-	-	-	-	-
1700 Extracurricular Activities	367,228	7,935	359,293	-	-	-	-	-
1800 Community Services Activities	-	-	-	-	-	-	-	-
1910 Rentals	22,363	-	11,213	-	11,150	-	-	-
1920 Contributions and Donations From Private Sources	2,823	-	1,447	-	-	-	-	1,376
1930 Rental or Lease Payments From Private Contractors	-	-	-	-	-	-	-	-
1940 Services Provided Other Local Education Agencies	-	-	-	-	-	-	-	-
1950 Textbook Sales and Rentals	-	-	-	-	-	-	-	-
1960 Recovery of Prior Years' Expenditure	3,564	3,564	-	-	-	-	-	-
1970 Services Provided Other Funds	1,022,625	-	260	1,022,365	-	-	-	-
1980 Fees Charged to Grants	-	-	-	-	-	-	-	-
1990 Miscellaneous	220,514	113,400	72,574	-	-	-	34,540	-
Total Revenue from Local Sources	4,421,621	2,836,377	511,113	1,027,065	11,150	-	34,540	1,376
Revenue from Intermediate Sources								
	Total	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
2101 County School Funds	-	-	-	-	-	-	-	-
2102 General ESD Revenue	358,967	358,967	-	-	-	-	-	-
2103 Excess ESD Local Revenue	-	-	-	-	-	-	-	-
2105 Natural Gas, Oil, and Mineral Receipts	-	-	-	-	-	-	-	-
2110 Intermediate "I" Tax	-	-	-	-	-	-	-	-
2199 Other Intermediate Sources	-	-	-	-	-	-	-	-
2200 Restricted Revenue	229,286	-	229,286	-	-	-	-	-
2800 Revenue in Lieu of Taxes	-	-	-	-	-	-	-	-
2900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-	-
Total Revenue from Intermediate Sources	588,253	358,967	229,286	-	-	-	-	-
Revenue from State Sources								
	Total	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
3101 State School Fund - General Support	7,053,243	7,053,243	-	-	-	-	-	-
3102 State School Fund - School Lunch Match	-	-	-	-	-	-	-	-
3103 Common School Fund	90,396	90,396	-	-	-	-	-	-
3104 State Managed County Timber	-	-	-	-	-	-	-	-
3106 State School Fund - Accrual	-	-	-	-	-	-	-	-
3199 Other Unrestricted Grants-in-Aid	52,020	52,020	-	-	-	-	-	-
3204 Driver Education	-	-	-	-	-	-	-	-
3222 State School Fund (SSF) Transportation Equipment	-	-	-	-	-	-	-	-
3299 Other Restricted Grants-in-Aid	1,710,179	36,207	1,654,397	-	19,575	-	-	-
3800 Revenue in Lieu of Taxes	-	-	-	-	-	-	-	-
3900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-	-
Total Revenue from State Sources	8,905,838	7,231,866	1,654,397	-	19,575	-	-	-
Revenue from Federal Sources								
	Total	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
4100 Unrestricted Revenue Direct From the Federal Government	-	-	-	-	-	-	-	-
4200 Unrestricted Revenue From the Federal Government Through the State	-	-	-	-	-	-	-	-
4201 Transportation Fees for Foster Children	-	-	-	-	-	-	-	-
4202 Medicaid Reimbursement for Eligible K-12 Expenses (Ages 5-21)	-	-	-	-	-	-	-	-
4300 Restricted Revenue From the Federal Government	-	-	-	-	-	-	-	-
4500 Restricted Revenue From the Federal Government Through the State	1,496,961	45,197	1,451,764	-	-	-	-	-
4501 Medicaid Reimbursement for Eligible Early Intervention (EI) Services (Ages Birth to 3)	-	-	-	-	-	-	-	-
4502 Medicaid Reimbursement for Eligible Early Childhood Special Education (ECSE) Services (Ages 3-5)	-	-	-	-	-	-	-	-
4700 Grants-in-Aid From the Federal Government Through Other Intermediate Agencies	-	-	-	-	-	-	-	-
4801 Federal Forest Fees	380,964	380,964	-	-	-	-	-	-
4802 Impact Aid to School Districts for Operation (PL 874)	-	-	-	-	-	-	-	-
4803 Coos Bay Wagon Road Funds	-	-	-	-	-	-	-	-
4899 Other Revenue in Lieu of Taxes	-	-	-	-	-	-	-	-
4900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-	-
Total Revenue from Federal Sources	1,877,925	426,161	1,451,764	-	-	-	-	-
Revenue from Other Sources								
	Total	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
5100 Long Term Debt Financing Sources	-	-	-	-	-	-	-	-
5200 Interfund Transfers	482,868	-	476,868	-	-	-	6,000	-
5300 Sale of or Compensation for Loss of Fixed Assets	-	-	-	-	-	-	-	-
5400 Resources - Beginning Fund Balance	2,501,129	1,414,383	346,494	487,433	165,782	-	31,719	55,318
Total Revenue from Other Sources	2,983,997	1,414,383	823,362	487,433	165,782	-	37,719	55,318
Grand Total	18,777,633	12,267,754	4,669,922	1,514,498	196,507	-	72,259	56,694

LAKE COUNTY SCHOOL DISTRICT NO. 7
2022-23 DISTRICT AUDIT EXPENDITURE SUMMARY
Year Ended June 30, 2023

Fund: 100 General Fund

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1100	Regular Programs	-	-	-	-	-	-	-	-
1111	Elementary, K-5 or K-6	2,318,460	1,172,842	957,180	18,295	169,904	-	239	-
1113	Elementary Extracurricular	-	-	-	-	-	-	-	-
1121	Middle/Junior High Programs	558,990	299,769	218,625	4,882	26,155	-	9,559	-
1122	Middle/Junior High School Extracurricular	41,377	26,199	8,961	5,123	890	-	204	-
1131	High School Programs	1,633,696	855,743	685,006	7,106	84,367	103	1,370	-
1132	High School Extracurricular	313,260	133,779	36,996	84,758	46,061	-	11,666	-
1140	Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210	Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220	Restrictive Programs for Students with Disabilities	268,276	84,669	96,490	78,896	8,071	-	150	-
1226	Home Instruction	-	-	-	-	-	-	-	-
1250	Less Restrictive Programs for Students with Disabilities	557,499	264,841	288,467	609	3,583	-	-	-
1260	Treatment and Habilitation	-	-	-	-	-	-	-	-
1271	Remediation	-	-	-	-	-	-	-	-
1272	Title I	-	-	-	-	-	-	-	-
1280	Alternative Education	7,815	1,058	1,260	5,496	-	-	-	-
1288	Charter Schools	-	-	-	-	-	-	-	-
1291	English Second Language Programs	306,878	157,671	146,857	530	1,821	-	-	-
1292	Teen Parent Program	-	-	-	-	-	-	-	-
1293	Migrant Education	-	-	-	-	-	-	-	-
1294	Youth Corrections Education	-	-	-	-	-	-	-	-
1299	Other Programs	-	-	-	-	-	-	-	-
1300	Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400	Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures		6,006,252	2,996,571	2,439,843	205,695	340,852	103	23,187	-

Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	-	-	-	-	-	-	-	-
2120	Guidance Services	139,008	75,032	57,570	1,027	5,061	-	317	-
2130	Health Services	-	-	-	-	-	-	-	-
2140	Psychological Services	-	-	-	-	-	-	-	-
2150	Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160	Other Student Treatment Services	-	-	-	-	-	-	-	-
2190	Service Direction, Student Support Services	160,321	96,200	60,883	2,538	55	-	645	-
2210	Improvement of Instruction Services	29,062	-	-	29,062	-	-	-	-
2220	Educational Media Services	76,381	23,692	37,034	15,654	-	-	-	-
2230	Assessment & Testing	124,259	67,828	55,565	252	445	-	170	-
2240	Instructional Staff Development	3,999	-	-	3,999	-	-	-	-
2310	Board of Education Services	35,911	-	-	26,098	3,245	-	6,568	-
2320	Executive Administration Services	402,581	226,697	145,997	12,277	10,926	-	6,685	-
2410	Office of the Principal Services	1,038,501	583,925	431,576	8,979	10,784	-	3,236	-
2490	Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510	Direction of Business Support Services	489,120	101,938	56,821	170,161	11,542	-	148,658	-
2520	Fiscal Services	120,316	42,563	77,753	-	-	-	-	-
2540	Operation and Maintenance of Plant Services	1,447,506	530,500	401,130	403,747	111,324	-	805	-
2542	Care & Upkeep of Building Services	-	-	-	-	-	-	-	-
2543	Care & Upkeep of Grounds Services	-	-	-	-	-	-	-	-
2545	Vehicle Purc./ Maint. Not Bus	-	-	-	-	-	-	-	-
2546	Security Services	-	-	-	-	-	-	-	-
2549	Other Operations & Maint of Plant Services	-	-	-	-	-	-	-	-
2550	Student Transportation Services	651,396	224,539	232,745	81,004	91,877	-	21,231	-
2570	Internal Services	70,528	-	-	57,231	13,297	-	-	-
2610	Direction of Central Support Services	-	-	-	-	-	-	-	-
2620	Planning, Research, Development, Evaluation Services, Grant	-	-	-	-	-	-	-	-
2630	Information Services	-	-	-	-	-	-	-	-
2640	Staff Services	8,440	-	-	3,565	4,875	-	-	-
2660	Technology Services	317,435	95,345	63,688	52,072	105,880	-	450	-
2670	Records Management Services	-	-	-	-	-	-	-	-
2680	Interpretation and Translation Services	-	-	-	-	-	-	-	-
2690	Other Support Services - Central	-	-	-	-	-	-	-	-
2700	Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures		5,114,763	2,068,261	1,620,763	867,664	369,311	-	188,765	-

Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	-	-	-	-	-	-	-	-
3200	Other Enterprise Services	-	-	-	-	-	-	-	-
3300	Community Services	-	-	-	-	-	-	-	-
3500	Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures		-	-	-	-	-	-	-	-

Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	-	-	-	-	-	-	-	-
4120	Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150	Building Acquisition, Construction, and Improvement Service	-	-	-	-	-	-	-	-
4180	Other Capital Items	-	-	-	-	-	-	-	-
4190	Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures		-	-	-	-	-	-	-	-

Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	-	-	-	-	-	-	-	-
5200	Transfers of Funds	482,868	-	-	-	-	-	-	482,868
5300	Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400	PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures		482,868	-	-	-	-	-	-	482,868

Grand Total	11,603,883	5,064,832	4,060,606	1,073,359	710,163	103	211,952	482,868	-
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LAKE COUNTY SCHOOL DISTRICT NO. 7
2022-23 DISTRICT AUDIT EXPENDITURE SUMMARY
Year Ended June 30, 2023

Fund: 200 Special Revenue Funds

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1100	Regular Programs	-	-	-	-	-	-	-	-
1111	Elementary, K-5 or K-6	528,640	310,816	217,308	516	-	-	-	-
1113	Elementary Extracurricular	-	-	-	-	-	-	-	-
1121	Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122	Middle/Junior High School Extracurricular	41,713	26,199	8,940	5,480	890	-	204	-
1131	High School Programs	558,736	65,423	37,885	105,480	91,642	258,305	-	-
1132	High School Extracurricular	530,601	133,779	36,563	91,460	255,612	-	13,187	-
1140	Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210	Programs for the Talented and Gifted	14,599	326	127	4,528	9,618	-	-	-
1220	Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1250	Less Restrictive Programs for Students with Disabilities	198,835	99,228	92,588	7,018	-	-	-	-
1260	Treatment and Habilitation	-	-	-	-	-	-	-	-
1271	Remediation	-	-	-	-	-	-	-	-
1272	Title I	245,947	111,643	114,163	3,049	17,091	-	-	-
1280	Alternative Education	325,832	200,185	96,638	1,045	27,965	-	-	-
1288	Charter Schools	-	-	-	-	-	-	-	-
1291	English Second Language Programs	3,454	312	117	227	2,798	-	-	-
1292	Teen Parent Program	-	-	-	-	-	-	-	-
1293	Migrant Education	-	-	-	-	-	-	-	-
1294	Youth Corrections Education	-	-	-	-	-	-	-	-
1299	Other Programs	-	-	-	-	-	-	-	-
1300	Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400	Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures		2,448,356	947,911	604,330	218,803	405,616	258,305	13,391	-
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	154,478	89,507	61,565	893	608	-	1,904	-
2120	Guidance Services	-	-	-	-	-	-	-	-
2130	Health Services	-	-	-	-	-	-	-	-
2140	Psychological Services	-	-	-	-	-	-	-	-
2150	Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160	Other Student Treatment Services	-	-	-	-	-	-	-	-
2190	Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210	Improvement of Instruction Services	31,769	-	21,891	9,878	-	-	-	-
2220	Educational Media Services	-	-	-	-	-	-	-	-
2230	Assessment & Testing	-	-	-	-	-	-	-	-
2240	Instructional Staff Development	-	-	-	-	-	-	-	-
2310	Board of Education Services	1,305	950	355	-	-	-	-	-
2320	Executive Administration Services	-	-	-	-	-	-	-	-
2410	Office of the Principal Services	-	-	-	-	-	-	-	-
2490	Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510	Direction of Business Support Services	-	-	-	-	-	-	-	-
2520	Fiscal Services	943	700	243	-	-	-	-	-
2540	Operation and Maintenance of Plant Services	249,991	1,400	537	-	-	248,054	-	-
2542	Care & Upkeep of Building Services	-	-	-	-	-	-	-	-
2546	Non-Consumable Supplies	-	-	-	-	-	-	-	-
2549	Other Operation & Maintenance	49,277	-	-	49,277	-	-	-	-
2550	Student Transportation Services	311,306	3,600	1,518	1,000	-	305,188	-	-
2570	Internal Services	-	-	-	-	-	-	-	-
2610	Direction of Central Support Services	-	-	-	-	-	-	-	-
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	2,851	-	-	2,851	-	-	-	-
2630	Information Services	68,250	22,000	8,588	36,872	790	-	-	-
2640	Staff Services	-	-	-	-	-	-	-	-
2660	Technology Services	-	-	-	-	-	-	-	-
Total Support Services Expenditures		870,170	118,157	94,698	100,772	1,398	553,242	1,904	-
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	900,837	255,948	247,592	-	393,380	-	3,917	-
3200	Other Enterprise Services	-	-	-	-	-	-	-	-
3300	Community Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures		900,837	255,948	247,592	-	393,380	-	3,917	-
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	-	-	-	-	-	-	-	-
4120	Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150	Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4180	Other Capital Items	-	-	-	-	-	-	-	-
4190	Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures		-	-	-	-	-	-	-	-
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	-	-	-	-	-	-	-	-
5200	Transfers of Funds	-	-	-	-	-	-	-	-
5300	Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400	PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures		-	-	-	-	-	-	-	-
Grand Total		4,219,363	1,322,016	946,620	319,575	800,394	811,547	19,212	-

LAKE COUNTY SCHOOL DISTRICT NO. 7
2022-23 DISTRICT AUDIT EXPENDITURE SUMMARY
Year Ended June 30, 2023

Fund: 300 Debt Service Funds

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Elementary, K-5 or K-6	-	-	-	-	-	-	-	-
1113	Elementary Extracurricular	-	-	-	-	-	-	-	-
1121	Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122	Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131	High School Programs	-	-	-	-	-	-	-	-
1132	High School Extracurricular	-	-	-	-	-	-	-	-
1140	Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210	Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220	Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1250	Less Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1260	Treatment and Habilitation	-	-	-	-	-	-	-	-
1271	Remediation	-	-	-	-	-	-	-	-
1272	Title I	-	-	-	-	-	-	-	-
1280	Alternative Education	-	-	-	-	-	-	-	-
1291	English Second Language Programs	-	-	-	-	-	-	-	-
1292	Teen Parent Program	-	-	-	-	-	-	-	-
1293	Migrant Education	-	-	-	-	-	-	-	-
1294	Youth Corrections Education	-	-	-	-	-	-	-	-
1299	Other Programs	-	-	-	-	-	-	-	-
1300	Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400	Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures		-	-	-	-	-	-	-	-
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	-	-	-	-	-	-	-	-
2120	Guidance Services	-	-	-	-	-	-	-	-
2130	Health Services	-	-	-	-	-	-	-	-
2140	Psychological Services	-	-	-	-	-	-	-	-
2150	Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160	Other Student Treatment Services	-	-	-	-	-	-	-	-
2190	Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210	Improvement of Instruction Services	-	-	-	-	-	-	-	-
2220	Educational Media Services	-	-	-	-	-	-	-	-
2230	Assessment & Testing	-	-	-	-	-	-	-	-
2240	Instructional Staff Development	-	-	-	-	-	-	-	-
2310	Board of Education Services	-	-	-	-	-	-	-	-
2320	Executive Administration Services	-	-	-	-	-	-	-	-
2410	Office of the Principal Services	-	-	-	-	-	-	-	-
2490	Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510	Direction of Business Support Services	-	-	-	-	-	-	-	-
2520	Fiscal Services	-	-	-	-	-	-	-	-
2540	Operation and Maintenance of Plant Services	-	-	-	-	-	-	-	-
2550	Student Transportation Services	-	-	-	-	-	-	-	-
2570	Internal Services	-	-	-	-	-	-	-	-
2610	Direction of Central Support Services	-	-	-	-	-	-	-	-
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical	-	-	-	-	-	-	-	-
2630	Information Services	-	-	-	-	-	-	-	-
2640	Staff Services	-	-	-	-	-	-	-	-
2660	Technology Services	-	-	-	-	-	-	-	-
2670	Records Management Services	-	-	-	-	-	-	-	-
2680	Interpretation and Translation Services	-	-	-	-	-	-	-	-
2690	Other Support Services - Central	-	-	-	-	-	-	-	-
2700	Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures		-	-	-	-	-	-	-	-
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	-	-	-	-	-	-	-	-
3200	Other Enterprise Services	-	-	-	-	-	-	-	-
3300	Community Services	-	-	-	-	-	-	-	-
3500	Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures		-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	-	-	-	-	-	-	-	-
4120	Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150	Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4180	Other Capital Items	-	-	-	-	-	-	-	-
4190	Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures		-	-	-	-	-	-	-	-
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	571,437	-	-	-	-	-	571,437	-
5200	Transfers of Funds	-	-	-	-	-	-	-	-
5300	Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400	PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures		571,437	-	-	-	-	-	571,437	-
Grand Total		571,437	-	-	-	-	-	571,437	-

LAKE COUNTY SCHOOL DISTRICT NO. 7
2022-23 DISTRICT AUDIT EXPENDITURE SUMMARY
Year Ended June 30, 2023

Fund: 400 Capital Projects Funds

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Elementary, K-5 or K-6	-	-	-	-	-	-	-	-
1113	Elementary Extracurricular	-	-	-	-	-	-	-	-
1121	Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122	Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131	High School Programs	-	-	-	-	-	-	-	-
1132	High School Extracurricular	-	-	-	-	-	-	-	-
1140	Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210	Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220	Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1250	Less Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1260	Treatment and Habilitation	-	-	-	-	-	-	-	-
1271	Remediation	-	-	-	-	-	-	-	-
1272	Title I	-	-	-	-	-	-	-	-
1280	Alternative Education	-	-	-	-	-	-	-	-
1291	English Second Language Programs	-	-	-	-	-	-	-	-
1292	Teen Parent Program	-	-	-	-	-	-	-	-
1293	Migrant Education	-	-	-	-	-	-	-	-
1294	Youth Corrections Education	-	-	-	-	-	-	-	-
1299	Other Programs	-	-	-	-	-	-	-	-
1300	Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400	Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures		-	-	-	-	-	-	-	-
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	-	-	-	-	-	-	-	-
2120	Guidance Services	-	-	-	-	-	-	-	-
2130	Health Services	-	-	-	-	-	-	-	-
2140	Psychological Services	-	-	-	-	-	-	-	-
2150	Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160	Other Student Treatment Services	-	-	-	-	-	-	-	-
2190	Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210	Improvement of Instruction Services	-	-	-	-	-	-	-	-
2220	Educational Media Services	-	-	-	-	-	-	-	-
2230	Assessment & Testing	-	-	-	-	-	-	-	-
2240	Instructional Staff Development	-	-	-	-	-	-	-	-
2310	Board of Education Services	-	-	-	-	-	-	-	-
2320	Executive Administration Services	-	-	-	-	-	-	-	-
2410	Office of the Principal Services	-	-	-	-	-	-	-	-
2490	Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510	Direction of Business Support Services	13,541	-	-	-	-	13,541	-	-
2520	Fiscal Services	-	-	-	-	-	-	-	-
2540	Operation and Maintenance of Plant Services	22,253	-	-	3,271	-	17,325	1,657	-
2550	Student Transportation Services	-	-	-	-	-	-	-	-
2570	Internal Services	-	-	-	-	-	-	-	-
2610	Direction of Central Support Services	-	-	-	-	-	-	-	-
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical	-	-	-	-	-	-	-	-
2630	Information Services	-	-	-	-	-	-	-	-
2640	Staff Services	-	-	-	-	-	-	-	-
2660	Technology Services	-	-	-	-	-	-	-	-
2670	Records Management Services	-	-	-	-	-	-	-	-
2680	Interpretation and Translation Services	-	-	-	-	-	-	-	-
2690	Other Support Services - Central	-	-	-	-	-	-	-	-
2700	Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures		35,793	-	-	3,271	-	30,865	1,657	-
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	-	-	-	-	-	-	-	-
3200	Other Enterprise Services	-	-	-	-	-	-	-	-
3300	Community Services	-	-	-	-	-	-	-	-
3500	Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures		-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	-	-	-	-	-	-	-	-
4120	Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150	Building Acquisition, Construction, and Improvement Services	6,430	-	-	-	-	6,430	-	-
4180	Other Capital Items	-	-	-	-	-	-	-	-
4190	Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures		6,430	-	-	-	-	6,430	-	-
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	-	-	-	-	-	-	-	-
5200	Transfers of Funds	-	-	-	-	-	-	-	-
5300	Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400	PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures		-	-	-	-	-	-	-	-
Grand Total		42,223	-	-	3,271	-	37,295	1,657	-

LAKE COUNTY SCHOOL DISTRICT NO. 7
2022-23 DISTRICT AUDIT EXPENDITURE SUMMARY
Year Ended June 30, 2023

Fund: 600 Internal Service Funds

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Elementary, K-5 or K-6	-	-	-	-	-	-	-	-
1113	Elementary Extracurricular	-	-	-	-	-	-	-	-
1121	Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122	Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131	High School Programs	-	-	-	-	-	-	-	-
1132	High School Extracurricular	-	-	-	-	-	-	-	-
1140	Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210	Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220	Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1250	Less Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1260	Treatment and Habilitation	-	-	-	-	-	-	-	-
1271	Remediation	-	-	-	-	-	-	-	-
1272	Title I	-	-	-	-	-	-	-	-
1280	Alternative Education	-	-	-	-	-	-	-	-
1291	English Second Language Programs	-	-	-	-	-	-	-	-
1292	Teen Parent Program	-	-	-	-	-	-	-	-
1293	Migrant Education	-	-	-	-	-	-	-	-
1294	Youth Corrections Education	-	-	-	-	-	-	-	-
1299	Other Programs	-	-	-	-	-	-	-	-
1300	Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400	Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures		-	-	-	-	-	-	-	-
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	-	-	-	-	-	-	-	-
2120	Guidance Services	-	-	-	-	-	-	-	-
2130	Health Services	-	-	-	-	-	-	-	-
2140	Psychological Services	-	-	-	-	-	-	-	-
2150	Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160	Other Student Treatment Services	-	-	-	-	-	-	-	-
2190	Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210	Improvement of Instruction Services	6,387	-	6,387	-	-	-	-	-
2220	Educational Media Services	-	-	-	-	-	-	-	-
2230	Assessment & Testing	-	-	-	-	-	-	-	-
2240	Instructional Staff Development	-	-	-	-	-	-	-	-
2310	Board of Education Services	-	-	-	-	-	-	-	-
2320	Executive Administration Services	-	-	-	-	-	-	-	-
2410	Office of the Principal Services	-	-	-	-	-	-	-	-
2490	Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510	Direction of Business Support Services	-	-	-	-	-	-	-	-
2520	Fiscal Services	-	-	-	-	-	-	-	-
2540	Operation and Maintenance of Plant Services	-	-	-	-	-	-	-	-
2550	Student Transportation Services	-	-	-	-	-	-	-	-
2570	Internal Services	-	-	-	-	-	-	-	-
2610	Direction of Central Support Services	-	-	-	-	-	-	-	-
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical	-	-	-	-	-	-	-	-
2630	Information Services	-	-	-	-	-	-	-	-
2640	Staff Services	33,756	-	33,756	-	-	-	-	-
2660	Technology Services	-	-	-	-	-	-	-	-
2670	Records Management Services	-	-	-	-	-	-	-	-
2680	Interpretation and Translation Services	-	-	-	-	-	-	-	-
2690	Other Support Services - Central	-	-	-	-	-	-	-	-
2700	Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures		40,143	-	40,143	-	-	-	-	-
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	-	-	-	-	-	-	-	-
3200	Other Enterprise Services	-	-	-	-	-	-	-	-
3300	Community Services	-	-	-	-	-	-	-	-
3500	Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures		-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	-	-	-	-	-	-	-	-
4120	Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150	Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4180	Other Capital Items	-	-	-	-	-	-	-	-
4190	Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures		-	-	-	-	-	-	-	-
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	-	-	-	-	-	-	-	-
5200	Transfers of Funds	-	-	-	-	-	-	-	-
5300	Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400	PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures		-	-	-	-	-	-	-	-
Grand Total		40,143	-	40,143	-	-	-	-	-

LAKE COUNTY SCHOOL DISTRICT NO. 7
2022-23 DISTRICT AUDIT EXPENDITURE SUMMARY
Year Ended June 30, 2023

Fund: 700 Trust and Agency Funds

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Elementary, K-5 or K-6	6,658	-	-	-	6,658	-	-	-
1113	Elementary Extracurricular	-	-	-	-	-	-	-	-
1121	Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122	Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131	High School Programs	-	-	-	-	-	-	-	-
1132	High School Extracurricular	-	-	-	-	-	-	-	-
1140	Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210	Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220	Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1250	Less Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1260	Treatment and Habilitation	-	-	-	-	-	-	-	-
1271	Remediation	-	-	-	-	-	-	-	-
1272	Title I	-	-	-	-	-	-	-	-
1280	Alternative Education	-	-	-	-	-	-	-	-
1291	English Second Language Programs	-	-	-	-	-	-	-	-
1292	Teen Parent Program	-	-	-	-	-	-	-	-
1293	Migrant Education	-	-	-	-	-	-	-	-
1294	Youth Corrections Education	-	-	-	-	-	-	-	-
1299	Other Programs	-	-	-	-	-	-	-	-
1300	Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400	Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures		6,658	-	-	-	6,658	-	-	-
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	-	-	-	-	-	-	-	-
2120	Guidance Services	-	-	-	-	-	-	-	-
2130	Health Services	-	-	-	-	-	-	-	-
2140	Psychological Services	-	-	-	-	-	-	-	-
2150	Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160	Other Student Treatment Services	-	-	-	-	-	-	-	-
2190	Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210	Improvement of Instruction Services	-	-	-	-	-	-	-	-
2220	Educational Media Services	-	-	-	-	-	-	-	-
2230	Assessment & Testing	-	-	-	-	-	-	-	-
2240	Instructional Staff Development	-	-	-	-	-	-	-	-
2310	Board of Education Services	-	-	-	-	-	-	-	-
2320	Executive Administration Services	2,250	-	-	-	-	-	2,250	-
2410	Office of the Principal Services	-	-	-	-	-	-	-	-
2490	Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510	Direction of Business Support Services	-	-	-	-	-	-	-	-
2520	Fiscal Services	-	-	-	-	-	-	-	-
2540	Operation and Maintenance of Plant Services	-	-	-	-	-	-	-	-
2550	Student Transportation Services	-	-	-	-	-	-	-	-
2570	Internal Services	-	-	-	-	-	-	-	-
2610	Direction of Central Support Services	-	-	-	-	-	-	-	-
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical	-	-	-	-	-	-	-	-
2630	Information Services	-	-	-	-	-	-	-	-
2640	Staff Services	-	-	-	-	-	-	-	-
2660	Technology Services	-	-	-	-	-	-	-	-
2670	Records Management Services	-	-	-	-	-	-	-	-
2680	Interpretation and Translation Services	-	-	-	-	-	-	-	-
2690	Other Support Services - Central	-	-	-	-	-	-	-	-
2700	Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures		2,250	-	-	-	-	-	2,250	-
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	-	-	-	-	-	-	-	-
3200	Other Enterprise Services	-	-	-	-	-	-	-	-
3300	Community Services	-	-	-	-	-	-	-	-
3500	Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures		-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	-	-	-	-	-	-	-	-
4120	Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150	Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4180	Other Capital Items	-	-	-	-	-	-	-	-
4190	Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures		-	-	-	-	-	-	-	-
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	-	-	-	-	-	-	-	-
5200	Transfers of Funds	-	-	-	-	-	-	-	-
5300	Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400	PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures		-	-	-	-	-	-	-	-
Grand Total		8,908	-	-	-	6,658	-	2,250	-

SUPPLEMENTAL INFORMATION

School District Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included. Part A is needed for computing Oregon's full allocation for ESSA, Title I & other Federal Funds for Education.

A. Energy Bill for Heating - All Funds:

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

	Objects 325 & 326 & *327
Function 2540	\$314,996
Function 2550	\$4,350

B. Replacement of Equipment – General Fund:

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

Exclude these functions:

\$0

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

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



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

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

Board of Education
Lake County School District No. 7
Lakeview, Oregon

We have audited the basic financial statements of Lake County School District No. 7 (the District) as of and for the year ended June 30, 2023, and have issued our report thereon dated February 23, 2024. 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.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes (ORS) 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 the 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 under ORS Chapter 295.
- Indebtedness limitations, restrictions and repayment under ORS 328.245.
- Budgets legally required under ORS Chapter 294.
- Insurance and fidelity under bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds under ORS Chapter 294.
- Public contracts and purchasing under ORS Chapters 279A, 279B, 279C.
- State school fund distribution factors and calculation.

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administration Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, except as disclosed in *Note 1* of the financial statements.

OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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. We identified certain deficiencies in internal control that we consider to be material weaknesses. We described these material weaknesses in internal control in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002 and 2023-003.

Restrictions on Use

This report is intended solely for the information and use of the District's Board of Education and management of the District and the State of Oregon, Division of Audits and is not intended to be and should not be used by anyone other than these parties.



Donald F. Ewalt CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
February 23, 2024



| COMPLIANCE SECTION



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**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 Education
Lake County School District No. 7
Lakeview, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the fiduciary fund information of the Lake County School District No. 7 (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 23, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, and 2023-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2023-004 and 2023-005.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Donald F. Ewalt". The signature is written in a cursive, slightly slanted style.

Donald F. Ewalt, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
February 23, 2024



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

Board of Education
Lake County School District No. 7
Lakeview, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Lake County School District No. 7's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. 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, the District complied, in all material respects, with the 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, 2023.

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

We are required to be independent of the 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 the 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 the 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 GAAS, *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 the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the 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 the 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 the 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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-004 and 2023-005 to be material weaknesses.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Donald F. Ewalt, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
February 23, 2024

**LAKE COUNTY SCHOOL DISTRICT NO. 7
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant/Contract Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through Oregon Department of Education:			
School Breakfast Program	10.553	1912001	\$ 70,450
National School Lunch Program	10.555	1912001	167,977
COVID-19 National School Lunch Program	10.555	N/A	18,416
National School Lunch Program - Commodities	10.555	N/A	27,964
Summer Food Service Program for Children	10.559	N/A	2,989
Total Child Nutrition Cluster			<u>287,796</u>
COVID-19 Child and Adult Care Food Program	10.558	N/A	3,944
Child and Adult Care Food Program	10.558	N/A	226
Total AL 10.558			<u>4,170</u>
Total U.S. Department of Agriculture			\$ 291,966
U.S. Department of Education			
Passed through Oregon Department of Education:			
Title I Grants to Local Educational Agencies (22-23)	84.010	72546	\$ 245,947
Total AL 84.010			<u>245,947</u>
Special Education - Grants to States (22-23) (Equipment and Supplies Grant)	84.027	75336	7,018
Special Education - Grants to States (22-23)	84.027	74057	180,121
Total Special Education Cluster (IDEA)			<u>187,139</u>
Passed through Oregon Department of Education:			
Rural Education (22-23)	84.358	73047	24,002
Total AL 84.358			<u>24,002</u>
Passed through Southern Oregon Education Service District:			
English Language Acquisition State Grants (22-23)	84.365	N/A	4,257
Total AL 84.365			<u>4,257</u>
Passed through Oregon Department of Education:			
Supporting Effective Instruction State Grants (22-23)	84.367	72743	30,694
Total AL 84.367			<u>30,694</u>
Student Support and Academic Enrichment Program (22-23)	84.424	66836	4,800
Total AL 84.424			<u>4,800</u>
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	84.425D	64613	85,520
COVID-19 Education Stabilization Fund - ARP - Elementary and Secondary School Emergency Relief Fund	84.425U	71781	113,304
COVID-19 Education Stabilization Fund - ARP - Elementary and Secondary School Emergency Relief Fund	84.425U	64918	420,614
COVID-19 Education Stabilization Fund - ARP - Elementary and Secondary School Emergency Relief Fund	84.425W	70571	2,717
Total AL 84.425			<u>622,155</u>
Total U.S. Department of Education			\$ 1,118,994
U.S. Department of Health and Human Services			
Passed through Oregon Department of Education:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	71781	\$ 36,377
			<u>36,377</u>
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools (21-22)	93.981	70237	4,624
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools (22-23)	93.981	72316	11,395
Total AL 93.981			<u>16,019</u>
Total U.S. Department of Health and Human Services			\$ 52,396
Total Expenditures of Federal Awards			\$ 1,463,356
Passed through Lake County Tax Assessor:			
Schools and Roads - Grants to States	10.665	N/A	\$ 380,964
Total Forest Service Schools and Roads Cluster			<u>\$ 380,964</u>

LAKE COUNTY SCHOOL DISTRICT NO. 7
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

NOTE A – BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and changes in fund balance of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual 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.

NOTE C – INDIRECT COST RATE:

The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE D – FOOD DISTRIBUTION:

Non-monetary assistance is reported in the Schedule at fair market value of the commodities received and disbursed. For the year ended June 30, 2023 the District received food commodities totaling \$27,964.

NOTE E – SUBRECIPIENTS:

There were no awards passed through to subrecipients.

NOTE F – SCHOOLS AND ROADS – GRANTS TO STATES:

The District includes Schools and Roads – Grants to States in the schedule due to requirements of the Oregon Department of Education. These expenditures are not subject to the Uniform Guidance audit due to treatment based on guidance provided by both the Oregon Department of Education and United States Department of Agriculture.

**LAKE COUNTY SCHOOL DISTRICT NO. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Qualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

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

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

Identification of major federal programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
#10.553, #10.555 and #10.559	Child Nutrition Cluster
#84.425	Education Stabilization Fund

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

Auditee qualified as a low-risk auditee? Yes No

LAKE COUNTY SCHOOL DISTRICT NO. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

2023-001: Financial Statements Close Process - Material Weakness

Criteria - Management is responsible for establishing and maintaining an effective system of internal control over year-end financial information on a timely basis. Properly tracking and recording assets and liabilities and the associated revenue and expense is a key component of effective internal control over financial reporting.

Condition - Year-end account balances and their activity were not properly prepared and/or reviewed timely or accurately.

Cause - Internal controls in place did not ensure that accounts receivable and associated revenue, and accrued liabilities and associated expenses were calculated and reported accurately or timely.

Effect or Potential Effect - Prior to adjustments, various asset, liability, revenue and expense accounts were not properly recorded at year end by material amounts.

Recommendations - We highly recommend that the District enhance internal controls by developing a year-end closing schedule which includes having a preparer and reviewer of all accounts. This control should be used to ensure that all accounts are reconciled timely and all necessary year end calculations are completed, and that work is reviewed on a regular basis.

Views of Responsible Officials and Planned Corrective Actions - Management agrees with this finding. Management will properly apply internal controls to the financial statement close process to ensure the District's financial statements are correctly reported.

Repeat Finding - 2022-001

2023-002: Segregation of Duties - Material Weakness

Criteria - Segregation of Duties (SOD) is a basic building block of sustainable risk management and internal controls for an entity. The principle of SOD is based on shared responsibilities of a key process(es) that disperses the critical functions of that process(es) to more than one person or department. Without this separation in key processes, fraud and error risks are far less manageable.

Condition - The Administration Department does not have a good system of internal controls that provides for proper segregation of duties of the accounting functions related to cash receipts and disbursements, accounts receivable and accounts payable, and preparation and review responsibilities of financial information.

Cause - Proper segregation of duties is not always possible at a small entity, but limited segregation to the extent possible should be implemented to reduce the risks of fraud or error.

Effect or Potential Effect - The District provided certain financial information that was incomplete or erroneous which could have been mitigated had a proper preparation and review process been in place.

Recommendations - We highly recommend that the District review the current assignment of accounting functions. Where possible, duties should be segregated to reduce the risks of fraud or error.

Views of Responsible Officials and Planned Corrective Actions - Management agrees with this finding. Management will review the accounting assignments and determine what is feasible to enact at the District.

Repeat Finding - 2022-002

**LAKE COUNTY SCHOOL DISTRICT NO. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

SECTION II - FINANCIAL STATEMENT FINDINGS

2023-003: Schedule of Expenditures of Federal Awards – Material Weakness

Criteria - The Code of Federal Regulations Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F – Audit Requirements*, requires an auditee to have internal controls to prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards, (the Schedule). The Schedule should be complete and accurate.

Condition - The Schedule of Expenditures of Federal Awards prepared by the District was not complete and accurate.

Cause - Internal controls in place did not ensure that the Schedule of Expenditures of Federal Awards was complete and accurate.

Effect or Potential Effect - The District was not in compliance with responsibility to prepare appropriate financial statements including the Schedule of Expenditures of Federal Awards.

Recommendations - We highly recommend that the District enhance internal controls to ensure that the Schedule of Expenditures of Federal Awards is reviewed by another individual other than the preparer of the Schedule.

Views of Responsible Officials and Planned Corrective Actions - Management agrees with this finding. Management will properly apply internal controls to ensure the District provides a complete and accurate Schedule of Expenditures of Federal Awards.

Repeat Finding - combined 2022-003

**SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

2023-004: Material Weakness - Verification of Free and Reduced Price Applications

U.S. Department of Agriculture
Pass-through – Oregon Department of Education
Child Nutrition Cluster – AL # 10.555

Criteria – Verification of Free and Reduced Price Applications (NSLP). By November 15th of each school year, the District must verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced price meals, unless the District is otherwise exempt from the verification requirement. The verification sample size is based on the total number of approved applications on file on October 1st. The District must perform the verification function in accordance with instructions provided by the state agency. The District must follow up on children whose eligibility status has changed as the result of verification activities to put them in the correct category.

Condition – The District did not select or verify a sample of applications that it approved for free and reduced price meals during the District's fiscal year ending June 30, 2023.

Cause – The District did not have adequate internal controls, policies and procedures with regard to its responsibility to conduct verification of free and reduced price applications for the NSLP child nutrition program.

LAKE COUNTY SCHOOL DISTRICT NO. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

Effect or Potential Effect – For the fiscal year ending June 30, 2023, the District may have incorrect eligibility status with regard to households receiving free or reduced price meals.

Questioned Costs – \$0

Recommendations – We recommend the District enhance internal controls to ensure that verification of applications for free and reduced price meals are performed by the November 15th due date.

Views of Responsible Officials and Planned Corrective Actions – Management agrees with this finding. Management will enhance internal controls to ensure requirements of verification of free and reduced priced applications are met.

2023-005: Material Weakness - Paid Lunch Equity (NSLP)

U.S. Department of Agriculture
Pass-through – Oregon Department of Education
Child Nutrition Cluster – AL # 10.555

Criteria – The District is required to ensure that sufficient funds are provided to its nonprofit school food service accounts from lunches served to students not eligible for free or reduced price meals. An entity that charges less for a paid lunch than the difference between the federal reimbursement rate for such a lunch and that for a free lunch is required to comply. The difference in price is known as "equity". There are two ways to meet the requirement: by raising prices charged for paid lunches or through contributions from other non-federal sources. The District is required to perform calculations to determine whether its paid lunch price requires adjustment.

Condition – The District did not calculate its average paid lunch pricing requirement for the fiscal year ended June 30, 2023.

Cause – The District did not have adequate internal controls, policies and procedures with regard to its responsibility to ensure sufficient funds are provided to its nonprofit food service accounts.

Effect or Potential Effect – The District may not have adjusted its paid lunch price according to the calculations required by paid lunch equity calculation.

Questioned Costs – \$0

Recommendations – We recommend the District enhance internal controls to ensure calculation of the average paid lunch is performed timely.

Views of Responsible Officials and Planned Corrective Actions – Management agrees with this finding. Management will enhance internal controls to ensure requirements of paid lunch equity are met.

**LAKE COUNTY SCHOOL DISTRICT NO. 7
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

FINANCIAL STATEMENT FINDINGS

Finding 2022-001: Financial Statements Close Process - Material Weakness

Statement of Condition – During the audit of the District for the year ended June 30, 2022 there were significant required adjustments related to assets and liabilities and associated revenue and expense. The District did not properly employ associated internal controls to ensure the financial close process was properly completed.

Recommendation – We recommend the District review and ensure application of internal controls surrounding the financial statements close process for year-end accruals and adjustments. Internal controls should be designed to prevent, detect, or correct errors in a timely manner by performing periodic reconciliations of financial statement accounts.

Current Status - See Finding 2023-001 for update on this finding.

Finding 2022-002: Segregation of Duties – Material Weakness

Statement of Condition – The Administration Department does not have a good system of internal controls that provides for proper segregation of duties of the accounting functions related to cash receipts and disbursements, accounts receivable and accounts payable, and preparation and review responsibilities of financial information.

Recommendation – We highly recommend that the District review the current assignment of accounting functions. Where possible, duties should be segregated to reduce the risks of fraud or error.

Current Status - See Finding 2023-002 for update on this finding.

Finding 2022-003: Schedule of Expenditures of Federal Awards - Material Weakness

Statement of Condition - The Schedule of Expenditures of Federal Awards (SEFA) presented for audit included several significant unreconciled differences between the SEFA and the General Ledger. The District did not attempt to complete such a reconciliation.

Recommendation - We recommend that the District establish policies and procedures to ensure that all Federal Awards are identified and reported accurately on the SEFA. Internal controls should be designed to prevent, detect, or correct errors in a timely manner by performing periodic reconciliations of the SEFA information to the general ledger throughout the fiscal year. The District should provide appropriate training to staff who are assigned to prepare and review the SEFA.

Current Status - See Finding 2023-003 for update on this finding.

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