



NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2023



NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

DISTRICT OFFICIALS

June 30, 2023

BOARD OF DIRECTORS

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

Carol Mahoney, Vice Chair
P.O. Box 3043
Bay City, Oregon 97107

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

Kari Fleisher
P.O. Box 291
Tillamook, Oregon 97141

Landon Meyers
P.O. Box 307
Nehalem, Oregon 97131

Renae Scalabrin
9385 Nehalem Road
Nehalem, Oregon 97131

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

ADMINISTRATION

Paul Erlebach, Superintendent (retired 6/30/2023)
Mark Sybouts, Business Manager/Deputy Clerk

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

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Neah-Kah-Nie School District, Tillamook County, Oregon, as of and for the year ended June 30, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Neah-Kah-Nie School District, Tillamook County, Oregon as of June 30, 2023, and the respective changes in modified cash basis financial position thereof for the year then ended on the basis of accounting described in Note I.

Basis for Opinions

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

Emphasis of Matter – Basis of Accounting

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

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2023, the District adopted new accounting guidance: GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Arrangements*, Statement No. 96, *Subscription-Based Information Technology Arrangements*, Statement No. 99, *Omnibus 202*, and Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note I, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Neah-Kah-Nie School District, Tillamook County, Oregon's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Neah-Kah-Nie School District, Tillamook County, Oregon's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Neah-Kah-Nie School District, Tillamook County, Oregon's basic financial statements. The combining and individual fund financial statements and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 combining and individual fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other financial schedules, schedule of expenditures of federal awards, and supplemental information required by the Oregon Department of Education, but it does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

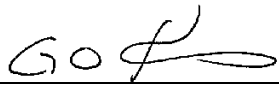
In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2023 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Neah-Kah-Nie School District's internal control over financial reporting and compliance.

Other Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 13, 2023 on our tests of the District's compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Accuity, LLC

By: 
Glen O. Kearns, CPA

Albany, Oregon
December 13, 2023

BASIC FINANCIAL STATEMENTS

NEAK-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 14,365,996
Restricted assets	
Cash and cash equivalents	<u>1,157,855</u>
Total assets	<u>15,523,851</u>
LIABILITIES	
Current liabilities	
Payroll liabilities	<u>1,053,695</u>
NET POSITION	
Restricted for various purposes	1,157,855
Unrestricted	<u>13,312,301</u>
Total net position	<u>\$ 14,470,156</u>

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

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities				Governmental Activities
Instruction	\$ 9,687,376	\$ 98,906	\$ 2,013,360	\$ -
Support Services	7,907,032	-	-	-
Community services	399,685	77,553	277,271	-
Interest expense	1,494,546	-	-	-
Facilities expense	526,296	-	-	-
Total governmental activities	<u>\$ 20,014,935</u>	<u>\$ 176,459</u>	<u>\$ 2,290,631</u>	<u>\$ -</u>
General revenues				
Property taxes - general				10,862,689
Property taxes levied for debt service				1,225,752
Excise taxes				180,649
County school fund				835,518
Common school fund				82,187
Federal forest fees				45,990
State timber revenue				3,695,513
Unrestricted state funding				61,830
Investment earnings				471,111
Miscellaneous				293,930
Total general revenues				<u>17,755,169</u>
Change in net position				207,324
Net position - beginning				<u>14,262,832</u>
Net position - ending				<u>\$ 14,470,156</u>

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

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

BALANCE SHEET - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

June 30, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 13,959,532	\$ 1,564,319	\$ 15,523,851
LIABILITIES AND FUND BALANCES			
Liabilities			
Payroll liabilities	\$ 1,053,695	\$ -	\$ 1,053,695
Fund balances			
Restricted	-	1,157,855	1,157,855
Committed	-	561,676	561,676
Unassigned	12,905,837	(155,212)	12,750,625
 Total fund balances	 12,905,837	 1,564,319	 14,470,156
 Total liabilities and fund balances	 \$ 13,959,532	 \$ 1,564,319	 \$ 15,523,851

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

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

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

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Local revenue	\$ 11,434,411	\$ 1,849,936	\$ 13,284,347
Intermediate revenue	852,318	12,250	864,568
State revenue	3,918,187	1,308,069	5,226,256
Federal revenue	45,990	798,849	844,839
	<u>16,250,906</u>	<u>3,969,104</u>	<u>20,220,010</u>
EXPENDITURES			
Current			
Instruction	8,127,052	1,560,324	9,687,376
Support services	6,832,493	1,074,540	7,907,033
Enterprise and community services	780	398,905	399,685
Facilities acquisition and construction	-	526,296	526,296
Debt service	48,632	1,445,914	1,494,546
	<u>15,008,957</u>	<u>5,005,979</u>	<u>20,014,936</u>
Excess (deficiency) of revenues over (under) expenditures	1,241,949	(1,036,875)	205,074
OTHER FINANCING SOURCES (USES)			
Sale of assets	-	2,250	2,250
Transfers in	-	967,500	967,500
Transfers out	(967,500)	-	(967,500)
	<u>(967,500)</u>	<u>969,750</u>	<u>2,250</u>
Total other financing sources (uses)	<u>(967,500)</u>	<u>969,750</u>	<u>2,250</u>
Net change in fund balances	274,449	(67,125)	207,324
Fund balances - beginning, as restated	<u>12,631,388</u>	<u>1,631,444</u>	<u>14,262,832</u>
Fund balances - ending	<u>\$ 12,905,837</u>	<u>\$ 1,564,319</u>	<u>\$ 14,470,156</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Description of Government-Wide Financial Statements

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

B. Reporting Entity

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

C. Basis of Presentation – Government-Wide Financial Statements

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

D. Basis of Presentation – Fund Financial Statements

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

The government reports the following major governmental fund:

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

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Additionally, the government reports the following nonmajor governmental funds:

Special Revenue Funds

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

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

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

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

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

Capital Projects Funds

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

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

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

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

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

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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

E. Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting, as described below. The governmental fund financial statements are reported using the current financial resources measurement focus. Only current financial assets and liabilities are generally included on the balance sheet.

The operating statements present sources and uses of available expendable financial resources during a given period. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as an other financing source.

In the government-wide financial statements and the fund financial statements, governmental activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, fund balance/net position, revenues, and expenditures when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in the financial statements. If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements would use the modified accrual basis of accounting and the government-wide financial statements would be presented on the accrual basis of accounting.

F. Budgetary Information

Annual budgets are adopted on the modified cash basis of accounting. The District budgets all funds in accordance with the requirements of state law.

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Annual appropriated budgets are adopted for the general, special revenue, and trust funds. All funds are budgeted on the modified cash basis of accounting. The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of directors by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total instruction, support services, community services, debt service, capital outlay, operating contingencies, and interfund transfers for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line-item budgets within appropriation categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the board of directors at a regular board meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there were no supplemental budgets. The District does not use encumbrances and appropriations lapse at yearend.

Budget amounts shown in the financial statements reflect the original budget amounts.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

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

2. Investments

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

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

3. Net Position Flow Assumption

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

4. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

5. Fund Balance Policies

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

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

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

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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

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

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

H. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

I. 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 certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Neah-Kah-Nie School District maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances. Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value.

The District participates in an external investment pool (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by the Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments. The portion of the external investment pool which belongs to local government investment participants is reported in an Investment Trust Fund in the State's Annual Comprehensive Financial Report (ACFR). A copy of the State's ACFR may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity.

Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset.

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The classification of securities within the fair value hierarchy is based on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- *Level 1* – Unadjusted quoted prices for identical investments in active markets.
- *Level 2* – Observable inputs other than quoted market prices; and,
- *Level 3* – Unobservable inputs.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2023. Fair values of assets measured on a recurring basis at June 30, 2023 are as follows:

	<u>Level 2</u>
Investments	
Oregon Local Government Investment Pool	<u>\$ 12,167,913</u>

Credit Risk

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

Investments

As of June 30, 2023, the District had the following investments:

	<u>Credit Quality Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Oregon Local Government Investment Pool	Unrated	-	<u>\$ 12,167,913</u>

Interest Rate Risk

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

Concentration of Credit Risk – Investments

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

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Custodial Credit Risk – Investments

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

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. The District holds interest-bearing accounts at US Bank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2023, the District had deposits of \$250,000 insured by the FDIC and \$3,109,891 collateralized under the PFCP.

Deposits

The District's deposits and investments at June 30, 2023 are as follows:

Checking accounts	\$ 2,751,194
Money market accounts	604,744
Total investments	<u>12,167,913</u>
Total cash and cash equivalents	<u><u>\$ 15,523,851</u></u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 13,959,532
Nonmajor governmental funds	<u>406,464</u>
Sub-total unrestricted	<u>14,365,996</u>
Governmental activities - restricted	
Nonmajor governmental funds	<u>1,157,855</u>
Total cash and investments	<u><u>\$ 15,523,851</u></u>

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

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June 30, 2023

B. Capital Assets

Capital assets are not reported on the face of the financial statements as a result of the District's modified cash basis of accounting. However, capital asset activity resulting from modified cash basis transactions for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,321,493	\$ -	\$ -	\$ 1,321,493
Construction in progress	37,010	468,047	(444,439)	60,618
Total capital assets not being depreciated	1,358,503	468,047	(444,439)	1,382,111
Capital assets being depreciated				
Land improvements	3,549,752	10,669	-	3,560,421
Buildings and improvements	43,416,678	861,944	-	44,278,622
Equipment	2,003,715	29,013	(44,500)	1,988,228
Total capital assets being depreciated	48,970,145	901,626	(44,500)	49,827,271
Less accumulated depreciation for				
Land improvements	(757,289)	(93,606)	-	(850,895)
Buildings and improvements	(18,981,156)	(862,958)	-	(19,844,114)
Equipment	(1,408,311)	(83,108)	16,927	(1,474,492)
Total accumulated depreciation	(21,146,756)	(1,039,672)	16,927	(22,169,501)
Total capital assets being depreciated, net	27,823,389	(138,046)	(27,573)	27,657,770
Governmental activities capital assets, net	\$ 29,181,892	\$ 330,001	\$ (472,012)	\$ 29,039,881

A summary of capital asset values for the year ended June 30, 2023 is as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	\$ 1,321,493	\$ -	\$ 1,321,493
Construction in progress	60,618	-	60,618
Land improvements	3,560,421	(850,895)	2,709,526
Buildings and improvements	44,278,622	(19,844,114)	24,434,508
Equipment	1,988,228	(1,474,492)	513,736
Total capital assets	\$ 51,209,382	\$ (22,169,501)	\$ 29,039,881

NEAH-KAH-NIE SCHOOL DISTRICT
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C. Long-Term Liabilities

1. Changes in Long-Term Liabilities

Long-term liabilities are not reported on the face of the financial statements as a result of the District's modified cash basis of accounting. However, long-term liabilities activity resulting from modified cash basis transactions for the year ended June 30, 2023 was as follows:

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
General obligation bonds 2012	2.63%	\$ 9,390,000	\$ 4,255,000	\$ -	\$ 1,355,000	\$ 2,900,000	\$ 1,415,000
Solar Panel Loan	5.95%	<u>18,000</u>	<u>16,930</u>	<u>-</u>	<u>1,134</u>	<u>15,796</u>	<u>1,201</u>
Total governmental activities		<u>\$ 9,408,000</u>	<u>\$ 4,271,930</u>	<u>\$ -</u>	<u>\$ 1,356,134</u>	<u>\$ 2,915,796</u>	<u>\$ 1,416,201</u>

2. Future Maturities of Long-Term Liabilities

Year Ending June 30	General Obligation Bonds 2012		
	Principal	Interest	Total
2024	\$ 1,415,000	\$ 63,815	\$ 1,478,815
2025	<u>1,485,000</u>	<u>31,400</u>	<u>1,516,400</u>
	<u>\$ 2,900,000</u>	<u>\$ 95,215</u>	<u>\$ 2,995,215</u>
Year Ending June 30	Solar Panel Loan		
	Principal	Interest	Total
2024	\$ 1,201	\$ 940	\$ 2,141
2025	1,273	868	2,141
2026	1,348	793	2,141
2027	1,429	712	2,141
2028	1,514	627	2,141
2029-2033	<u>9,031</u>	<u>1,674</u>	<u>10,705</u>
	<u>\$ 15,796</u>	<u>\$ 5,614</u>	<u>\$ 21,410</u>

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3. Legal Debt Limit

The District's legal annual debt service limit (as defined by Oregon Revised Statute 478.410) as of June 30, 2023, was approximately \$376,264,316. The District's legal debt service limit is 1.25% or the real market value of property within the District.

4. General Obligation Bonds 2012

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

5. Solar Panel Loan

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

D. Constraints on Fund Balances

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:			
Restricted for:			
Student activities	\$ -	\$ 352,614	\$ 352,614
Grant projects	-	456,730	456,730
Food service	-	96,082	96,082
Debt service	-	50,640	50,640
Capital building needs	-	201,789	201,789
Committed for:			
Vehicle purchases	-	71,842	71,842
Facilities needs	-	489,834	489,834
Unassigned	12,905,837	(155,212)	12,750,625
 Total fund balances	 <u>\$ 12,905,837</u>	 <u>\$ 1,564,319</u>	 <u>\$ 14,470,156</u>

NEAH-KAH-NIE SCHOOL DISTRICT
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E. Interfund Transfers

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

	<u>Transfers in:</u>
	Nonmajor
	Governmental
	<u>Funds</u>
Transfers out:	
General Fund	\$ <u>967,500</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Equity

At June 30, 2023, the Federal Projects Fund had a deficit fund balance of \$155,212. This deficit will be eliminated as resources are obtained in the subsequent years.

IV. OTHER INFORMATION

A. Risk Management

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

B. Retirement Plans

1. Oregon Public Employees Retirement System

General Information about the Pension Plan

The Oregon Public Employees Retirement System (OPERS) consists of a cost-sharing, multiple-employer defined benefit plan (Plan) for units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2022, there were 939 participating employers.

Plan Membership

As of June 30, 2022, there were 11,413 active plan members, 129,376 retired plan members or their beneficiaries currently receiving benefits, 8,372 inactive plan members entitled to but not yet receiving benefits, for a total of 149,161 Tier One members.

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For Tier Two members, as of June 30, 2022, there were 27,056 active plan members, 20,720 retired plan members or their beneficiaries currently receiving benefits, 13,335 inactive plan members entitled to but not yet receiving benefits, for a total of 61,111. As of June 30, 2022, there were 142,471 active plan members, 10,230 retired plan members or their beneficiaries currently receiving benefits, 8,625 inactive plan members entitled to but not yet receiving benefits, and 21,482 inactive plan members not eligible for refund or retirements, for a total of 182,808 OPSRP Pension Program members.

Plan Benefits

Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A, and Internal Revenue Code Section 401(a).

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

Pension Benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options 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.

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. Police and Fire members may purchase increased benefits that are payable between the date of retirement and age 65.

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).

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In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit.

A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining monthly benefit.

Benefit Changes after Retirement

Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations caused by changes in the fair value of the underlying global equity investments of that account.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision. The COLA is capped at 2.0 percent.

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

Pension Benefits

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

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

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General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision. The COLA is capped at 2.0 percent.

OPSRP Individual Account Program (OPSRP IAP) - Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS and is administered by the OPERS Board.

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP 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.

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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

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 the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2020 actuarial valuation, which became effective July 20, 2021. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced.

Member contributions are set by statute at six percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf. The District has opted not to pick-up the contributions on behalf of its employees.

Employer contributions for the year ended June 30, 2023 were \$1,939,867.

Annual Comprehensive Financial Report (ACFR)

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

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2022-ACFR.pdf>

Actuarial Valuations

The employer contribution rates effective June 30, 2022 were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

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For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study	2020, published July 20, 2021
<i>Actuarial Assumptions:</i>	
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 adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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	Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.
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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are on the 2020 Experience Study, which reviewed experience for the four-year period ended December 31, 2020. There were no differences between the assumptions and plan provisions used for June 30, 2022 measurement date calculations compared to those shown above.

Actuarial Methods and Assumptions

Assets are valued at their market value. Gains and losses between odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 years from the odd-year valuation in which they are first recognized.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Oregon PERS and additions to/deductions from Oregon PERS' fiduciary net position have been determined on the same basis as they are reported by Oregon PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method).

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The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

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 2022 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

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

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NOTES TO BASIC FINANCIAL STATEMENTS

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OIC Target and Actual Investment Allocation as of June 30, 2022

<u>Asset Class/Strategy</u>	<u>OIC Policy Low Range</u>	<u>OIC Policy High Range</u>	<u>OIC Target Allocation</u>	<u>Actual Allocation²</u>
Debt Securities	15.0%	25.0%	20.0%	19.8%
Public Equity	25.0%	35.0%	30.0%	21.2%
Real Estate	7.5%	17.5%	12.5%	13.6%
Private Equity	15.0%	27.5%	20.0%	28.0%
Risk Parity	0.0%	3.5%	2.5%	2.0%
Real Assets	2.5%	10.0%	7.5%	7.9%
Diversifying Strategies	2.5%	10.0%	7.5%	4.9%
Opportunity Portfolio ¹	0.0%	5.0%	0.0%	2.6%
Total			100.0%	100.0%

¹Opportunity Portfolio is an investment strategy, and it may be invested up to 5% of total Fund assets.

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

³ October 2021, the Alternative Portfolio was split into Real Assets and Diversifying Strategies.

C. New Pronouncements

For the fiscal year ended June 30, 2023, the District implemented the following new accounting standards:

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability of Arrangements - This Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB Statement No. 96, Subscription-Based Information Technology Arrangements - This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users.

GASB Statement No. 99, Omnibus 2022. This statement was issued April 2022 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to lease implementation, public-private and public-public partnerships and availability payment arrangements, and subscription-based information technology arrangements.

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

GASB Statement No. 101, *Compensated Absences*. This statement was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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

GASB Statement No. 99, *Omnibus 2022*. This statement was issued April 2022 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to financial guarantees and classification of derivatives.

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This statement was issued 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.

D. Concentrations

1. Collective Bargaining Agreements

At June 30, 2023, the District had approximately 152 employees, 120 of which are covered under collective bargaining agreements and union contracts, accounted for under the governmental activities of the District.

E. Commitments

During the year ended June 30, 2023, the District signed two agreements for ongoing capital projects for the high school for \$1,764,382, of which \$1,703,763 remained committed at year end.

F. Subsequent Events

Management has evaluated subsequent events through December 13, 2023, which was the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS

GENERAL FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	Modified Cash Basis
REVENUES					
Local revenue	\$ 10,622,983	779,593	\$ 11,402,576	\$ 31,835	\$ 11,434,411
Intermediate revenue	922,081	(69,763)	852,318	-	852,318
State revenues	2,529,456	1,388,731	3,918,187	-	3,918,187
Federal revenues	31,000	14,990	45,990	-	45,990
Total revenues	<u>14,105,520</u>	<u>2,113,551</u>	<u>16,219,071</u>	<u>31,835</u>	<u>16,250,906</u>
EXPENDITURES					
Current					
Instruction	8,567,862	(440,810)	8,127,052	-	8,127,052
Support services	6,737,901	(280,473)	6,457,428	375,065	6,832,493
Enterprise and community services	5,000	(4,220)	780	-	780
Debt service	48,634	(2)	48,632	-	48,632
Contingency	<u>2,174,623</u>	<u>(2,174,623)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>17,534,020</u>	<u>(2,900,128)</u>	<u>14,633,892</u>	<u>375,065</u>	<u>15,008,957</u>
Excess (deficiency) of revenues over (under) expenditures	(3,428,500)	5,013,679	1,585,179	(343,230)	1,241,949
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>(1,367,500)</u>	<u>-</u>	<u>(1,367,500)</u>	<u>400,000</u>	<u>(967,500)</u>
Net change in fund balance	(4,796,000)	5,013,679	217,679	56,770	274,449
Fund balance - beginning	<u>12,000,000</u>	<u>102,950</u>	<u>12,102,950</u>	<u>528,438</u>	<u>12,631,388</u>
Fund balance - ending	<u>\$ 7,204,000</u>	<u>\$ 5,116,629</u>	<u>\$ 12,320,629</u>	<u>\$ 585,208</u>	<u>\$ 12,905,837</u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

COMBINING BALANCE SHEET - MODIFIED CASH BASIS

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2023

	Special Revenue Funds				Debt Service	Capital Projects			Total
	Student Activities Fund	Federal Projects Fund	State and Local Grants Fund	Food Services Fund	Debt Reserve Fund	Vehicle Replacement Fund	Building and Facilities Fund	Construction Excise Tax Fund	Nonmajor Governmental Funds
ASSETS									
Cash and cash equivalents	<u>\$ 352,614</u>	<u>\$ -</u>	<u>\$ 456,730</u>	<u>\$ 96,082</u>	<u>\$ 50,640</u>	<u>\$ 71,842</u>	<u>\$ 489,834</u>	<u>\$ 201,789</u>	<u>\$ 1,719,531</u>
LIABILITIES AND FUND									
BALANCES									
Liabilities									
Book overdraft	<u>\$ -</u>	<u>\$ 155,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,212</u>
Fund balances									
Restricted	352,614	-	456,730	96,082	50,640	-	-	201,789	1,157,855
Committed	-	-	-	-	-	71,842	489,834	-	561,676
Unassigned	<u>-</u>	<u>(155,212)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(155,212)</u>
Total fund balances	<u>352,614</u>	<u>(155,212)</u>	<u>456,730</u>	<u>96,082</u>	<u>50,640</u>	<u>71,842</u>	<u>489,834</u>	<u>201,789</u>	<u>1,564,319</u>
Total liabilities and fund balances	<u>\$ 352,614</u>	<u>\$ -</u>	<u>\$ 456,730</u>	<u>\$ 96,082</u>	<u>\$ 50,640</u>	<u>\$ 71,842</u>	<u>\$ 489,834</u>	<u>\$ 201,789</u>	<u>\$ 1,719,531</u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2023

	Special Revenue Funds			
	Student Activities Fund	Federal Projects Fund	State and Local Grants Fund	Food Services Fund
REVENUES				
Local revenues	\$ 235,443	\$ -	\$ 93,370	\$ 82,954
Intermediate revenues	-	-	12,250	-
State revenue	-	8,760	1,269,532	29,777
Federal revenue	-	551,355	-	247,494
Total revenues	<u>235,443</u>	<u>560,115</u>	<u>1,375,152</u>	<u>360,225</u>
EXPENDITURES				
Current				
Instruction	225,182	386,648	948,494	-
Support services	-	255,313	819,227	-
Enterprise and community services	-	-	907	397,998
Facilities	-	-	-	-
Debt services	-	-	-	-
Total expenditures	<u>225,182</u>	<u>641,961</u>	<u>1,768,628</u>	<u>397,998</u>
Excess (deficiency) of revenues over (under) expenditures	10,261	(81,846)	(393,476)	(37,773)
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	-	-	-
Transfers in	-	-	250,000	92,500
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>92,500</u>
Net change in fund balances	10,261	(81,846)	(143,476)	54,727
Fund balances - beginning	<u>342,353</u>	<u>(73,366)</u>	<u>600,206</u>	<u>41,355</u>
Fund balances - ending	<u>\$ 352,614</u>	<u>\$ (155,212)</u>	<u>\$ 456,730</u>	<u>\$ 96,082</u>

Debt Service	Capital Projects			Total
Debt Reserve Fund	Vehicle Replacement Fund	Building and Facilities Fund	Construction Excise Tax Fund	Nonmajor Governmental Funds
\$ 1,245,524	\$ 1,431	\$ 6,209	\$ 185,005	\$ 1,849,936
-	-	-	-	12,250
-	-	-	-	1,308,069
-	-	-	-	798,849
<u>1,245,524</u>	<u>1,431</u>	<u>6,209</u>	<u>185,005</u>	<u>3,969,104</u>
-	-	-	-	1,560,324
-	-	-	-	1,074,540
-	-	-	-	398,905
-	-	406,125	120,171	526,296
<u>1,445,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,445,914</u>
<u>1,445,914</u>	<u>-</u>	<u>406,125</u>	<u>120,171</u>	<u>5,005,979</u>
(200,390)	1,431	(399,916)	64,834	(1,036,875)
-	2,250	-	-	2,250
<u>200,000</u>	<u>25,000</u>	<u>400,000</u>	<u>-</u>	<u>967,500</u>
<u>200,000</u>	<u>27,250</u>	<u>400,000</u>	<u>-</u>	<u>969,750</u>
(390)	28,681	84	64,834	(67,125)
<u>51,030</u>	<u>43,161</u>	<u>489,750</u>	<u>136,955</u>	<u>1,631,444</u>
<u>\$ 50,640</u>	<u>\$ 71,842</u>	<u>\$ 489,834</u>	<u>\$ 201,789</u>	<u>\$ 1,564,319</u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS

STUDENT ACTIVITIES FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenues	\$ 272,400	\$ (36,957)	\$ 235,443
EXPENDITURES			
Current			
Instruction	382,790	(157,608)	225,182
Excess (deficiency) of revenues over (under) expenditures	(110,390)	120,651	10,261
Fund balance - beginning	275,000	67,353	342,353
Fund balance - ending	\$ 164,610	\$ 188,004	\$ 352,614

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS

FEDERAL PROJECTS FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
State revenues	\$ 9,100	\$ (340)	\$ 8,760
Federal revenues	<u>2,580,200</u>	<u>(2,028,845)</u>	<u>551,355</u>
Total revenues	<u>2,589,300</u>	<u>(2,029,185)</u>	<u>560,115</u>
EXPENDITURES			
Current			
Instruction	749,837	(363,189)	386,648
Support services	1,834,984	(1,579,671)	255,313
Enterprise and community services	<u>4,479</u>	<u>(4,479)</u>	<u>-</u>
Total expenditures	<u>2,589,300</u>	<u>(1,947,339)</u>	<u>641,961</u>
Excess (deficiency) of revenues over (under) expenditures	-	(81,846)	(81,846)
Fund balance - beginning	<u>-</u>	<u>(73,366)</u>	<u>(73,366)</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ (155,212)</u></u>	<u><u>\$ (155,212)</u></u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS

STATE AND LOCAL GRANTS FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 190,505	\$ (97,135)	\$ 93,370
Intermediate revenue	31,000	(18,750)	12,250
State revenues	<u>1,042,000</u>	<u>227,532</u>	<u>1,269,532</u>
Total revenues	<u>1,263,505</u>	<u>111,647</u>	<u>1,375,152</u>
EXPENDITURES			
Current			
Instruction	949,768	(1,274)	948,494
Support services	977,236	(158,009)	819,227
Enterprise and community services	<u>2,679</u>	<u>(1,772)</u>	<u>907</u>
Total expenditures	<u>1,929,683</u>	<u>(161,055)</u>	<u>1,768,628</u>
Excess (deficiency) of revenues over (under) expenditures	(666,178)	272,702	(393,476)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Net change in fund balance	(416,178)	272,702	(143,476)
Fund balance - beginning	<u>610,000</u>	<u>(9,794)</u>	<u>600,206</u>
Fund balance - ending	<u><u>\$ 193,822</u></u>	<u><u>\$ 262,908</u></u>	<u><u>\$ 456,730</u></u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS

FOOD SERVICE FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 50,000	\$ 32,954	\$ 82,954
State revenue	3,000	26,777	29,777
Federal revenue	<u>265,000</u>	<u>(17,506)</u>	<u>247,494</u>
Total revenues	<u>318,000</u>	<u>42,225</u>	<u>360,225</u>
EXPENDITURES			
Current			
Enterprise and community services	<u>418,192</u>	<u>(20,194)</u>	<u>397,998</u>
Excess (deficiency) of revenues over (under) expenditures	(100,192)	62,419	(37,773)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>92,500</u>	<u>-</u>	<u>92,500</u>
Net change in fund balances	(7,692)	62,419	54,727
Fund balance - beginning	<u>46,000</u>	<u>(4,645)</u>	<u>41,355</u>
Fund balance - ending	<u><u>\$ 38,308</u></u>	<u><u>\$ 57,774</u></u>	<u><u>\$ 96,082</u></u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamok County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS

DEBT SERVICE FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 1,203,915	\$ 41,609	\$ 1,245,524
EXPENDITURES			
Debt services	<u>1,445,915</u>	<u>(1)</u>	<u>1,445,914</u>
Excess (deficiency) of revenues over (under) expenditures	(242,000)	41,610	(200,390)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Net change in fund balance	(42,000)	41,610	(390)
Fund balance - beginning	<u>42,000</u>	<u>9,030</u>	<u>51,030</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ 50,640</u></u>	<u><u>\$ 50,640</u></u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS

VEHICLE REPLACEMENT FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 100	\$ 1,331	\$ 1,431
EXPENDITURES			
Current			
Support services	68,225	(68,225)	-
Excess (deficiency) of revenues over (under) expenditures	(68,125)	69,556	1,431
OTHER FINANCING SOURCES (USES)			
Sale of assets	-	2,250	2,250
Transfers in	25,000	-	25,000
Total other financing sources (uses)	25,000	2,250	27,250
Net change in fund balance	(43,125)	71,806	28,681
Fund balance - beginning	43,125	36	43,161
Fund balance - ending	\$ -	\$ 71,842	\$ 71,842

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS

BUILDING AND FACILITIES FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 100	\$ 6,109	\$ 6,209
EXPENDITURES			
Facilities acquisition and construction	890,100	(483,975)	406,125
Excess (deficiency) of revenues over (under) expenditures	(890,000)	490,084	(399,916)
OTHER FINANCING SOURCES (USES)			
Transfers in	400,000	-	400,000
Net change in fund balance	(490,000)	490,084	84
Fund balance - beginning	490,000	(250)	489,750
Fund balance - ending	\$ -	\$ 489,834	\$ 489,834

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS

CONSTRUCTION EXCISE TAX FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 200,500	\$ (15,495)	\$ 185,005
EXPENDITURES			
Facilities acquisition and construction	316,500	(196,329)	120,171
Excess (deficiency) of revenues over (under) expenditures	(116,000)	180,834	64,834
Fund balance - beginning	116,000	20,955	136,955
Fund balance - ending	\$ -	\$ 201,789	\$ 201,789

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS

MAINTENANCE FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	Modified Cash Basis
REVENUES					
Local revenue	\$ 500	\$ 31,335	\$ 31,835	\$ (31,835)	\$ -
EXPENDITURES					
Current					
Support services	<u>431,000</u>	<u>(55,935)</u>	<u>375,065</u>	<u>(375,065)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(430,500)	87,270	(343,230)	343,230	-
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>400,000</u>	<u>-</u>	<u>400,000</u>	<u>(400,000)</u>	<u>-</u>
Net change in fund balance	(30,500)	87,270	56,770	(56,770)	-
Fund balance - beginning	<u>530,000</u>	<u>(1,562)</u>	<u>528,438</u>	<u>(528,438)</u>	<u>-</u>
Fund balance - ending	<u>\$ 499,500</u>	<u>\$ 142,478</u>	<u>\$ 641,978</u>	<u>\$ (641,978)</u>	<u>\$ -</u>

OTHER FINANCIAL SCHEDULES

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

REVENUE SUMMARY - ALL FUNDS

For the Year Ended June 30, 2023

Revenue from Local Sources	Fund 100	Fund 200	Fund 300	Fund 400
1110 Ad Valorem Taxes Levied by District	\$ 10,862,688.62	\$ 0.76	\$ 1,225,752.16	\$ -
1130 Construction Excise Tax	-	-	-	180,649.35
1300 Tuition	800.00	-	-	-
1500 Earnings on Investments	417,682.03	21,659.81	19,772.35	11,996.36
1600 Food Service	-	77,552.10	-	-
1700 Extracurricular Activities	-	96,635.98	-	-
1910 Rentals	-	1,469.76	-	-
1920 Contributions and Donations From Private Sources	-	216,492.65	-	-
1960 Recovery of Prior Years expenses	71,441.11	14,144.50	-	-
1990 Miscellaneous	49,958.25	15,647.85	-	-
Total Revenue from Local Sources	\$ 11,402,570.01	\$ 443,603.41	\$ 1,245,524.51	\$ 192,645.71
Revenue from Intermediate Sources	Fund 100	Fund 200	Fund 300	Fund 400
2101 County School Fund	\$ 835,518.24	\$ -	\$ -	\$ -
2199 Other Intermediate Revenue	16,800.00	-	-	-
2200 Restricted Revenue	-	12,250.00	-	-
Total Revenue from Intermediate Sources	\$ 852,318.24	\$ 12,250.00	\$ -	\$ -
Revenue from State Sources	Fund 100	Fund 200	Fund 300	Fund 400
3103 Common School Fund	\$ 82,187.22	\$ -	\$ -	\$ -
3104 State Managed County Timber	3,695,512.78	-	-	-
3199 Unrestricted State Grants	-	45,030.05	-	-
3299 Other Restricted Grants-in-Aid	140,486.93	1,263,039.78	-	-
Total Revenue from State Sources	\$ 3,918,186.93	\$ 1,308,069.83	\$ -	\$ -
Revenue from Federal Sources	Fund 100	Fund 200	Fund 300	Fund 400
4500 Restricted Revenue From the Federal Government Through the State	\$ -	\$ 754,455.24	\$ -	\$ -
4700 Direct Federal Grants	-	44,392.55	-	-
4801 Federal Forest Fees	45,990.37	-	-	-
Total Revenue from Federal Sources	\$ 45,990.37	\$ 798,847.79	\$ -	\$ -
Revenue from Other Sources	Fund 100	Fund 200	Fund 300	Fund 400
5200 Interfund Transfers	\$ -	\$ 742,500	\$ 200,000	\$ 425,000
5300 Sale of Assets	-	-	-	2,250.00
5400 Resources - Beginning Fund Balance	12,102,949.96	1,438,986.37	51,030.48	669,865.70
Total Revenue from Other Sources	\$ 12,102,949.96	\$ 2,181,486.37	\$ 251,030.48	\$ 1,097,115.70

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon
EXPENDITURE SUMMARY - GENERAL FUND

For the Year Ended June 30, 2023

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$ 2,310,157.74	\$ 1,376,690.05	\$ 818,817.92	\$ 85,542.63	\$ 29,107.14	\$ -	\$ -	\$ -
1113 Elementary Extracurricular	3,500.50	-	-	3,500.50	-	-	-	-
1121 Middle/Junior High Programs	1,417,706.02	850,252.81	523,466.82	23,994.79	19,991.60	-	-	-
1122 Middle/Junior High Extracurricular	61,133.91	40,629.08	9,759.19	7,205.69	3,539.95	-	-	-
1131 High School Programs	1,885,779.27	1,179,970.33	619,581.72	55,854.00	29,843.22	-	530.00	-
1132 High School Extracurricular	325,070.03	204,317.98	68,787.33	31,105.29	14,722.26	-	6,137.17	-
1140 Pre-Kindergarten Programs	214,761.97	123,393.28	72,733.18	10,131.14	8,504.37	-	-	-
1210 Programs for the Talented and Gifted	1,645.91	-	-	-	1,645.91	-	-	-
1220 Restrictive Programs for Students with Disabilities	313,753.48	152,131.92	145,573.78	8,482.48	6,995.30	-	570.00	-
1250 Less Restrictive Programs for Students with Disabilities	1,440,648.36	788,367.11	586,468.93	57,182.76	8,629.56	-	-	-
1280 Alternative Education	19,718.00	-	-	19,718.00	-	-	-	-
1291 English Second Language Programs	117,731.47	71,981.00	44,288.07	1,392.40	70.00	-	-	-
1295 English Second Language Programs	39.68	-	-	-	39.68	-	-	-
1400 Summer School Programs	15,401.72	4,184.11	1,347.71	416.03	9,453.87	-	-	-
Total Instruction Expenditures	\$ 8,127,048.06	\$ 4,791,917.67	\$ 2,890,824.65	\$ 304,525.71	\$ 132,542.86	\$ -	\$ 7,237.17	\$ -

(continued)

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon
EXPENDITURE SUMMARY - GENERAL FUND

For the Year Ended June 30, 2023

(continued)

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$ 66,223.29	\$ 35,850.81	\$ 25,091.24	\$ 5,281.24	\$ -	\$ -	\$ -	\$ -
2120 Guidance Services	382,427.72	228,065.13	143,266.26	3,249.65	6,157.68	-	1,689.00	-
2130 Health Services	89,039.57	63,754.19	20,573.22	2,873.02	1,699.64	-	139.50	-
2140 Psychological Services	5,725.00	-	-	5,725.00	-	-	-	-
2190 Service Direction, Student Support	264,052.70	138,907.60	84,110.72	40,177.90	211.48	-	645.00	-
2210 Improvement of Instruction	7,786.07	5,092.58	1,680.39	1,013.10	-	-	-	-
2220 Educational Media Services	249,578.83	116,977.77	83,401.94	15,965.37	33,182.75	-	51.00	-
2230 Assessment and Testing	5,506.81	3,608.88	1,002.02	895.91	-	-	-	-
2240 Instructional Staff Development	150,337.88	83,100.22	35,542.21	27,001.49	4,693.96	-	-	-
2310 Board of Education Services	84,497.60	-	-	71,203.98	1,412.77	-	11,880.85	-
2321 Office and Superintendent Services	443,648.58	260,677.40	152,758.87	16,977.02	8,771.40	-	4,463.89	-
2410 Office of the Principal Services	1,477,835.38	863,953.02	549,085.08	40,547.77	19,360.51	-	4,889.00	-
2490 Other Support Services - School Administration	5,105.00	4,099.01	1,005.99	-	-	-	-	-
2520 Fiscal Services	496,685.34	266,487.40	131,286.92	97,239.82	1,021.20	-	650.00	-
2540 Operation and Maintenance of Plant Services	1,429,479.69	544,285.01	270,797.53	329,636.06	52,111.94	113,295.00	119,354.15	-
2552 Student Transportation Services	867,024.40	-	-	862,758.10	4,266.30	-	-	-
2626 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical	17,162.47	-	-	-	-	-	17,162.47	-
2630 Information Services	1,307.57	-	-	-	1,307.57	-	-	-
2640 Staff Services	11,388.77	-	-	11,388.77	-	-	-	-
2661 Technology Services - Service Area Direction	315,568.27	139,094.06	74,330.76	63,414.00	37,922.45	-	807.00	-
2680 Interpretation and Translation Services	9,311.96	7,442.82	657.65	240.00	971.49	-	-	-
2700 Supplemental Retirement Program	77,734.10	33,671.04	44,063.06	-	-	-	-	-
Total Support Services Expenditures	\$ 6,457,427.00	\$ 2,795,066.94	\$ 1,618,653.86	\$ 1,595,588.20	\$ 173,091.14	\$ 113,295.00	\$ 161,731.86	\$ -

(continued)

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon
EXPENDITURE SUMMARY - GENERAL FUND

For the Year Ended June 30, 2023

(continued)

Enterprise and Community Services

3300 Community Services

Total Enterprise and Community Services

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
\$ 779.89	\$ -	\$ -	\$ -	\$ 779.89	\$ -	\$ -	\$ -

\$ 779.89	\$ -	\$ -	\$ -	\$ 779.89	\$ -	\$ -	\$ -
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Other Uses Expenditures

5100 Debt Service

5200 Transfers of Funds

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
\$ 48,632.47	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,632.47	\$ -
1,367,500.00	-	-	-	-	-	-	1,367,500.00

Total Other Uses Expenditures

Grand Total

\$ 1,416,132.47	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,632.47	\$ 1,367,500.00
\$ 16,001,387.42	\$ 7,586,984.61	\$ 4,509,478.51	\$ 1,900,113.91	\$ 306,413.89	\$ 113,295.00	\$ 217,601.50	\$ 1,367,500.00

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

EXPENDITURE SUMMARY - SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2023

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600
1111 Primary, K-3	\$ 334,679.16	\$ -	\$ -	\$ -	\$ 334,679.16	\$ -	\$ -
1113 Elementary Extracurricular	76,162.32	-	-	25,450.49	39,171.88	-	11,539.95
1121 Middle/Junior High Programs	100,234.80	17,013.17	10,296.32	11,653.98	58,806.33	-	2,465.00
1122 Middle/Junior High Extracurricular	30,107.70	-	-	7,778.10	14,892.56	-	7,437.04
1131 High School Programs	135,827.45	42,370.91	28,202.07	2,923.74	54,305.73	-	8,025.00
1132 High School Extracurricular	158,062.07	8,941.80	2,034.63	52,590.93	69,562.68	-	24,932.03
1140 Pre-kindergarten Programs	211,777.46	118,470.67	89,436.89	-	3,869.90	-	-
1220 Restrictive Programs for Students with Disabilities	141,522.90	83,141.00	58,381.90	-	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	52,890.69	17,374.55	20,598.31	864.72	14,053.11	-	-
1271 Remediation	19,789.43	15,072.10	4,646.59	70.74	-	-	-
1272 Title I	160,497.48	96,460.35	64,037.13	-	-	-	-
1280 Alternative Education	15,224.00	-	-	15,224.00	-	-	-
1291 English Second Language Programs	13,866.16	-	-	13,866.16	-	-	-
1400 Summer School Programs	109,678.91	38,981.75	10,698.30	4,125.14	47,212.84	-	8,660.88
Total Instruction Expenditures	\$ 1,560,320.53	\$ 437,826.30	\$ 288,332.14	\$ 134,548.00	\$ 636,554.19	\$ -	\$ 63,059.90

(continued)

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

EXPENDITURE SUMMARY - SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2023

(continued)

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600
2110 Attendance and Social Work Services	\$ 107,299.01	\$ 52,107.00	\$ 54,153.09	\$ -	\$ 1,038.92	\$ -	\$ -
2120 Guidance Services	275,464.05	123,617.74	133,019.18	3,125.74	15,701.39	-	-
2130 Health Services	5,036.30	-	-	755.20	4,281.10	-	-
2190 Service Direction, Student Support Services	3,144.00	-	-	3,144.00	-	-	-
2220 Educational Media Services	2,462.97	-	-	-	2,462.97	-	-
2240 Instructional Staff Development	213,925.62	112,970.60	70,210.01	30,745.01	-	-	-
2410 Office of the Principal Services	2,127.31	1,500.00	525.13	102.18	-	-	-
2540 Operation and Maintenance of Plant Services	649,748.17	270.48	85.76	259,402.96	83,756.39	298,489.54	7,743.04
2550 Student Transportation Services	32,811.61	-	-	31,491.34	1,320.27	-	-
2640 Staff Services	11,528.93	7,350.00	2,445.66	-	1,733.27	-	-
2661 Technology Services - Service Area Direction	145,941.43	-	-	-	145,941.43	-	-
2680 Interpretation and Translation Services	121.70	92.14	29.56	-	-	-	-
Total Support Services Expenditures	\$ 1,449,611.10	\$ 297,907.96	\$ 260,468.39	\$ 328,766.43	\$ 256,235.74	\$ 298,489.54	\$ 7,743.04

Enterprise and Community Services

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600
3100 Food Services	\$ 397,996.75	\$ 142,296.69	\$ 116,441.89	\$ 6,653.39	\$ 127,884.98	\$ -	\$ 4,719.80
3300 Community Services	906.42	-	-	-	906.42	-	-

Total Enterprise and Community

Services Expenditures

\$ 398,903.17 \$ 142,296.69 \$ 116,441.89 \$ 6,653.39 \$ 128,791.40 \$ - \$ 4,719.80

Grand Total

\$ 3,408,834.80 \$ 878,030.95 \$ 665,242.42 \$ 469,967.82 \$ 1,021,581.33 \$ 298,489.54 \$ 75,522.74

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

EXPENDITURE SUMMARY - DEBT SERVICE FUND

For the Year Ended June 30, 2023

Other Uses Expenditures		
5100 Debt Service		
Total Other Uses Expenditures	\$ 144,915.00	\$ 144,915.00
Grand Total	\$ 144,915.00	\$ 144,915.00

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

EXPENDITURE SUMMARY -CAPITAL PROJECTS FUNDS

For the Year Ended June 30, 2023

Facilities Acquisition and Construction	Totals	Object 300	Object 400	Object 500	Object 600
4150 Buildings Acquisition, Construction, and Improvement Services	\$ 526,296.48	\$ 828.90	\$ 8,933.11	\$ 513,449.06	\$ 3,085.41
Total Support Services	\$ 526,296.48	\$ 828.90	\$ 8,933.11	\$ 513,449.06	\$ 3,085.41
Grand Total	\$ 526,296.48	\$ 828.90	\$ 8,933.11	\$ 513,449.06	\$ 3,085.41

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



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

We have audited the basic financial statements of Neah-Kah-Nie School District as of and for the year ended June 30, 2023 and have issued our report thereon dated December 13, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

Compliance

As part of obtaining reasonable assurance about whether Neah-Kah-Nie School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

Deposit of public funds with financial institutions (ORS Chapter 295)

Indebtedness limitations, restrictions, and repayment

Budgets legally required (ORS Chapter 294)

Insurance and fidelity bonds in force or required by law

Programs funded from outside sources

Authorized investment of surplus funds (ORS Chapter 294)

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

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

State school fund factors and calculation

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

A. Deficit Fund Equity

At June 30, 2023, the Federal Projects Fund had a deficit fund balance of \$155,212. This deficit will be eliminated as resources are obtained in the subsequent years.

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, as defined above. 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.

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

A handwritten signature in blue ink that reads "Accuity, LLC". The signature is stylized and fluid.

Accuity, LLC
December 13, 2023

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

SUPPLEMENTAL INFORMATION REQUIRED BY OREGON DEPARTMENT OF EDUCATION

For the Year Ended June 30, 2023

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

A. Energy Bill for Heating – **All Funds:**

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

	Objects 325 - 327
Function 2540	\$ 268,537.00
Function 2550	\$ -

B. Replacement of Equipment – **General Fund:**

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

\$ -

Exclude these functions:

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

SINGLE AUDIT SECTION

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

Federal Grantor, Pass through Grantor, Program Title	Pass-Through Grantor Number	CFDA	Revenues	Expenditures
<u>U.S. Department of Education</u>				
Passed through Oregon State Department of Education				
Title I Grants to Local Educational Agencies	67025/72565	84.010	\$ 196,760	\$ 196,780
Special Education Cluster				
IDEA Special Education Grants To States	68679/74075/75352	84.027	110,145	147,120
Preschool Grants	69201/74259	84.173	<u>3,223</u>	<u>3,144</u>
Total Special Education Cluster			<u>113,368</u>	<u>150,264</u>
Title IIA Improving Teaching Quality State Grants	72762	84.367	36,196	36,219
Student Support and Academic Enrichment	72959/66814	84.424	15,607	14,467
COVID-19 - Elementary & Secondary Schools Emergency Relief Fund	64633/64938/69371	84.425	<u>145,030</u>	<u>126,865</u>
Total Passed through Oregon State Department of Education			<u>506,961</u>	<u>524,595</u>
Passed through Tillamook School District				
Youth Transition Program	N/A	84.126	\$ 32,189	\$ 33,056
Perkins Technical Grant		84.048	<u>12,253</u>	<u>13,653</u>
Total Passed through Tillamook School District			<u>44,442</u>	<u>46,709</u>
Passed through Oregon State University				
Gaining Early Awareness and Readiness for Undergraduate Programs	ED185C-E	84.334	<u>-</u>	<u>61,710</u>
Total U.S. Department of Education			<u>551,403</u>	<u>633,014</u>

(continued)

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

(continued)

Federal Grantor, Pass through Grantor, Program Title	Pass-Through Grantor Number	CFDA	Revenues	Expenditures
<u>U.S. Department of Agriculture</u>				
Passed through Oregon State Department of Education				
Child Nutrition Cluster				
National School Breakfast Program	2914001	10.553	53,290	41,154
National School Lunch Program	2914001	10.555	176,826	134,269
National School Lunch Program - Supply Chain Assistance	2914001	10.555	17,377	31,662
National School Lunch Program - Commodities	2914001	10.555	<u>27,145</u>	<u>27,145</u>
Total Child Nutrition Cluster			<u>274,638</u>	<u>234,230</u>
Total Passed through Oregon Department of Education			<u>274,638</u>	<u>234,230</u>
Passed through Linn County				
Schools and Roads - Grants to States		10.665	<u>45,990</u>	<u>45,990</u>
Total U.S. Department of Agriculture			<u>320,628</u>	<u>280,220</u>
Total federal expenditures			<u><u>\$ 872,031</u></u>	<u><u>\$ 913,234</u></u>

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

I. PURPOSE OF SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Neah-Kah-Nie School District under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200; *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the activities of the District, it is not intended to and does not present the financial position, changes in net position, nor the operating funds' revenues and expenses.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR FEDERAL AWARD EXPENDITURES

A. Basis of Presentation

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

B. Federal Financial Assistance

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

C. Major Programs

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

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

D. Reporting Entity

The reporting entity is fully described in the notes to the District's basic financial statements. Additionally, the schedule of expenditures of federal awards includes all federal programs administered by the District for the year ended June 30, 2023.

E. Revenue and Expenditure Recognition

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



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Neah-Kah-Nie School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Neah-Kah-Nie School District's basic financial statements, and have issued our report thereon dated December 13, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Neah-Kah-Nie School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Neah-Kah-Nie School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Neah-Kah-Nie School District's internal control.

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

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

Report on Compliance and Other Matters

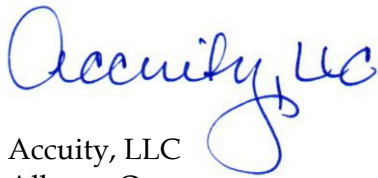
As part of obtaining reasonable assurance about whether the Neah-Kah-Nie School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

A. Deficit Fund Equity

At June 30, 2023, the Federal Projects Fund had a deficit fund balance of \$155,212. This deficit will be eliminated as resources are obtained in the subsequent years.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Accuity, LLC". The signature is stylized and cursive.

Accuity, LLC
Albany, Oregon
December 13, 2023



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Neah-Kah-Nie School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 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, Neah-Kah-Nie School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Neah-Kah-Nie School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Neah-Kah-Nie School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Neah-Kah-Nie School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Neah-Kah-Nie School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Neah-Kah-Nie School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Neah-Kah-Nie School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Neah-Kah-Nie School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

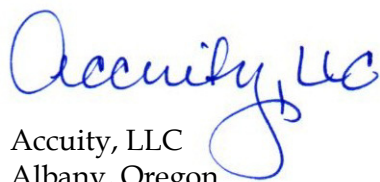
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

A handwritten signature in blue ink that reads "Accuity, LLC". The signature is stylized and fluid.

Accuity, LLC
Albany, Oregon
December 13, 2023

NEAH-KAH-NIE SCHOOL DISTRICT
Tillamook County, Oregon

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified not considered to be material weaknesses? No

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425	Elementary and Secondary Schools Emergency Relief Fund
10.55X	Child Nutrition Cluster
10.665	Schools and Roads

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

Auditee qualified as low-risk auditee? No