



PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2021



PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

DISTRICT OFFICIALS

June 30, 2021

BOARD OF DIRECTORS

Shelley Niemann, Chair

Karen Skinkis, Vice Chair

Greg Gerding

Anton Grube

Jim Kildea

*All board members receive mail at the District address below

ADMINISTRATION

Susan Halliday, Superintendent
Bill Mancuso, Business Manager

1620 Applegate Street
Philomath, Oregon 97370

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Philomath School District No. 17J
Philomath, Oregon 97370

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Philomath School District No. 17J, Benton County, Oregon, and Kings Valley Charter School, its discretely presented component unit, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 Title 2 U.S. *Code of Federal Regulations (CFR) Part 200; Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the remaining fund information of Philomath School District No. 17J, Benton County, Oregon as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2021, the District adopted new accounting guidance: GASB Statement No. 84, *Fiduciary Activities*, and Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, the schedules of the District’s proportionate share of the net pension liability, OPEB RHIA benefit, OPEB medical benefit, District contributions, and budgetary comparison information on pages 4 through 11 and 62 through 65, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management’s discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management’s discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Philomath School District No. 17J’s basic financial statements.

The individual fund schedules, other financial schedules, and supplemental information required by the Oregon Department of Education are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200; Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The individual fund schedules, other financial schedules, and schedule of expenditures of federal awards are the responsibility of management, and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The supplemental information required by the Oregon Department of Education has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 the District's internal control over financial reporting and compliance.

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 20, 2021 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 20, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of Philomath School District No. 17J, Benton County, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2021, total net position of Philomath School District No. 17J amounted to \$3,705,623. Of this amount, \$6,793,052 was invested in capital assets, net of related debt. The remaining balance included \$8,876,335 restricted for various purposes and \$(11,963,764) of unrestricted net position.
- At June 30, 2021, the District's governmental funds reported combined ending fund balances of \$12,224,094.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Philomath School District No. 17J's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The statement of net position presents information on all the District's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Kings Valley Charter School is a charter school sponsored by the District and is reported as a discretely presented component unit. Their complete financial statements may be obtained from the District's administrative offices.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The District is not financially responsible for the charter school, but the nature and significance of their financial relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The component unit is presented in a separate column in the government-wide financial statements to emphasize that they are legally separate organization from the District. Revenues reported by the component unit as state school fund monies equal the amounts passed through the District.

The government-wide financial statements can be found on pages 12 through 14 of this report.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of Philomath School District No. 17J can be divided into two categories: governmental funds and proprietary funds.

□ **Governmental Funds**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains seven governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Debt Service, and Capital Projects Funds, all of which are considered to be major governmental funds. Philomath School District No. 17J adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets. The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

PHILOMATH SCHOOL DISTRICT NO. 17J
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MANAGEMENT'S DISCUSSION AND ANALYSIS

□ **Proprietary Funds**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The District maintains one proprietary fund, which is an internal service fund.

Internal service funds serve as an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses the internal service fund to account for its unemployment insurance. Because this predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 19 through 21 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 21 through 61 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes the schedules of the District's proportionate share of the net pension liability, OPEB RHIA benefit, OPEB medical liability and District contributions, as well as the budgetary comparison information for the General Fund. This required supplementary information can be found on pages 62 through 65 of this report. Individual fund schedules can be found immediately following the required supplementary information on pages 66 through 74 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2021, the District's assets exceeded its liabilities by \$3,705,623.

A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets for classrooms and supporting services for providing kindergarten through twelfth grade education; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

District's Net Position

The District's net position decreased by \$647,594 during the current fiscal year. Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Governmental Activities	
	<u>2021</u>	<u>2020</u>
Assets		
Current and other assets	\$ 4,851,052	\$ 5,634,857
Restricted assets	9,155,037	6,581,191
Capital assets, net of accumulated depreciation	<u>31,087,005</u>	<u>31,801,136</u>
Total assets	<u>45,093,094</u>	<u>44,017,184</u>
Deferred outflows of resources	<u>7,001,317</u>	<u>4,904,841</u>
Liabilities		
Current liabilities	1,685,136	1,795,878
Noncurrent liabilities	<u>45,895,918</u>	<u>41,848,443</u>
Total liabilities	<u>47,581,054</u>	<u>43,644,321</u>
Deferred inflows of resources	<u>807,734</u>	<u>924,487</u>
Net position		
Net investment in capital assets	6,793,052	7,477,340
Restricted for various purposes	8,876,335	6,580,421
Unrestricted	<u>(11,963,764)</u>	<u>(9,704,544)</u>
Total net position	<u>\$ 3,705,623</u>	<u>\$ 4,353,217</u>

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

District's Changes in Net Position

The condensed statement of activities information shown below explains changes in net position.

Changes in Net Position

	Governmental Activities	
	<u>2021</u>	<u>2020</u>
Program revenues	\$ 2,686,619	\$ 2,358,356
General revenues		
Property taxes - general	4,856,914	4,554,479
Property taxes - debt service	2,110,692	2,155,344
State school fund - general support	12,633,134	12,579,422
Common school fund	238,373	219,208
Unrestricted state and local revenue	544,483	1,363,619
Investment earnings	1,132,337	1,264,738
Miscellaneous	<u>221,202</u>	<u>566,054</u>
Total general revenues	<u>21,737,135</u>	<u>22,702,864</u>
Total revenues	<u>24,423,754</u>	<u>25,061,220</u>
Program expenses		
Instruction	14,898,755	14,594,537
Support services	7,697,997	7,824,775
Enterprise and community services	111,181	359,538
Facilities acquisition and construction	25,462	-
Unallocated depreciation expense	1,010,015	1,122,502
Interest on long-term debt	<u>1,327,938</u>	<u>1,482,100</u>
Total program expenses	<u>25,071,348</u>	<u>25,383,452</u>
Transfers	<u>-</u>	<u>(75,000)</u>
Change in net position	(647,594)	(397,232)
Net position - beginning of year, as restated	<u>4,353,217</u>	<u>4,750,449</u>
Net position - end of year	<u>\$ 3,705,623</u>	<u>\$ 4,353,217</u>

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues

Since the District's mission is to provide a free and appropriate public education for kindergarten through twelfth grade students within its boundaries, the District may not charge for its core services. As expected, therefore, general revenues provide 89% of the funding required for governmental programs. Property taxes and state school funding combined for 90% of general revenues and 80% of total revenues.

Charges for services make up less than 1% of total revenues and are comprised of the following items for which it is appropriate that the District charge tuition or fees:

• Food services charges for lunch and breakfast	\$ 25,581
• Various student extracurricular activities	<u>221,260</u>
Total charges for services	<u>\$ 246,841</u>

Operating grants and contributions represent 10% of total revenues. Included in this category is \$2,323,663 of state reimbursements for special education programs and \$116,115 for grants and contributions to support various educational activities.

Expenses

Expenses related to governmental activities are presented in several broad functional categories. Costs of direct classroom instruction activities account for 59% of the total expenses of \$25,071,348. In addition, approximately 31% of the costs in supporting services relate to students, instructional staff, and school administration.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the District's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$12,224,094. Of this amount, \$2,514,838 constitutes unassigned fund balance, which is available for spending at the District's discretion. The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the General Fund was \$2,514,838 all of which was unassigned.

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary Fund

The District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Net position of the proprietary fund at year-end amounted to \$153, all of which is considered to be unrestricted.

BUDGETARY HIGHLIGHTS

Budget amounts shown in the financial statements reflect the original budget amounts and four approved appropriation changes.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2021 amounted to \$31,087,005 net of accumulated depreciation. This investment in capital assets includes land, buildings, and machinery and equipment. The total depreciation related to the District's investment in capital assets for the current fiscal year was \$1,010,015.

Additional information on the District's capital assets can be found on pages 33 through 34 of this report.

Long-Term Debt

At the end of the current fiscal year, the District had total debt outstanding of \$28,153,953. This amount is comprised of general obligation bonds, limited tax pension bonds, and a lease payable. The District's total debt outstanding decreased by \$429,843 during the current fiscal year.

Additional information on the District's long-term debt can be found on pages 35 through 37 of this report.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could affect its future health:

- The Oregon State Legislature has voted to fund K-12 education for the 2021-23 biennium, through the State School Fund, at \$9.3 billion. Any increase in revenue is outpaced by the increase in costs, and the District's enrollment suffered decreases during the pandemic to homeschooling and online charter schools.
- During the 2019 Legislature, HB 3427 (the Student Success Act) was passed and created substantial funding for K-12 schools through a Corporate Activity Tax (CAT), and is to be used to enhance the needs of students both in and out of the classroom.

PHILOMATH SCHOOL DISTRICT NO. 17J
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MANAGEMENT'S DISCUSSION AND ANALYSIS

- The 2021 Oregon Legislature passed a Summer Learning Opportunity Grant, which will assist in the transition from COVID to traditional operations. The grant allows us to provide credit recovery options at the high school level and enrichment activities, along with childcare, for K-8 students.
- The Federal Government has provided three levels of non-recurring stimulus funding, which enabled the District to provide the immediate supports for learning during the pandemic. This budget incorporates the remaining federal funds, as there will be associated expenses to meet all OHA and CDC pandemic guidelines.

All of these factors were considered in preparing the District's budget for fiscal year 2021-2022.

The unassigned ending General Fund balance of \$2,514,838 will be available for program resources in fiscal year 2021-2022.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Philomath School District No. 17J's finances for all those with an interest. Questions concerning any of the information provided in the report or requests for additional information should be addressed to the Business Manager, Philomath School District No. 17J, 1620 Applegate Street, Philomath, Oregon 97370.

BASIC FINANCIAL STATEMENTS

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

STATEMENT OF NET POSITION

June 30, 2021

	Governmental Activities	Component Unit Kings Valley Charter School
ASSETS		
Current assets		
Cash and investments	\$ 3,246,833	\$ 831,581
Accounts receivable	936,501	59,666
Note receivable, current portion	34,245	-
Property taxes receivable	88,127	-
Total current assets	4,305,706	891,247
Restricted assets		
Cash and investments	9,085,882	11,358
Accounts receivable	1,140	-
Property taxes receivable	68,015	-
Total restricted assets	9,155,037	11,358
OPEB RHIA benefit	278,502	-
Note receivable, less current portion	266,844	-
Capital assets not being depreciated	1,784,357	43,268
Capital assets being depreciated, net	29,302,648	297,228
Total assets	45,093,094	1,243,101
DEFERRED OUTFLOWS OF RESOURCES	7,001,317	90,672
LIABILITIES		
Current liabilities		
Accounts payable	148,227	259,796
Accrued interest	54,616	-
Payroll liabilities	968,523	4,873
Compensated absences	59,572	-
Long-term liabilities, current portion	454,198	4,502
Total current liabilities	1,685,136	269,171

(Continued)

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

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

STATEMENT OF NET POSITION

June 30, 2021

(Continued)

	Governmental Activities	Component Unit Kings Valley Charter School
Noncurrent liabilities		
Net pension liability - PERS	17,177,843	180,650
OPEB liability	1,018,320	-
Long-term liabilities, less current portion	27,699,755	3,594
Total noncurrent liabilities	45,895,918	184,244
Total liabilities	47,581,054	453,415
DEFERRED INFLOWS OF RESOURCES	807,734	25,150
NET POSITION		
Net investment in capital assets	6,793,052	332,400
Restricted for:		
Debt service	8,023,032	-
Capital projects	51,870	-
Other purposes	801,433	11,358
Unrestricted	(11,963,764)	511,450
Total net position	\$ 3,705,623	\$ 855,208

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

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

<u>Functions/Programs</u>					Net (Expense) Revenue and Changes in Net Position	
	Expenses	Program Revenues		Primary Government	Component Unit	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Kings Valley Charter School	
Primary government						
Instruction	\$ 14,898,755	\$ 221,260	\$ 2,323,663	\$ (12,353,832)	\$ -	
Support services	7,697,997	-	-	(7,697,997)	-	
Enterprise and community services	111,181	25,581	116,115	30,515	-	
Facilities acquisition and construction	25,462	-	-	(25,462)	-	
Unallocated depreciation expense	1,010,015	-	-	(1,010,015)	-	
Interest on long-term debt	1,327,938	-	-	(1,327,938)	-	
Total governmental activities	<u>\$ 25,071,348</u>	<u>\$ 246,841</u>	<u>\$ 2,439,778</u>	<u>(22,384,729)</u>	<u>-</u>	
Component unit - Governmental Activities						
Governmental activities						
Kings Valley Charter School	<u>\$ 2,497,524</u>	<u>\$ 65</u>	<u>\$ 403,881</u>	<u>-</u>	<u>(2,093,578)</u>	
General revenues						
Property taxes levied for general purposes				3,858,307	-	
Property taxes levied for debt service				2,110,692	-	
Local option taxes				998,607	-	
State school fund - general support				12,633,134	2,286,221	
Common school fund				238,373	-	
Unrestricted state and local revenue				544,483	-	
Investment earnings				1,132,337	-	
Miscellaneous				221,202	165,149	
Total general revenues				<u>21,737,135</u>	<u>2,451,370</u>	
Transfers				<u>-</u>	<u>-</u>	
Change in net position				(647,594)	357,792	
Net position - beginning, as restated				<u>4,353,217</u>	<u>497,416</u>	
Net position - ending				<u>\$ 3,705,623</u>	<u>\$ 855,208</u>	

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

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,934,488	\$ 8,001,027	\$ 312,192	\$ 1,084,855	\$ 12,332,562
Accounts receivable	601,688	1,140	-	334,813	937,641
Property taxes receivable	88,127	68,015	-	-	156,142
Total assets	<u>\$ 3,624,303</u>	<u>\$ 8,070,182</u>	<u>\$ 312,192</u>	<u>\$ 1,419,668</u>	<u>\$ 13,426,345</u>
LIABILITIES					
Accounts payable	\$ 102,591	\$ -	\$ -	\$ 45,636	\$ 148,227
Payroll liabilities	968,523	-	-	-	968,523
Total liabilities	1,071,114	-	-	45,636	1,116,750
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	38,351	47,150	-	-	85,501
FUND BALANCES					
Restricted	-	8,023,032	51,870	1,342,994	9,417,896
Committed	-	-	260,322	31,038	291,360
Unassigned	2,514,838	-	-	-	2,514,838
Total fund balances	2,514,838	8,023,032	312,192	1,374,032	12,224,094
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,624,303</u>	<u>\$ 8,070,182</u>	<u>\$ 312,192</u>	<u>\$ 1,419,668</u>	<u>\$ 13,426,345</u>

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

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2021

Total fund balances		\$ 12,224,094
Capital assets are not financial resources and are therefore not reported in the governmental funds:		
Cost	50,272,645	
Accumulated depreciation	<u>(19,185,640)</u>	31,087,005
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 60 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.		85,501
Internal service funds are used by management to charge the costs of unemployment insurance premiums to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		153
The note receivable is not available to pay for current period expenditures and is therefore not reported as a governmental fund asset.		301,089
Amounts relating to the District's proportionate share of PERS, OPEB, and early retirement actuarial valuation balances are not reported in governmental fund statements.		
Deferred outflows of resources relating to pension and OPEB expense	7,001,317	
Deferred inflows of resources relating to pension and OPEB assets	(807,734)	
OPEB liability - PERS RHIA	278,502	
Net pension liability - PERS	(17,177,843)	
OPEB liability - medical	<u>(1,018,320)</u>	(11,724,078)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Accrued interest payable	(54,616)	
Bonds payable, net of premiums and discounts	(28,153,953)	
Compensated absences	<u>(59,572)</u>	<u>(28,268,141)</u>
Net position of governmental activities		\$ <u>3,705,623</u>

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

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Nomajor Governmental Funds	Total Governmental Funds
REVENUES					
Local revenue	\$ 5,195,950	\$ 3,897,096	\$ 119	\$ 218,546	\$ 9,311,711
Intermediate revenue	129,774	-	-	-	129,774
State revenue	13,486,493	-	-	1,073,091	14,559,584
Federal revenue	<u>12,149</u>	<u>-</u>	<u>-</u>	<u>1,088,522</u>	<u>1,100,671</u>
Total revenues	<u>18,824,366</u>	<u>3,897,096</u>	<u>119</u>	<u>2,380,159</u>	<u>25,101,740</u>
EXPENDITURES					
Current					
Instruction	12,703,414	-	22,461	1,184,799	13,910,674
Support services	6,052,643	-	219,087	1,228,198	7,499,928
Enterprise and community services	2,422	-	-	102,261	104,683
Facilities acquisition and construction	-	-	52,210	2,820	55,030
Debt service	<u>-</u>	<u>1,724,495</u>	<u>5,908</u>	<u>-</u>	<u>1,730,403</u>
Total expenditures	<u>18,758,479</u>	<u>1,724,495</u>	<u>299,666</u>	<u>2,518,078</u>	<u>23,300,718</u>
Excess (deficiency) of revenues over (under) expenditures	<u>65,887</u>	<u>2,172,601</u>	<u>(299,547)</u>	<u>(137,919)</u>	<u>1,801,022</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	45,667	-	45,667
Transfers in	-	-	166,000	128,692	294,692
Transfers out	<u>(294,692)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(294,692)</u>
Total other financing sources (uses)	<u>(294,692)</u>	<u>-</u>	<u>211,667</u>	<u>128,692</u>	<u>45,667</u>
Net change in fund balances	(228,805)	2,172,601	(87,880)	(9,227)	1,846,689
Fund balances - beginning, as restated	<u>2,743,643</u>	<u>5,850,431</u>	<u>400,072</u>	<u>1,383,259</u>	<u>10,377,405</u>
Fund balances - ending	<u>\$ 2,514,838</u>	<u>\$ 8,023,032</u>	<u>\$ 312,192</u>	<u>\$ 1,374,032</u>	<u>\$ 12,224,094</u>

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

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

Net change in fund balances		\$ 1,846,689
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Expenditures for capital assets	295,884	
Less current year depreciation	<u>(1,010,015)</u>	(714,131)
<p>Governmental funds report note receivable payments as revenue. No income is recorded in the statement of activities. Payments are treated as reductions of the asset.</p>		
		(32,906)
<p>Internal service funds are used by management to charge the costs of unemployment insurance premiums to individual funds. This activity is consolidated with the governmental funds in the statement of activities.</p>		
		(620)
<p>Pension expense of credits that do not meet the measureable and available criteria are not recognized as revenue or expense in the current year in the governmental funds. In the statement of activities, pension expense or credits are recognized when determined to have been accrued.</p>		
		(2,160,099)
<p>Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.</p>		
Debt principal paid		429,843
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds.</p>		
Compensated absences		3,366
<p>Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the statement of activities, property taxes are recognized as revenue when levied.</p>		
		<u>(19,736)</u>
Change in net position		<u>\$ (647,594)</u>

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

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUND

June 30, 2021

	Internal Service Fund
	<u>Unemployment Insurance</u>
ASSETS	
Cash and cash equivalents	\$ 153
LIABILITIES	<u>-</u>
NET POSITION	
Unrestricted	<u><u>\$ 153</u></u>

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

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUND

For the Year Ended June 30, 2021

	<u>Internal Service Fund</u> <u>Unemployment Insurance</u>
Operating revenues	\$ <u> -</u>
Operating expenses	
Support services	<u> 620</u>
Operating income (loss)	(620)
Net position - beginning	<u> 773</u>
Net position - ending	<u><u> 153</u></u>

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

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended June 30, 2021

	Internal Service Fund <hr/> Unemployment Insurance <hr/>
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to employees	\$ (7,068)
Net cash provided (used) by operating activities	<hr/> (7,068)
Net increase (decrease) in cash and cash equivalents	(7,068)
Cash and cash equivalents - beginning	<hr/> 7,221
Cash and cash equivalents - ending	<hr/> <u>\$ 153</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (620)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Increase (decrease) in accounts payable	<hr/> (6,448)
Net cash provided (used) by operating activities	<hr/> <u>\$ (7,068)</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

B. Reporting Entity

Philomath School District No. 17J functions as a local education agency, serving students in grades kindergarten through twelve. The District is governed by a five-member board of directors.

Kings Valley Charter School is a charter school sponsored by the District and is reported as a discretely presented component unit. Their complete financial statements may be obtained from the District's administrative offices. The District is not financially responsible for the charter school, but the nature and significance of their financial relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The component unit is presented in a separate column in the government-wide financial statements to emphasize that they are legally separate organization from the District. Revenues reported by the component unit as state school fund monies equal the amounts passed through the District.

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. Separate statements for each fund category - governmental, and proprietary - are presented. 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 funds:

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

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Debt Service Fund - The Debt Service Fund accounts for the repayment of the District's long-term debt. The primary source of revenue is property taxes. The primary use of revenue is payment of principal and interest due on long-term debt.

Capital Projects Fund - The Capital Projects Fund accounts for major capital improvements within the District. The primary source of revenues are loan proceeds, and transfers from the General Fund. The primary use of revenue is capital outlay.

Additionally, the District reports the following nonmajor governmental funds:

Special Revenue Funds

Federal, State, Local Programs - The Federal, State, and Local Programs Fund accounts for the proceeds of specific revenue sources that are restricted for specific purposes. The principal sources of revenue are from county and state revenue sources, federal grants, and transfers from the General Fund. The primary uses of revenue are for salaries and supplies specified by the grantor agencies.

Assoc. Student Body Fund - The Fund is used to account for student activity accounts used to account for various student deposits and monies of clubs associated with the District. The principal sources of revenues are student deposits and club income. The primary uses are for club and school activities.

Pool Operations Fund - The Fund accounts for the operating activities of the pool. The principal sources of revenue are user fees, private donations, and transfers. The primary uses of revenues are for salaries and benefits of pool employees and payments for pool operating costs.

Trust and Agency Fund - The Trust and Agency Fund is used to account for the transactions and other funds held in a trustee capacity. It is comprised of two parts: (1) Supplemental Retirement, and (2) Classified Employee Professional Development Fund. The Supplemental Retirement portion represents the early retirement transactions for the District. The Classified Employee Professional Development Fund relates to professional development for classified employees. Oregon Department of Revenue classifies the fund as a Fiduciary Fund for reporting purposes.

The District reports the following proprietary fund:

Internal Service Fund

Unemployment Insurance Fund - The Unemployment Insurance Fund is used to account for funds allocated for unemployment benefits. The primary sources of revenue are investment earnings and monies from other local sources. The primary use of revenue is for unemployment benefits.

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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 and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measureable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measureable and available only when cash is received by the government.

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

F. Budgetary Information

Annual budgets are adopted on the modified accrual basis of accounting. The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, debt service, capital projects, internal service, and fiduciary funds. All funds are budgeted on the modified accrual 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 was one supplemental budget. The District does not use encumbrances and appropriations lapse at year-end.

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

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.

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

2. Investments

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

3. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Vehicles and Equipment	5-20
Buildings and building improvements	20-50

4. Deferred Outflows/Inflows of Resources (Non-Pension Related)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will therefore not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will therefore not be recognized as an inflow of resources (revenue) until that time.

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. 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.

6. 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.

7. 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).

Nonspendable fund balance are amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.

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

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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 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.

The District has adopted a minimum fund balance policy. The board directs the Business Manager/Superintendent to manage the General Fund's adopted budget in such a way to plan for an ending fund cash balance of at least 4.5% of total adopted revenues. 1.0% of the 4.5% will be held in a special contingency fund. In years for which there are unforeseen negative impacts to the adopted budget, the board may adjust the cash balance to 3% without a contingency fund.

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 are levied 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.

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 30 days of fiscal year-end are recognized as revenue, while the remaining are recorded as deferred inflows of resources because they are not deemed available to finance operations of the current period.

3. Pensions

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

I. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumption 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

Philomath School District No. 17J 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.

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 Comprehensive Annual Financial Report (CAFR).

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

A copy of the State's CAFR 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.

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, 2021.

Fair values of assets measured on a recurring basis at June 30, 2021 are as follows:

	<u>Level 1</u>
Oregon Local Government Investment Pool	<u>\$ 10,641,565</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 District has not adopted an investment policy regarding credit risk; however, investments comply with state statutes.

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Investments

As of June 30, 2021, the District had the following investments:

	<u>Credit Quality</u> <u>Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Oregon Local Government Investment Pool	Unrated	-	<u>\$ 10,641,565</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

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

Custodial Credit Risk - Investments

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

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.

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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 checking accounts at Citizens Bank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2021, the District's had deposits of \$250,000 covered by FDIC insurance and \$2,725,071 collateralized under the PFCP.

Deposits

The District's deposits and investments at June 30, 2021 are as follows:

Petty cash	\$ 2,041
Checking accounts	1,449,604
Money market account	239,505
Total investments	<u>10,641,565</u>
Total deposits and investments	<u>\$ 12,332,715</u>

Cash and investments by fund are as follows:

Governmental activities - unrestricted	
General Fund	\$ 2,934,488
Capital Projects Fund	312,192
Unemployment Insurance Fund	<u>153</u>
Total governmental activities - unrestricted	<u>3,246,833</u>
Governmental activities - restricted	
Debt Service Fund	8,001,027
Nonmajor governmental funds	<u>1,084,855</u>
Total governmental activities - restricted	<u>9,085,882</u>
Total cash and investments	<u>\$ 12,332,715</u>

Restricted cash is for special programs, as well as future payments of principal and interest on long-term debt.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

B. Note Receivable

Philomath School District has a noninterest bearing note receivable from Kings Valley Community Trust in the face amount of \$685,000. However, to reflect the time value of money, the receivable recorded in the financial statements reflects future payments discounted at an imputed interest rate of 4.0%, which was the market interest rate at the time the note was signed, February 2014. The note is due in monthly installments of \$3,806, including interest, beginning in March 2014 and ending February 2029. Interest income recognized during the year was \$12,761

Receivables as of June 30, 2021 are as follows:

Note receivable - face amount	\$ 350,111
Less: unamortized discount	<u>(49,022)</u>
	<u>\$ 301,089</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,784,357	\$ -	\$ -	\$ 1,784,357
Capital assets being depreciated				
Buildings and improvements	46,633,538	281,907	-	46,915,445
Vehicles and equipment	<u>1,558,866</u>	<u>13,977</u>	<u>-</u>	<u>1,572,843</u>
Total capital assets being depreciated	<u>48,192,404</u>	<u>295,884</u>	<u>-</u>	<u>48,488,288</u>
Less accumulated depreciation for				
Buildings and improvements	(17,127,622)	(961,156)	-	(18,088,778)
Vehicles and equipment	<u>(1,048,003)</u>	<u>(48,859)</u>	<u>-</u>	<u>(1,096,862)</u>
Total accumulated depreciation	<u>(18,175,625)</u>	<u>(1,010,015)</u>	<u>-</u>	<u>(19,185,640)</u>
Total capital assets being depreciated, net	<u>30,016,779</u>	<u>(714,131)</u>	<u>-</u>	<u>29,302,648</u>
Governmental activities capital assets, net	<u>\$ 31,801,136</u>	<u>\$ (714,131)</u>	<u>\$ -</u>	<u>\$ 31,087,005</u>

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Capital assets are reported on the statement of net position as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	\$ 1,784,357	\$ -	\$ 1,784,357
Buildings	46,915,445	(18,088,778)	28,826,667
Machinery and equipment	1,572,843	(1,096,862)	475,981
Total governmental capital assets	\$ 50,272,645	\$ (19,185,640)	\$ 31,087,005

Depreciation was not charged to specific functions or programs of the District. Capital assets of the District are for the use of the entire District and are therefore unallocated.

D. Interfund Transfers

Interfund transfers during the year consisted of:

	Transfers in:		
	Capital Projects Fund	Nonmajor Governmental Funds	Total
Transfers out:			
General Fund	\$ 166,000	\$ 128,692	\$ 294,692

Transfers were made to cover future capital projects and special programs.

E. Compensated Absences

The following is a summary of compensated absences transactions for the year:

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated absences	\$ 62,938	\$ -	\$ 3,366	\$ 59,572

The General Fund has traditionally been used to liquidate compensated absences liabilities.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

F. Long-Term Liabilities

1. Changes in Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year:

Governmental activities	Interest Rates	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds							
Limited Tax Pension 2002	2.06-6.1%	\$ 5,713,414	\$ 3,860,000	\$ -	\$ -	\$ 3,860,000	\$ 430,000
Construction Bonds 2010	2.5-5.47%	29,498,268	24,218,268	-	-	24,218,268	-
Limited Tax Pension							
Refunding Series 2011	4.12%	400,000	400,000	-	400,000	-	-
Subtotal bonds		<u>35,611,682</u>	<u>28,478,268</u>	<u>-</u>	<u>400,000</u>	<u>28,078,268</u>	<u>430,000</u>
Citizens Bank Loan	5.53%	38,535	6,621	-	6,621	-	-
Capital lease - phone system	4.20%	121,193	98,907	-	23,222	75,685	24,198
Total governmental activities		<u>\$ 35,771,410</u>	<u>\$ 28,583,796</u>	<u>\$ -</u>	<u>\$ 429,843</u>	<u>\$ 28,153,953</u>	<u>\$ 454,198</u>

2. Limited Tax Pension Obligation Bonds

The District participated in the OSBA Pension Bond Pool for the purpose of funding the District's allocated portion of the PERS Unfunded Actuarial Liability (UAL); District assets are pledged as collateral. A bond was issued on October 9, 2002. The bond is being amortized over 26 years. Interest rates are fixed and range between 2.06% and 6.1%. Interest rates increase in accordance with the original bond agreement. Interest is due semiannually on June 30 and December 30. The Debt Service Fund is used to liquidate the debt.

3. Construction Bonds - Series 2010

On August 23, 2010, the District issued general obligation bonds in the amount of \$29,498,268 for the purpose of funding various construction projects within the District, which are pledged as collateral. Interest rates are fixed and range between 2.5% and 5.47%. Interest rates increase in accordance with the original bond agreements. Interest is due semiannually on June 15 and December 15. Of the \$29,498,268 in construction bonds issued, \$20,000,000 consists of Qualified School Construction Bonds (QSCB) that provide for an interest rate subsidy of approximately 97.95% by the federal government. Annual interest expense on QSCB bonds amounts to \$1,094,400. Of this amount, \$1,072,000 is subsidized by the federal government, resulting in an annual net interest cost to the District of \$24,200. The interest subsidy is recorded as revenue in the Debt Service Fund. The total interest column in the future maturities table will be offset by federal interest subsidy revenue in the amount of \$13,936,000. The Debt service fund has traditionally been used to liquidate long-term debt.

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NOTES TO BASIC FINANCIAL STATEMENTS

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4. Limited Tax Pension Obligation Bonds, Refunding Series 2011

On August 11, 2011, the District issued limited tax pension obligation bonds in the amount of \$400,000 to currently refund the 2002 limited tax pension bonds; District assets are pledged as collateral. Interest rates are fixed at 4.12%. The current refunding met the requirements of an in-substance debt defeasance and the refunded 2002 limited tax pension bonds were removed from the District’s government-wide financial statements. The Debt Service Fund has traditionally been used to liquidate the long-term debt, and the obligation was fully liquidated during the year.

5. Citizens Bank Loan

The District entered into a financing agreement dated February 22, 2016 for the purchase of vehicles, which are pledged as collateral. The agreement calls for monthly payments of principal and interest of \$738. If the District is unable to make payments, the agreement contains an event of default; the lender may increase the interest rate by 5.00%. The Capital Projects Fund has been used to liquidate the debt, and the obligation was fully liquidated during the year.

6. Capital Lease - Phone System

The District entered into a financing agreement dated October 1, 2019 for the purchase of a phone system, which is pledged as collateral. The agreement calls for annual payments of principal and interest of \$27,378. The capital projects fund has been used to liquidate the debt.

7. General Obligation Debt Capacity

ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Kindergarten through twelfth grade school districts may issue an aggregate principal amount up to 7.95% of the Real Market Value of all taxable properties within the district. Information on the District’s general obligation debt capacity is presented below.

Real Market Value (Fiscal Year 2021) ⁽¹⁾	\$	1,382,071,833
Debt Capacity		
General Obligation Debt Capacity (7.95% of Real Market Value)	\$	109,874,711
Less: Outstanding Debt Subject to Limit		(24,218,268) ⁽²⁾
Remaining General Obligation Debt Capacity	\$	85,656,443
Percent of Capacity Issued		22.04%

⁽¹⁾ The District’s fiscal year commences July 1 and ends on June 30 of the following year (the “Fiscal Year”). *Source: Benton County Department of Assessment and Taxation.*

⁽²⁾ Represents voter-approved, unlimited-tax general obligations of the District.

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NOTES TO BASIC FINANCIAL STATEMENTS

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8. Future Maturities of Long-Term Liabilities

Fiscal Year	TOTAL ALL REQUIREMENTS			LIMITED TAX PENSION BONDS Series 2002		
	Total	Principal	Interest	Total	Principal	Interest
	2022	\$ 1,765,416	\$ 454,198	\$ 1,311,218	\$ 643,638	\$ 430,000
2023	1,796,851	510,214	1,286,637	675,074	485,000	190,074
2024	1,830,225	571,273	1,258,952	708,448	545,000	163,448
2025	1,837,600	610,000	1,227,600	743,200	610,000	133,200
2026	1,873,745	680,000	1,193,745	779,345	680,000	99,345
2027	21,911,005	20,755,000	1,156,005	816,605	755,000	61,605
2028	2,944,703	1,435,454	1,509,249	374,703	355,000	19,703
2029	2,645,000	1,049,615	1,595,385	-	-	-
2030	2,725,000	1,021,712	1,703,288	-	-	-
2031	2,805,000	986,855	1,818,145	-	-	-
2032	240,000	79,632	160,368	-	-	-
TOTALS	\$ 42,374,545	\$ 28,153,953	\$ 14,220,592	\$ 4,741,013	\$ 3,860,000	\$ 881,013

Fiscal Year	GENERAL OBLIGATION BONDS 2010 Issue			PHONE SYSTEM CAPITAL LEASE 2020		
	Total	Principal	Interest	Total	Principal	Interest
	2022	\$ 1,094,400	\$ -	\$ 1,094,400	\$ 27,378	\$ 24,198
2023	1,094,400	-	1,094,400	27,377	25,214	2,163
2024	1,094,400	-	1,094,400	27,377	26,273	1,104
2025	1,094,400	-	1,094,400	-	-	-
2026	1,094,400	-	1,094,400	-	-	-
2027	21,094,400	20,000,000	1,094,400	-	-	-
2028	2,570,000	1,080,454	1,489,546	-	-	-
2029	2,645,000	1,049,615	1,595,385	-	-	-
2030	2,725,000	1,021,712	1,703,288	-	-	-
2031	2,805,000	986,855	1,818,145	-	-	-
2032	240,000	79,632	160,368	-	-	-
TOTALS	\$ 37,551,400	\$ 24,218,268	\$ 13,333,132	\$ 82,132	\$ 75,685	\$ 6,447

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June 30, 2021

G. Deferred Inflows/Outflows of Resources

Deferred inflows and outflows of resources summarized on the statement of net position are comprised of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net pension liability - PERS	\$ 6,720,795	\$ (637,299)
OPEB liability - PERS RHIA	33,293	(104,807)
OPEB liability - medical insurance	247,229	(65,628)
	\$ 7,001,317	\$ (807,734)

H. Constraints on Fund Balances

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

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:					
Restricted for:					
Grant programs	\$ -	\$ -	\$ -	\$ 464,309	\$ 464,309
Student activities	-	-	-	337,124	337,124
Debt service	-	8,023,032	-	-	8,023,032
Capital projects	-	-	51,870	-	51,870
Supplemental retirement	-	-	-	475,599	475,599
Health insurance costs	-	-	-	852	852
Professional development	-	-	-	65,110	65,110
Committed to:					
Capital projects	-	-	260,322	-	260,322
Pool operations	-	-	-	31,038	31,038
Unassigned	2,514,838	-	-	-	2,514,838
Total fund balances	\$ 2,514,838	\$ 8,023,032	\$ 312,192	\$ 1,374,032	\$ 12,224,094

III. 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. In addition, the District maintains an Unemployment Insurance Fund for the payment of future unemployment claims. No liability for unpaid unemployment claims has been recorded, as management is unable to reasonably estimate the amount or timing of future claims.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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 for units of state governmental, 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, 2020, there were 901 participating employers.

Plan Membership

As of June 30, 2020, there were 16,323 active plan members, 129,520 retired plan members or their beneficiaries currently receiving benefits, 9,930 inactive plan members entitled to but not yet receiving benefits, for a total of 155,773 Tier One members.

For Tier Two members, as of June 30, 2020, there were 31,548 active plan members, 17,162 retired plan members or their beneficiaries currently receiving benefits, 13,880 inactive plan members entitled to but not yet receiving benefits, for a total of 62,590.

As of June 30, 2020, there were 130,806 active plan members, 6,940 retired plan members or their beneficiaries currently receiving benefits, 6,281 inactive plan members entitled to but not yet receiving benefits, and 16,439 inactive plan members not eligible for refund or retirements, for a total of 160,466 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.

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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). 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 a 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.

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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.

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.

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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.

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, 2018 actuarial valuation, which became effective July 1, 2019. 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. As permitted, the District has opted to pick-up the contributions on behalf of its employees.

Employer contributions for the year ended June 30, 2021 were \$1,674,562.

Pension Plan Comprehensive Annual Financial Report (CAFR)

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/2020-CAFR.pdf>.

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June 30, 2021

Actuarial Valuations

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

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, 2018
Measurement Date	June 30, 2020
Experience Study	2018, published July 24, 2019
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.50 percent
Long-term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 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.

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	<p>Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>
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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 2018 Experience Study, which reviewed experience for the four-year period ended December 31, 2018. There were no differences between the assumptions and plan provisions used for June 30, 2020 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 7.20 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.

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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 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 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.

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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/CAFR/2020-CAFR.pdf>

OIC Target and Actual Investment Allocation as of June 30, 2020

<u>Asset Class/Strategy</u>	<u>OIC Policy Low Range</u>	<u>OIC Policy High Range</u>	<u>OIC Target Allocation</u>	<u>Actual Allocation³</u>
Debt Securities	15.0%	25.0%	20.0%	20.0%
Public Equity	27.5%	37.5%	32.5%	31.8%
Real Estate	9.5%	15.5%	12.5%	11.4%
Private Equity	14.0%	21.0%	17.5%	22.9%
Alternatives Portfolio	7.5%	17.5%	15.0%	10.5%
Opportunity Portfolio ¹	0.0%	3.0%	0.0%	2.1%
Risk Parity ²	0.0%	2.5%	2.5%	1.3%
Total			100.0%	100.0%

¹Opportunity Portfolio is an investment strategy, and it may be invested up to 3% of total plan net position.

²Risk Parity is a new investment strategy added to the asset allocation mix in 2019.

³ Based on the actual investment value at 6/30/2020.

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

At June 30, 2021, the District reported a liability of \$17,177,843 for its proportionate share of the net pension liability.

The net pension liability was measured at June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District’s proportion was 0.07871281%.

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For the year ended June 30, 2021, the District recognized pension expense of \$4,060,508. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 756,033	\$ -
Changes in assumptions	921,881	(32,301)
Net difference between projected and actual earnings on investments	2,019,891	-
Changes in proportionate share	1,374,885	(79,451)
Differences between employer contributions and employer's proportionate share of system contributions	-	(525,647)
Total (prior to post-MD contributions)	5,072,690	(637,399)
Contributions subsequent to the MD	1,648,105	-
Total	\$ 6,720,795	\$ (637,399)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in subsequent years as follows:

	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
Employer subsequent fiscal years:	
1st Fiscal Year	\$ 1,008,148
2nd Fiscal Year	\$ 1,332,231
3rd Fiscal Year	\$ 1,211,949
4th Fiscal Year	\$ 834,666
5th Fiscal Year	\$ 48,396

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a higher discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

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District's proportionate share of the net pension liability (asset):

1% Decrease (6.2%)	Discount Rate (7.2%)	1% Increase (8.2%)
\$ 25,507,677	\$ 17,177,843	\$ 10,192,890

Changes Subsequent to the Measurement Date

The legislation held a second special session, August 10, 2020, and passed two budget bills that pertain to PERS. House Bill (HB) 4304 contained the policy updates needed to complete the budget reductions passed in Senate Bill (SB) 5723, reducing the Employer Incentive Fund (EIF) by \$35,248,198 with the money going back to the general fund. Additionally, all current and future revenue streams for the EIF were eliminated. The School District Unfunded Liability Fund (SDULF) was reduced by \$11,539,471 with that money also going back into the general fund.

Governor Brown line-item vetoed parts of HB 4304 restoring funding to the EIF and the SDULF. The SDULF receives an annual transfer from the proceeds on unclaimed property from the Common School Fund and will receive a transfer in January 2021. While these funding streams currently have no revenue, this does raise the possibility of both of these programs begin funded again in the future.

Starting July 1, 2020, SB 1049 required member contributions to their IAP accounts to be redirected to the Defined Benefit fund.

If the member earns more than \$2,500 per month, 0.75% for OPSRP members and 2.5% for Tier One and Tier Two members' salaries that were previously contributed to the member's IAP began funding the new Employee Pension Stability Accounts to help fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. PERS estimated that approximately \$125 million in member contributions will be redirected in fiscal year 2020-2021.

C. Other Post-Employment Benefits (GASB 75) RHIA - Oregon PERS Plan

1. Oregon Public Employees Retirement System (PERS) Retirement Health Insurance Account (RHIA) Other Post-Employment Benefit (OPEB) Plan (the Plan)

General Information about the OPEB Plan

The Oregon PERS RHIA consists of a single cost-sharing multiple-employer defined benefit OPEB plan for units of state governmental, 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, 2020, there were 811 participating employers.

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Plan Benefits – PERS RHIA (Chapter 238)

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

OPEB Membership

RHIA was established by ORS 238.420 and authorizes a payment of up to \$60 from RHIA toward the monthly costs of health insurance. The Plan is closed to new members hired on or after August 29, 2003. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (C) enroll in a PERS-sponsored health plan.

As of June 30, 2020, the inactive RHIA plan participants currently receiving benefits totaled 43,797, and there were 47,611 active and 13,044 inactive members who meet the requirements to receive RHIA benefits when they retire.

Basis of Accounting

Contributions for employers are recognized on the accrual basis of accounting. Employer contributions to PERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements. These are amounts normally included in the employer statements cut off as of the fifth of the following month. The schedules of OPEB amounts by Employer does not reflect deferred outflows of resources related to contributions made by employers after the measurement date.

Consistent with GASB Statement No. 75, paragraph 59(a), employer proportions are determined as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined.

Contributions

Employer contributions for the year ended June 30, 2020 were \$2,321.

OPEB RHIA Plan Comprehensive Annual Financial Report (CAFR)

All assumptions, methods, and plan provisions used in these calculations are described in the Oregon PERS RHIA Cost-Sharing Multiple-Employer OPEB Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the year ended June 30, 2020. That independently audited report was dated March 5, 2021 and can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

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Proportionate Share Allocation Methodology

The basis for the employer’s proportion is determined by comparing the employer’s actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers.

If the employer did not make contributions during the fiscal year, their proportionate share will be set to zero and the employer will be allocated no proportionate share of the OPEB amounts.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study	2018, published July 24, 2019
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.50 percent
Long-term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent
Retiree healthcare participation	Healthy retirees: 35%; disabled retirees: 20%
Mortality	<p>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.</p> <p>Active members: Pub-2010 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retirees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are on the 2018 Experience Study, which reviewed experience for the four-year period ended December 31, 2018. There were no differences between the assumptions and plan provisions used for June 30, 2020 measurement date calculations compared to those shown above, except as follows:

- The H.R. 1865 Further Consolidated Appropriations Act, which was signed into law on December 20, 2019, repealed the Cadillac tax on high-cost health plans. The RHIPA Total OPEB asset as of the June 30, 2020 measurement date shown reflects the repeal of the Cadillac tax.

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2020 was 7.20. 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 RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 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/CAFR/2020-CAFR.pdf>

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Depletion Date Projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) 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 75 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 75 (paragraph 82) 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 OPEB Plan:

- 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 75 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 75 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

There remains substantial uncertainty regarding the impact of COVID-19 on plan costs, including whether the pandemic will increase or decrease costs in the near and longer term. For example, health care expenditures unrelated to COVID-19 have decreased substantially since stay-at-home orders have been in place on account of physician practices closing for most visits and nonemergency surgeries being postponed. Some services will be postponed until a later date while others may never occur, and the drop in utilization for services unrelated to COVID-19 may offset potential increases in health costs related to COVID-19. Therefore, we have deferred making an adjustment to expected plan costs until more information is known. It is possible that the COVID-19 pandemic could have a material impact on the projected costs.

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

At June 30, 2021, the District reported an asset of \$278,502 for its proportionate share of the OPEB asset. The OPEB asset was measured at June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date.

The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019 the District's proportion was 0.13668136%. For the year ended June 30, 2021, the District recognized OPEB credit of \$77,919.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ -	\$ (28,471)
Changes in assumptions	-	(14,804)
Net difference between projected and actual earnings on investment	30,972	-
Changes in proportionate share	-	(61,532)
Total (prior to post-MD contributions)	30,972	(104,807)
Contributions subsequent to the MD	2,321	-
Total Deferred Outflow/(Inflow) of Resources	\$ 33,293	\$ (104,807)

Differences between expected and actual experience, changes in assumptions, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service life determined as of the beginning of the June 30, 2020 measurement period is 2.9 years.

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ended June 30, 2021.

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Other amounts reported by the District as deferred outflows or inflows of resources related to OPEB will be recognized in OPEB expense in subsequent years as follows:

Employer subsequent fiscal years:	Deferred Outflow/(Inflow) of Resources
1st Fiscal Year	\$ (60,700)
2nd Fiscal Year	(34,354)
3rd Fiscal Year	11,449
4th Fiscal Year	9,970
5th Fiscal Year	-

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a higher discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

District's proportionate share of the net OPEB (asset) liability:

1% Decrease (6.2%)	Discount Rate (7.2%)	1% Increase (8.2%)
\$ (224,844)	\$ (278,502)	\$ (324,382)

Changes Subsequent to the Measurement Date

We are not aware of any changes subsequent to the June 30, 2020 measurement date that meet the requirement requiring a brief description under the GASB standard.

D. Other Post-Employment Benefits (GASB 75) - District Medical Benefit Plan

1. Other Post-Employment Benefit (OPEB) District Medical Benefit Plan (the Plan)

General Information about the OPEB Plan

Name of OPEB Plan

The District provides a single-employer, retiree benefit plan that provides post-employment health, dental, and vision benefits to eligible employees and their spouses.

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There are active and retired members in the plan. Benefits and eligibility for members are established through various collective bargaining agreements.

Plan Descriptions, Benefit Terms, Eligibility

The collective bargaining agreement with classified employees includes three policies for other post-employment benefits:

- Policy one: Eligible employees must be hired prior to July 1, 1997, complete 10 years of service, and reach age 58 for the year ended June 30, 2013 and age 59 and 60 for the years ending June 30, 2014 and 2015, respectively. Benefits include either insurance premiums paid up to the District cap for family medical, dental, and vision coverage, or in lieu of insurance coverage, an annual stipend equal to 50% of the family premium.
- Policy two: Eligible employees must be hired between July 1, 1997 and June 30, 2001, complete 12 years of service, and reach age 58 for the year ended June 30, 2013 and age 59 and 60 for the years ending June 30 2014, and 2015, respectively.
- Benefits include either insurance premiums paid up to the District cap for single medical, dental and vision coverage, or in lieu of insurance coverage, an annual stipend equal to 50% of the single premium.
- Policy three: Eligible employees must be hired on or after July 1, 2001, complete 15 years of service and reach age 58 for the year ended June 30, 2013 and age 59 and 60 for the years ending June 30, 2014 and 2015, respectively. Benefits include either insurance premiums paid up to the District cap at percentages based on total years of service for single medical, dental, and vision coverage, or in lieu of insurance coverage, an annual stipend equal to 50% of the single premium. The percentage of the District-paid insurance cap ranges from 75% to 100% based on total years of service between 15 and 30 years.

All classified policies are payable to the earlier of age 65 or the retiree's date of death.

The collective bargaining agreements with confidential and supervisory employees include three policies for other post-employment benefits:

- Policy one: Eligible employees must be hired prior to July 1, 1997, complete 10 years of service, and reach age 58. Benefits include either insurance premiums paid up to the District cap for family medical, dental, and vision coverage, or in lieu of insurance coverage, an annual stipend equal to 50% of the two-party premium.
- Policy two: Eligible employees must be hired between July 1, 1997 and December 31, 2005, complete 12 years of service, and reach age 58.

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- Benefits include either insurance premiums paid up to the District cap for single medical, dental, and vision coverage, or in lieu of insurance coverage, an annual stipend equal to 50% of the single premium.
- Policy three: Eligible employees must be hired on or after January 1, 2006, complete 15 years of service, and reach age 58. Benefits include either insurance premiums paid up to the District cap for single medical, dental and vision coverage, or in lieu of insurance coverage, an annual stipend equal to 50% of the single premium.

Confidential and supervisory policies one and two are payable to the earlier of seven years, age 65, or the retiree's date of death.

The collective bargaining agreement with licensed and administrative employees includes four policies for other post-employment benefits:

- Policy one: Eligible employees must be hired prior to January 1, 1995, complete nine years of service, and reach age 55, or 30 years in PERS. Benefits include either insurance premiums paid up to the District cap for two-party medical and dental coverage, or in lieu of insurance coverage, an annual stipend equal to 50% of the two-party premium.
- Policy two: Eligible employees must be hired between January 1, 1995 and June 30, 1997, complete 12 years of service, and reach age 55, or 30 years in PERS. Benefits include either insurance premiums paid up to the District cap for two-party medical and dental coverage, or in lieu of insurance coverage, an annual stipend equal to 50% of the two-party premium.
- Policy three: Eligible employees must be hired between July 1, 1997 and December 31, 2004, complete 12 years of service, and reach age 55, or 30 years in PERS. Benefits include either insurance premiums paid up to the District cap for single medical and dental coverage, or in lieu of insurance coverage, an annual stipend equal to 50% of the single premium.
- Policy four: Eligible employees must be hired after December 31, 2004, complete 15 years of service, and reach age 55, or 30 years in PERS. Benefits include either insurance premiums paid up to the District cap for single medical and dental coverage, or in lieu of insurance coverage, an annual stipend equal to 50% of the single premium.

Licensed and administrative policies one and two are payable for a maximum of ten years or to age 65. Policies one and two also include a surviving spouse benefit. Under the surviving spouse benefit, the District will pay single-party medical coverage for the spouse until the earlier of the spouse turning age 65, or when the retiree's coverage would have ended.

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Policy three is payable for the earlier of 10 years, age 65, or the retiree’s date of death. Policy four is payable for the earlier of five years, age 65, or the retiree’s date of death.

The District’s post-employment healthcare plan, established in accordance with Oregon Revised Statutes (ORS) 243.303, stipulates that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represent the District’s implicit employer contribution.

Participant Statistics

As of June 30, 2021, there were 189 active participants and 21 retirees in the Medical Benefit plan. The average attained age of active participants is 45, and average years of past service is 7.8. The average age of retirees receiving benefits is 62.4 and the average retiree age is 59.7. The District did not establish an irrevocable trust (or equivalent arrangement) to account for this plan.

Funding Policy

The benefits from this program are paid by the District on a self-pay basis and the required contribution is based on projected pay-as-you-go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

Actuarial Methods and Assumptions:

The District engaged an actuary to perform an evaluation as of June 30, 2021 using age entry normal, level percent of salary Actuarial Cost Method.

The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Valuation Date	June 30, 2021
Measurement Dates/Fiscal Year Ends	June 30, 2019 through June 30, 2021
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Interest Discount	2.21 percent discount rate assumption
General Inflation	2.50 percent per year

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Salary Scale	Annual salary increases for employees are assumed to be 5% annually; Stipends for administrative and licensed retirees are assumed to increase by 3% annually
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Mortality rates were based on the RP=2000 Active/Healthy Annuitant Mortality Table for males and females, as appropriate.

Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service. Disability rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by employee age.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Changes in Medical Benefit OPEB Liability

Total OPEB Liability at June 30, 2020	\$	<u>1,243,786</u>
Changes for the year:		
Service cost		36,521
Interest		24,324
Benefit payments		<u>(286,311)</u>
Net changes		<u>(225,466)</u>
Total OPEB Liability at June 30, 2021	\$	<u>1,018,320</u>

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 73,276	\$ -
Changes of assumptions or other inputs	<u>173,953</u>	<u>(65,628)</u>
Total	<u>\$ 247,229</u>	<u>\$ (65,628)</u>

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021.

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Other amounts reported by the District as deferred outflows or inflows of resources related to OPEB will be recognized in OPEB expense in subsequent years as follows:

Employer subsequent fiscal years:	Deferred Outflow/(Inflow) of Resources
2022	\$ 14,312
2023	14,312
2024	14,312
2025	14,312
2026	23,692
All Subsequent Years	100,661

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

The following presents the net OPEB liability, calculated using the discount rate of 2.21%, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30 Disclosure	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 1,055,166	\$ 1,018,320	\$ 982,524

The following presents the net OPEB liability, calculated using the current trend rate, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30 Disclosure	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 967,863	\$ 1,018,320	\$ 1,076,427

E. Tax Deferred Annuities

The District has tax deferred annuity contracts established under Section 403(b) of the Internal Revenue Code. District paid contributions are payable based on an employee's full-time equivalent. The District made contributions of \$145,614 during the fiscal year ended June 30, 2021.

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

F. New Pronouncements

For the fiscal year ended June 30, 2021, the District implemented the following new accounting standards:

GASB Statement No. 84, *Fiduciary Activities* – This statement established criteria and guidance for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes, as well as the reporting requirements for these fiduciary funds.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.*

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. 83, *Certain Asset Retirement Obligations* – This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The statement is effective for fiscal years beginning after June 15, 2020 (as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*).

GASB Statement No. 87, *Leases* – This statement addresses the accounting and financial reporting for leases by governments, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. The statement is effective for fiscal years beginning after June 15, 2022 (as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*).

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The statement is effective for fiscal years beginning after December 15, 2021 (as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*).

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

G. Concentrations

1. Collective Bargaining Agreement

At June 30, 2021, the District had approximately 206 employees who were accounted for under the governmental activities of the District. Of this total, 100 are certified staff represented by a union and 80 are classified staff covered by a collective bargaining agreement. The remaining staff are not covered by an agreement. The certified agreement expired on June 30, 2021 and is still being negotiated. The classified agreement extends through June 30, 2022.

H. Related Parties

The District makes payments to Western Outdoor School, which is directed by the spouse of a current board member. Total remittances during the year ended June 30, 2021 were \$66,420.

I. Restatement

The District's previously issued financial statements were restated as follows:

<u>Governmental-wide Basis</u>	<u>Governmental Activities</u>
Net position - beginning as originally reported	\$ 3,671,965
To reclassify Fiduciary Fund to a Governmental Fund	<u>681,252</u>
Net position - beginning, as restated	<u><u>\$ 4,353,217</u></u>

J. Subsequent Events

Management has evaluated subsequent events through December 20, 2021, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND DISTRICT CONTRIBUTIONS

OREGON PERS SYSTEM

Schedule of the District's Proportionate Share of the Net Pension Liability

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.07871281%	0.07197935%	0.06680642%	0.06199441%	0.06545461%	0.06774420%	0.07520112%
District's proportionate share of the net pension liability (asset)	\$ 17,177,843	\$ 12,450,704	\$ 10,120,293	\$ 17,177,843	\$ 9,826,257	\$ 3,889,520	\$ (1,704,595)
District's covered-employee payroll	\$ 8,308,330	\$ 7,331,544	\$ 6,533,899	\$ 6,026,210	\$ 5,952,487	\$ 5,836,465	\$ 6,126,649
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	206.75%	169.82%	154.89%	285.05%	165.08%	66.64%	-27.82%
Plan fiduciary net position as a percentage of the total pension liability	75.79%	80.20%	82.07%	83.12%	80.53%	91.88%	103.59%

Schedule of District Contributions

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,674,562	\$ 1,609,868	\$ 1,041,694	\$ 962,831	\$ 605,075	\$ 582,690	\$ 744,104
Contributions in relation to the contractually required contribution	<u>(1,674,562)</u>	<u>(1,609,868)</u>	<u>(1,041,694)</u>	<u>(962,831)</u>	<u>(605,075)</u>	<u>(582,690)</u>	<u>(744,104)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 9,154,967	\$ 8,687,550	\$ 8,397,517	\$ 7,715,688	\$ 7,760,228	\$ 6,216,888	\$ 5,836,465
Contributions as a percentage of covered-employee payroll	18%	19%	12%	12%	8%	9%	13%

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
OTHER POST EMPLOYMENT BENEFITS AND DISTRICT CONTRIBUTIONS

OREGON PERS SYSTEM RHIA

Schedule of the District's Proportionate Share of the Other Post Employment Benefits

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the OPEB liability (asset)	0.13668136%	0.07770644%	0.07319678%	0.06798734%	0.06695980%
District's proportionate share of the OPEB liability (asset)	\$ (278,502)	\$ (150,157)	\$ (81,707)	\$ (28,374)	\$ 18,184
District's covered-employee payroll	\$ 8,308,330	\$ 7,331,544	\$ 6,533,899	\$ 6,026,210	\$ 5,952,487
District's proportionate share of the OPEB liability (asset) as a percentage of its covered-employee payroll	-3.35%	-2.05%	-1.25%	-0.47%	0.31%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	150.07%	144.40%	123.99%	108.88%	94.15%

Schedule of District Contributions

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 2,321	\$ 9,761	\$ 41,988	\$ 38,578	\$ 38,801
Contributions in relation to the contractually required contribution	<u>(2,321)</u>	<u>(9,761)</u>	<u>(41,988)</u>	<u>(38,578)</u>	<u>(38,801)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 9,154,967	\$ 8,687,550	\$ 8,397,517	\$ 7,715,688	\$ 7,760,228
Contributions as a percentage of covered-employee payroll	0.03%	0.11%	0.50%	0.50%	0.50%

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

SCHEDULES OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS (OPEB)
LIABILITY AND RELATED RATIOS - MEDICAL BENEFIT

DISTRICT MEDICAL BENEFIT PLAN

Schedule of Changes	2021	2020	2019	2018	2017
Total Medical Benefit Pension Liability, beginning	<u>\$ 1,243,786</u>	<u>\$ 1,256,820</u>	<u>\$ 1,553,953</u>	<u>\$ 1,947,817</u>	<u>\$ (313,975)</u>
Changes for the year:					
Service Cost	\$ 36,521	\$ 34,782	\$ 32,489	\$ 30,942	\$ 145,174
Interest	24,324	23,823	52,740	67,789	9,419
Change in assumptions	-	213,489	-	(127,692)	2,407,938
Experience (gain)/loss	-	72,616	-	27,452	-
Benefit Payments	<u>(286,311)</u>	<u>(357,744)</u>	<u>(382,362)</u>	<u>(392,355)</u>	<u>(300,739)</u>
Net changes for the year	<u>(225,466)</u>	<u>(13,034)</u>	<u>(297,133)</u>	<u>(393,864)</u>	<u>2,261,792</u>
Total Medical Benefit Pension Liability, ending	<u>\$ 1,018,320</u>	<u>\$ 1,243,786</u>	<u>\$ 1,256,820</u>	<u>\$ 1,553,953</u>	<u>\$ 1,947,817</u>
District's covered-employee payroll	\$ 9,010,212	\$ 8,581,154	\$ 7,743,073	\$ 7,374,355	\$ 7,023,195
Net Medical Benefit Pension Liability as a Percentage of Covered Payroll	11.3%	14.5%	16.23%	21.07%	27.73%

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

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

GENERAL FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 5,737,975	\$ (542,025)	\$ 5,195,950
Intermediate revenue	118,000	11,774	129,774
State revenue	13,861,570	(375,077)	13,486,493
Federal revenue	30,000	(17,851)	12,149
Total revenues	19,747,545	(923,179)	18,824,366
EXPENDITURES			
Current			
Instruction	13,097,266	(393,852)	12,703,414
Support services	7,050,946	(998,303)	6,052,643
Enterprise and community services	5,662	(3,240)	2,422
Contingency	300,000	(300,000)	-
Total expenditures	20,453,874	(1,695,395)	18,758,479
Excess (deficiency) of revenues over (under) expenditures	(706,329)	772,216	65,887
OTHER FINANCING SOURCES (USES)			
Transfers out	(301,000)	(6,308)	(294,692)
Total other financing sources (uses)	(301,000)	(6,308)	(294,692)
Net change in fund balance	(1,007,329)	778,524	(228,805)
Fund balance - beginning	2,723,329	20,314	2,743,643
Fund balance - ending	\$ 1,716,000	\$ 798,838	\$ 2,514,838

OTHER SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND SCHEDULES

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2021

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Local, State, and Federal Programs	Assoc. Student Body Fund	Pool Operations	Trust and Agency Fund	
ASSETS					
Cash and cash equivalents	\$ 209,898	\$ 297,785	\$ 35,611	\$ 541,561	\$ 1,084,855
Accounts receivable	<u>307,993</u>	<u>26,820</u>	<u>-</u>	<u>-</u>	<u>334,813</u>
Total assets	<u>\$ 517,891</u>	<u>\$ 324,605</u>	<u>\$ 35,611</u>	<u>\$ 541,561</u>	<u>\$ 1,419,668</u>
LIABILITIES					
Accounts payable	<u>\$ 53,582</u>	<u>\$ (12,519)</u>	<u>\$ 4,573</u>	<u>\$ -</u>	<u>\$ 45,636</u>
FUND BALANCES					
Restricted	464,309	337,124	-	541,561	1,342,994
Committed	<u>-</u>	<u>-</u>	<u>31,038</u>	<u>-</u>	<u>31,038</u>
Total fund balances	<u>464,309</u>	<u>337,124</u>	<u>31,038</u>	<u>541,561</u>	<u>1,374,032</u>
Total liabilities and fund balances	<u>\$ 517,891</u>	<u>\$ 324,605</u>	<u>\$ 35,611</u>	<u>\$ 541,561</u>	<u>\$ 1,419,668</u>

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	Special Revenue Funds			Trust and Agency Fund	Total Nonmajor Governmental Funds
	Local, State, and Federal Programs	Assoc. Student Body Fund	Pool Operations		
REVENUES					
Local revenue	\$ 46,700	\$ 106,465	\$ 57,980	\$ 7,401	\$ 218,546
State revenue	1,073,091	-	-	-	1,073,091
Federal revenue	<u>1,088,522</u>	-	-	-	<u>1,088,522</u>
Total revenues	<u>2,208,313</u>	<u>106,465</u>	<u>57,980</u>	<u>7,401</u>	<u>2,380,159</u>
EXPENDITURES					
Current					
Instruction	951,621	154,070	9,239	69,869	1,184,799
Support services	1,068,135	-	7,839	152,224	1,228,198
Enterprise and community services	21,392	-	80,869	-	102,261
Facilities acquisition and construction	<u>2,820</u>	-	-	-	<u>2,820</u>
Total expenditures	<u>2,043,968</u>	<u>154,070</u>	<u>97,947</u>	<u>222,093</u>	<u>2,518,078</u>
Excess (deficiency) of revenues over (under) expenditures	<u>164,345</u>	<u>(47,605)</u>	<u>(39,967)</u>	<u>(214,692)</u>	<u>(137,919)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>3,692</u>	-	<u>50,000</u>	<u>75,000</u>	<u>128,692</u>
Net change in fund balances	168,037	(47,605)	10,033	(139,692)	(9,227)
Fund balances - beginning, as restated	<u>296,272</u>	<u>384,729</u>	<u>21,005</u>	<u>681,253</u>	<u>1,383,259</u>
Fund balances - ending	<u>\$ 464,309</u>	<u>\$ 337,124</u>	<u>\$ 31,038</u>	<u>\$ 541,561</u>	<u>\$ 1,374,032</u>

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

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

LOCAL, STATE, AND FEDERAL PROGRAMS FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES				
Local revenue	\$ 98,800	\$ 98,800	\$ (52,100)	\$ 46,700
Intermediate revenue	55,000	55,000	(55,000)	-
State revenue	1,912,371	1,912,371	(839,280)	1,073,091
Federal revenue	812,296	1,082,202	6,320	1,088,522
Total revenues	<u>2,878,467</u>	<u>3,148,373</u>	<u>(940,060)</u>	<u>2,208,313</u>
EXPENDITURES				
Current				
Instruction	1,457,788	1,457,788	(506,167)	951,621
Support services	1,350,374	1,620,280	(552,145)	1,068,135
Enterprise and community services	391,000	391,000	(369,608)	21,392
Facilities acquisition and construction	50,000	50,000	(47,180)	2,820
Total expenditures	<u>3,249,162</u>	<u>3,519,068</u>	<u>(1,475,100)</u>	<u>2,043,968</u>
Excess (deficiency) of revenues over (under) expenditures	(370,695)	(370,695)	535,040	164,345
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	10,000	(6,308)	3,692
Net change in fund balance	(360,695)	(360,695)	528,732	168,037
Fund balance - beginning	360,695	360,695	(64,423)	296,272
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 464,309</u>	<u>\$ 464,309</u>

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

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

ASSOC STUDENT BODY FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 579,336	\$ (472,871)	\$ 106,465
EXPENDITURES			
Current			
Instruction	911,926	(757,856)	154,070
Excess (deficiency) of revenues over (under) expenditures	(332,590)	284,985	(47,605)
Fund balance - beginning	332,590	52,139	384,729
Fund balance - ending	\$ -	\$ 337,124	\$ 337,124

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

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

POOL OPERATIONS FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 88,200	\$ (30,220)	\$ 57,980
EXPENDITURES			
Current			
Instruction	13,790	(4,551)	9,239
Support services	14,301	(6,462)	7,839
Community services	128,209	(47,340)	80,869
Total expenditures	156,300	(58,353)	97,947
Excess (deficiency) of revenues over (under) expenditures	(68,100)	28,133	(39,967)
OTHER FINANCING SOURCES (USES)			
Transfers in	50,000	-	50,000
Net change in fund balance	(18,100)	28,133	10,033
Fund balance - beginning	18,100	2,905	21,005
Fund balance - ending	\$ -	\$ 31,038	\$ 31,038

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL

TRUST AND AGENCY FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES				
Local revenue	\$ 15,000	\$ 15,000	\$ (7,599)	\$ 7,401
EXPENSES				
Current				
Instruction	60,442	70,442	(573)	69,869
Support services	299,829	289,829	(137,605)	152,224
Total expenses	360,271	360,271	(138,178)	222,093
Excess (deficiency) of revenues over (under) expenses	(345,271)	(345,271)	130,579	(214,692)
OTHER FINANCING SOURCES (USES)				
Transfers in	75,000	75,000	-	75,000
Change in net position	(270,271)	(270,271)	130,579	(139,692)
Net position - beginning	687,924	687,924	(6,671)	681,253
Net position - ending	\$ 417,653	\$ 417,653	\$ 123,908	\$ 541,561

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

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

DEBT SERVICE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 3,776,799	\$ 120,297	\$ 3,897,096
EXPENDITURES			
Debt service	1,725,400	(905)	1,724,495
Excess (deficiency) of revenues over (under) expenditures	2,051,399	121,202	2,172,601
Fund balance - beginning	5,750,653	99,778	5,850,431
Fund balance - ending	\$ 7,802,052	\$ 220,980	\$ 8,023,032

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

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

CAPITAL PROJECTS FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 200	\$ (81)	\$ 119
EXPENDITURES			
Current			
Instruction	40,215	(17,754)	22,461
Support services	222,608	(3,521)	219,087
Facilities acquisition and construction	238,840	(186,630)	52,210
Debt service	6,082	(174)	5,908
Total expenditures	507,745	(208,079)	299,666
Excess (deficiency) of revenues over (under) expenditures	(507,545)	207,998	(299,547)
OTHER FINANCING SOURCES (USES)			
Sale of assets	45,667	-	45,667
Transfers in	218,500	(52,500)	166,000
Total other financing sources (uses)	264,167	(52,500)	211,667
Net change in fund balance	(243,378)	155,498	(87,880)
Fund balance - beginning	295,878	104,194	400,072
Fund balance - ending	\$ 52,500	\$ 259,692	\$ 312,192

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL

UNEMPLOYMENT INSURANCE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES	\$ -	\$ -	\$ -
EXPENSES			
Current			
Support services	14,500	(13,880)	620
Excess (deficiency) of revenues over (under) expenses	(14,500)	13,880	(620)
Net position - beginning	14,500	(13,727)	773
Net position - ending	\$ -	\$ 153	\$ 153

OTHER FINANCIAL SCHEDULES

PHILOMATH SCHOOL DISTRICT 17J

Benton County, Oregon

REVENUE SUMMARY - ALL FUNDS

For the Year Ended June 30, 2021

Revenue from Local Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 600	Fund 700
1110 Ad Valorem Taxes Levied by District	\$ 3,914,746.01	\$ -	\$ 2,058,241.96	\$ -	\$ -	\$ -
1120 Local Option Ad Valorem Taxes Levied by District	998,606.50	-	-	-	-	-
1190 Penalties and Interest on Taxes	10,447.07	-	5,299.70	-	-	-
1300 Tuition from Individuals	75.00	-	-	-	-	-
1500 Earnings on Investments	64,844.83	1,982.45	1,052,732.24	121.14	-	-
1700 Extracurricular Activities	26,982.50	61,176.69	-	-	-	-
1800 Community Service Activities	-	13,405.62	-	-	-	-
1910 Rentals	3,670.00	-	-	-	-	-
1920 Contributions and Donations From Private Sources	4,166.93	46,780.97	-	-	-	-
1940 Services Provided to Other Local Education Agencies	132,501.78	-	-	-	-	-
1970 Services Provided Other Funds	-	-	780,822.50	-	-	-
1980 Fees Charged to Grants	9,643.26	-	-	-	-	-
1990 Miscellaneous	30,242.21	87,785.21	-	-	-	7,399.60
Total Revenue from Local Sources	\$ 5,195,926.09	\$ 211,130.94	\$ 3,897,096.40	\$ 121.14	\$ -	\$ 7,399.60
Revenue from Intermediate Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 600	Fund 700
2101 County School Funds	\$ 18,887.21	\$ -	\$ -	\$ -	\$ -	\$ -
2197 Other Intermediate Sources	108,671.57	-	-	-	-	-
2200 Support Services - Instructional Staff	2,214.68	-	-	-	-	-
Total Revenue from Intermediate Sources	\$ 129,773.46	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue from State Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 600	Fund 700
3101 State School Fund - General Support	\$ 12,633,134.43	\$ -	\$ -	\$ -	\$ -	\$ -
3103 Common School Fund	238,372.76	-	-	-	-	-
3104 State Managed County Timber	8.11	-	-	-	-	-
3199 Other Unrestricted Grants-in-Aid	514,472.00	45,819.76	-	-	-	-
3200 Restricted Grants-In-Aid	-	8,355.00	-	-	-	-
3299 Other Restricted Grants-in-Aid	100,505.16	1,018,915.65	-	-	-	-
Total Revenue from State Sources	\$ 13,486,492.46	\$ 1,073,090.41	\$ -	\$ -	\$ -	\$ -
Revenue from Federal Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 600	Fund 700
4200 Unrestricted Revenue From the Federal Government Through the State	\$ 12,149.60	\$ -	\$ -	\$ -	\$ -	\$ -
4500 Restricted Revenue From the Federal Government Through the State	-	1,058,265.52	-	-	-	-
4700 Grants-In-Aid From the Federal Government Through the State	-	21,483.46	-	-	-	-
4900 Federal Commodities	-	8,775.32	-	-	-	-
Total Revenue from Federal Sources	\$ 12,149.60	\$ 1,088,524.30	\$ -	\$ -	\$ -	\$ -
Revenue from Other Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 600	Fund 700
5200 Interfund Transfers	\$ -	\$ 53,692.21	\$ -	\$ 166,000.00	\$ -	\$ 75,000.00
5300 Sale of Fixed Assets	-	-	-	45,666.60	-	-
5400 Resources - Beginning Fund Balance	2,743,643.23	702,006.97	5,850,430.54	400,072.03	773.38	681,252.95
Total Revenue from Other Sources	\$ 2,743,643.23	\$ 755,699.18	\$ 5,850,430.54	\$ 611,738.63	\$ 773.38	\$ 756,252.95
Grand Totals	\$ 21,567,984.84	\$ 3,128,444.83	\$ 9,747,526.94	\$ 611,859.77	\$ 773.38	\$ 763,652.55

PHILOMATH SCHOOL DISTRICT 17J

Benton County, Oregon

EXPENDITURE SUMMARY - GENERAL FUND

For the Year Ended June 30, 2021

Instruction Expenditures	Totals	Object 100	Object 200
1111 Primary, K-3	\$ 3,250,731.00	\$ 2,024,813.95	\$ 1,168,509.54
1113 Elementary Extracurricular	3,314.85	2,401.85	913.00
1121 Middle/Junior High Programs	1,711,984.42	1,076,179.64	616,804.80
1122 Middle/Junior High School Extracurricular	19,689.72	13,377.44	5,923.91
1131 High School Programs	2,332,106.02	1,468,714.17	831,262.84
1132 High School Extracurricular	215,889.91	155,077.11	33,019.37
1210 Programs for the Talented and Gifted	5,124.22	3,451.00	1,313.57
1220 Restrictive Programs for Students with Disabilities	842,823.66	484,826.45	327,413.06
1250 Less Restrictive Programs for Students with Disabilities	1,240,238.84	737,416.35	496,554.16
1272 Title I	56,079.06	30,396.04	25,683.02
1280 Alternative Education	2,820,280.28	170,478.30	112,095.91
1291 English Second Language Programs	148,107.79	87,152.90	60,814.11
1299 Other Programs	49,529.11	30,672.82	18,856.29
1460 Summer School	7,500.00	-	-
Total Instruction Expenditures	\$ 12,703,398.88	\$ 6,284,958.02	\$ 3,699,163.58
Support Services Expenditures	Totals	Object 100	Object 200
2110 Attendance and Social Work Services	\$ 221,133.12	\$ 137,669.01	\$ 83,464.11
2120 Guidance Services	563,434.52	363,015.62	189,939.50
2130 Health Services	94,467.83	61,766.86	30,649.98
2150 Speech Pathology and Audiology Services	122,273.06	73,094.67	38,122.57
2190 Service Direction, Student Support Services	224,937.29	128,442.84	79,767.82
2210 Improvement of Instruction Services	9,815.07	7,105.00	2,710.07
2220 Educational Media Services	105,500.23	56,073.59	40,497.81
2230 Assessment & Testing	6,473.75	-	-
2240 Instructional Staff Development	13,219.98	-	1,680.00
2310 Board of Education Services	74,750.52	-	-
2320 Executive Administration Services	301,131.95	171,508.54	98,385.90
2410 Office of the Principal Services	1,309,086.19	791,854.14	461,660.20
2520 Fiscal Services	415,235.39	259,349.46	145,862.00
2540 Operation and Maintenance of Plant Services	1,583,127.97	530,044.58	324,711.14
2550 Student Transportation Services	507,750.55	14,680.08	8,288.65
2640 Staff Services	3,832.50	-	-
2660 Technology Services	496,463.14	234,220.90	127,940.56
2700 Supplemental Retirement Program	-	-	-
Total Support Services Expenditures	\$ 6,052,633.06	\$ 2,828,825.29	\$ 1,633,680.31
Enterprise and Community Services	Totals	Object 100	Object 200
3100 Food Services	\$ 2,422.58	\$ 1,789.80	\$ 632.78
Total Enterprise and Community Services Expenditures	\$ 2,422.58	\$ 1,789.80	\$ 632.78
Other Uses Expenditures	Totals	Object 100	Object 200
5200 Transfers of Funds	\$ 294,692.21	\$ -	\$ -
Total Other Uses Expenditures	\$ 294,692.21	\$ -	\$ -
Grand Total	\$ 19,053,146.73	\$ 9,115,573.11	\$ 5,333,476.67

Object 300	Object 400	Object 500	Object 600	Object 700
\$ 7,058.38	\$ 39,140.45	\$ 1,807.19	\$ 9,401.49	\$ -
-	-	-	-	-
3,147.72	11,149.52	-	4,702.74	-
-	388.37	-	-	-
8,579.83	17,463.80	-	6,085.38	-
8,875.04	15,586.39	-	3,332.00	-
-	359.65	-	-	-
26,734.75	1,297.89	-	2,551.51	-
720.00	5,548.33	-	-	-
-	-	-	-	-
2,522,046.56	13,599.51	-	2,060.00	-
-	140.78	-	-	-
-	-	-	-	-
7,500.00	-	-	-	-

\$ 2,584,662.28 \$ 104,674.69 \$ 1,807.19 \$ 28,133.12 \$ -

Object 300	Object 400	Object 500	Object 600	Object 700
\$ -	\$ -	\$ -	\$ -	\$ -
-	10,479.40	-	-	-
1,300.66	750.33	-	-	-
9,528.29	526.53	-	1,001.00	-
14,029.41	1,632.22	-	1,065.00	-
-	-	-	-	-
1,189.44	7,739.39	-	-	-
6,473.75	-	-	-	-
11,539.98	-	-	-	-
60,145.37	287.74	-	14,317.41	-
3,831.43	24,476.08	-	2,930.00	-
30,026.37	17,269.38	856.00	7,420.10	-
3,152.37	2,198.92	-	4,672.64	-
490,532.59	108,963.66	-	128,876.00	-
484,726.17	55.65	-	-	-
3,832.50	-	-	-	-
51,747.72	81,793.96	-	760.00	-
-	-	-	-	-

\$ 1,172,056.05 \$ 256,173.26 \$ 856.00 \$ 161,042.15 \$ -

Object 300	Object 400	Object 500	Object 600	Object 700
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -

Object 300	Object 400	Object 500	Object 600	Object 700
\$ -	\$ -	\$ -	\$ -	\$ 294,692.21
\$ -	\$ -	\$ -	\$ -	\$ 294,692.21
\$ 3,756,718.33	\$ 360,847.95	\$ 2,663.19	\$ 189,175.27	\$ 294,692.21

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

EXPENDITURE SUMMARY - SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2021

Instruction Expenditures

	Totals	Object 100	Object 200
1111 Elementary, K-5 or K-6	\$ 86,030.07	\$ 57,196.95	\$ 24,749.99
1113 Elementary Extracurricular	21,230.69	-	-
1121 Middle/Junior High School Programs	97,146.61	15,261.48	14,152.53
1122 Middle/Junior High School Extracurricular	27,171.96	-	-
1131 High School Programs	346,075.56	65,516.53	27,952.04
1132 High School Extracurricular	126,388.68	2,336.11	884.77
1140 Pre-Kindergarten Programs	45,819.76	3,500.00	1,333.01
1220 Restrictive Programs for Students with Disabilities	2,454.01	1,371.76	1,082.25
1250 Less Restrictive Programs for Students with Disabilities	2,454.89	1,374.85	1,080.04
1272 Title I	165,945.31	102,367.73	62,638.58
1280 Alternative Education	178,659.63	86,065.65	33,711.49
1291 English Second Language Programs	8,391.52	4,770.76	3,620.76
1299 Other Programs	7,150.06	7,150.06	-
Total Instruction Expenditures	\$ 1,114,918.75	\$ 346,911.88	\$ 171,205.46

Support Services Expenditures

	Totals	Object 100	Object 200
2120 Guidance Services	\$ 2,035.81	\$ 1,481.04	\$ 554.77
2130 Health Services	10,046.37	8,651.25	1,395.12
2150 Speech Pathology and Audioly Services	201,421.41	130,817.70	57,632.00
2190 Service Direction, Student Support Services	118,530.72	17,614.94	8,845.78
2210 Improvement of Instruction Services	92,422.75	60,972.77	30,789.35
2240 Instructional Staff Development	31,234.63	2,259.38	883.55
2410 Office of the Principal Services	17,304.53	12,261.85	5,042.68
2540 Operation and Maintenance of Plant Services	165,535.04	22,280.50	4,470.74
2620 Planning Services	24,400.00	-	-
2660 Technology Services	413,044.60	-	-
Total Support Services Expenditures	\$ 1,075,975.86	\$ 256,339.43	\$ 109,613.99

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200
3100 Food Services	\$ 19,798.01	\$ -	\$ -
3300 Community Services	82,460.68	30,212.91	4,084.31
Total Enterprise and Community Services Expenditures	\$ 102,258.69	\$ 30,212.91	\$ 4,084.31

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200
4150 Building Acquisition, Construction, and Improvement Services	\$ 2,820.00	\$ -	\$ -
Total Facilities Acquisition and Construction Expenditures	\$ 2,820.00	\$ -	\$ -

Grand Total

Grand Total	\$ 2,295,973.30	\$ 633,464.22	\$ 284,903.76
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Object 300	Object 400	Object 500	Object 600
\$ -	\$ 4,083.13	\$ -	\$ -
-	21,230.69	-	-
66,419.60	1,313.00	-	-
-	27,181.96	-	(10.00)
1,816.58	197,664.29	52,956.12	170.00
(13,755.00)	134,157.80	1,800.00	965.00
38,295.00	-	-	2,691.75
-	-	-	-
-	-	-	-
-	939.00	-	-
-	58,882.49	-	-
-	-	-	-
-	-	-	-
\$ 92,776.18	\$ 445,452.36	\$ 54,756.12	\$ 3,816.75

Object 300	Object 400	Object 500	Object 600
\$ -	\$ -	\$ -	\$ -
-	-	-	-
12,971.71	-	-	-
92,070.00	-	-	-
-	660.63	-	-
22,191.28	2,948.42	-	2,952.00
-	-	-	-
-	138,783.80	-	-
20,000.00	-	-	4,400.00
-	292,287.15	120,757.45	-
\$ 147,232.99	\$ 434,680.00	\$ 120,757.45	\$ 7,352.00

Object 300	Object 400	Object 500	Object 600
\$ 1,884.11	\$ 17,913.90	\$ -	\$ -
35,134.47	12,353.27	-	675.72
\$ 37,018.58	\$ 30,267.17	\$ -	\$ 675.72

Object 300	Object 400	Object 500	Object 600
\$ -	\$ -	\$ 2,820.00	\$ -
\$ -	\$ -	\$ 2,820.00	\$ -
\$ 277,027.75	\$ 910,399.53	\$ 178,333.57	\$ 11,844.47

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

EXPENDITURE SUMMARY - DEBT SERVICE FUND

For the Year Ended June 30, 2021

Other Uses Expenditures	Totals	Object 600
5100 Debt Service	\$ 1,724,494.87	\$ 1,724,494.87
Total Other Uses Expenditures	\$ 1,724,494.87	\$ 1,724,494.87
Grand Total	\$ 1,724,494.87	\$ 1,724,494.87

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

EXPENDITURE SUMMARY - CAPITAL PROJECTS FUND

For the Year Ended June 30, 2021

Instruction Expenditures	Totals	Object 300	Object 400	Object 500	Object 600
1121 Middle/Junior High Programs	\$ 11,115.24	\$ -	\$ 11,115.24	\$ -	\$ -
1131 High School Programs	11,346.48	-	11,346.48	-	-
Total Instruction Expenditures	\$ 22,461.72	\$ -	\$ 22,461.72	\$ -	\$ -
Support Services Expenditures	Totals	Object 300	Object 400	Object 500	Object 600
2540 Operation and Maintenance of Plant Services	\$ 43,847.40	\$ 25,575.00	\$ -	\$ 18,272.40	\$ -
2660 Technology Services	175,240.81	-	175,240.81	-	-
Total Support Services Expenditures	\$ 219,088.21	\$ 25,575.00	\$ 175,240.81	\$ 18,272.40	\$ -
Facilities Acquisition and	Totals	Object 300	Object 400	Object 500	Object 600
4150 Buildings Acquisition	\$ 52,210.28	\$ 8,000.00	\$ -	\$ 44,210.28	\$ -
Total Other Uses Expenditures	\$ 52,210.28	\$ 8,000.00	\$ -	\$ 44,210.28	\$ -
Other Uses Expenditures	Totals	Object 300	Object 400	Object 500	Object 600
5100 Debt Service	\$ 5,907.72	\$ -	\$ -	\$ -	\$ 5,907.72
Total Other Uses Expenditures	\$ 5,907.72	\$ -	\$ -	\$ -	\$ 5,907.72
Grand Total	\$ 299,667.93	\$ 33,575.00	\$ 197,702.53	\$ 62,482.68	\$ 5,907.72

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

EXPENDITURE SUMMARY - INTERNAL SERVICE FUND

For the Year Ended June 30, 2021

Support Services Expenditures	Totals	Object 300
2520 Fiscal Services	\$ 620.00	\$ 620.00
Total Support Services Expenditures	\$ 620.00	\$ 620.00
Grand Total	\$ 620.00	\$ 620.00

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

EXPENDITURE SUMMARY - FIDUCIARY FUND

For the Year Ended June 30, 2021

Instruction Expenditures

	Totals	Object 100	Object 200	Object 600
1111 Elementary, K-5 or K-6	\$ 23,764.57	\$ -	\$ 23,764.57	\$ -
1121 Middle/Junior High Programs	8,570.84	-	8,570.84	-
1131 High School Programs	13,103.95	-	13,103.95	-
1220 Restrictive Programs for Students with Disabilities	11,723.14	-	11,723.14	-
1250 Less Restrictive Programs for Students with Disabilities	8,338.06	-	8,338.06	-
1272 Title I	1,700.00	-	1,700.00	-
1280 Alternative Education	1,600.00	-	1,600.00	-
1291 English Second Language Programs	1,069.36	-	1,069.36	-
Total Instruction Expenditures	\$ 69,869.92	\$ -	\$ 69,869.92	\$ -

Support Services Expenditures

	Totals	Object 100	Object 200	Object 600
2110 Attendance and Social Work Services	\$ 2,873.29	\$ -	\$ 2,873.29	\$ -
2120 Guidance Services	735.06	-	735.06	-
2190 Service Direction, Student Support Services	1,200.00	-	1,200.00	-
2220 Educational Media Services	630.64	-	630.64	-
2410 Office of the Principal Services	4,292.54	-	4,292.54	-
2540 Operation and Maintenance of Plant Services	6,226.54	-	6,226.54	-
2660 Technology Services	1,700.00	-	1,700.00	-
2700 Supplemental Retirement Program	134,563.79	-	134,371.05	192.74
Total Support Services Expenditures	\$ 152,221.86	\$ -	\$ 152,029.12	\$ 192.74

Grand Total

Grand Total	\$ 222,091.78	\$ -	\$ 221,899.04	\$ 192.74
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**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY
STATE REGULATIONS**



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

Board of Directors
Philomath School District No. 17J
Philomath, Oregon 97370

We have audited the basic financial statements of Philomath School District No. 17J as of and for the year ended June 30, 2021, and have issued our report thereon dated December 20, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether Philomath School District No. 17J'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

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

Authorized investment of surplus funds (ORS Chapter 294)

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

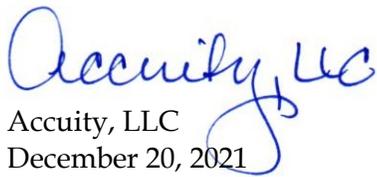
State school fund factors and calculation

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, 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.

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.

This report is intended solely for the information and use of the board of directors and management of Philomath School District No. 17J and the Oregon Secretary of State, and is not intended to be, and should not be used by anyone other than these parties.



Accuity, LLC
December 20, 2021

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

SUPPLEMENTAL INFORMATION REQUIRED BY OREGON DEPARTMENT OF EDUCATION

For the Year Ended June 30, 2021

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 and 326
Function 2540	\$ 272,423
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

PHILOMATH SCHOOL DISTRICT 17J
Benton County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

Federal Grantor, Pass through Grantor, Program Title	Pass-through Entity ID	CFDA	Expenditures
<u>U.S. Department of Education</u>			
Passed through Oregon State Department of Education			
Title I Grants to Local Educational Agencies	1900	84.010	\$ 166,245
Special Education Cluster			
IDEA Special Education Grants To States	1900	84.027	227,882
Special Education Preschool Grant	1900	84.173	<u>4,908</u>
Total Special Education Cluster			<u>232,790</u>
Personnel Development Grant	1900	84.323	53,672
Title IIA Improving Teaching Quality State Grants	1900	84.367	23,684
Student Support and Academic Enrichment Program	1900	84.424	3,336
COVID-19 Elementary and Secondary School Emergency Relief Fund	1900	84.425	<u>578,538</u>
Passed through Linn Benton Community College			
Carl Perkins	N/A	84.048	<u>21,481</u>
Total U.S. Department of Education			<u>1,079,746</u>
<u>U.S. Department of Agriculture</u>			
Passed through Oregon State Department of Education			
Child Nutrition Cluster			
NSLP Commodities	1900	10.555	<u>8,775</u>
Total Child Nutrition Cluster			<u>8,775</u>
Total federal expenditures			<u><u>\$ 1,088,521</u></u>

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

I. PURPOSE OF SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Philomath School District No. 17J under programs of the federal government for the year ended June 30, 2021. 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 accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. 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.

PHILOMATH SCHOOL DISTRICT NO. 17J
Benton County, Oregon

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

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, 2021.

E. Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded as received in cash or on the accrual basis where measurable and available. Expenditures are recorded when the liability is incurred.



**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
Philomath School District No. 17J
Philomath, Oregon 97370

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 Philomath School District No. 17J, Benton County, Oregon, and Kings Valley Charter School, its discretely presented component unit, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2021.

The financial statements of Kings Valley Charter School were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Kings Valley Charter School.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) 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 effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Philomath School District No. 17J's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Philomath School District's Response to Findings

Philomath School District's response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Philomath School District's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

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

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

Accuity, LLC
Albany, Oregon
December 20, 2021



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

Board of Directors
Philomath School District No. 17J
Philomath, Oregon 97370

Report on Compliance for Each Major Federal Program

We have audited Philomath School District No. 17J'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, 2021. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Philomath School District No. 17J 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, 2021.

Report on Internal Control Over Compliance

Management of Philomath School District No. 17J is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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



Accuity, LLC
Albany, Oregon
December 20, 2021

PHILOMATH SCHOOL DISTRICT NO. 17J
Sheridan, Oregon

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

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 Circular A-133, Section 510(a)?	No
Identification of major programs:	

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
84.425	Elementary and Secondary School Emergency Relief Fund

Dollar threshold used to distinguish between Type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No