



NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2021



NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

DISTRICT OFFICIALS

June 30, 2021

BOARD OF DIRECTORS

Mike Wagner – Chair

Alisha Oliver, Vice Chair

Erin Cramer

Coral Form (appointed 5/26/2021)

Mark Henderson (appointed 5/26/2021)

Tass Morrison

Tod Nau (resigned 5/20/2021)

Laura Wipper

All directors receive mail at the address below

ADMINISTRATION

Andrew Gardner, Superintendent and Budget Officer

Jane Nofziger, Business Manager

1155 N. 3rd Avenue
Stayton, Oregon 97383

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
North Santiam School District No. 29J
Stayton, Oregon 97383

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 North Santiam School District No. 29J, Stayton, Oregon, 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, each major fund, and the remaining fund information of North Santiam School District No. 29J, Stayton, 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 and District contributions – PERS and OPEB RHIA, the schedules of changes in OPEB liability and related ratios – medical benefit, and the budgetary comparison information on pages 4 through 10, and 60 through 64, 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, the schedules of the District's proportionate share of the net pension liability and District contributions, and the schedule of funding progress and employer contributions, 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 aforementioned information 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 North Santiam School District No. 29J'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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements 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 10, 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 10, 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 10, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH SANTIAM SCHOOL DISTRICT NO. 29J

Stayton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

INTRODUCTION

As management of North Santiam School District No. 29J, Stayton, 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 North Santiam School District No. 29J amounted to \$(28,510,537). Of this amount, \$(12,944,348) was invested in capital assets, net of related debt. The remaining balance included \$4,079,523 restricted for various purposes, and \$(19,645,712) of unrestricted net position.
- At June 30, 2021, the District's governmental funds reported combined ending fund balances of \$11,528,658.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to North Santiam School District No. 29J'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 of the District's assets, deferred outflows, deferred inflows, and liabilities with the difference between the four 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).

Both of the government-wide financial statements present functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities).

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The governmental activities of the District include revenues and expenditures associated with the purchase, construction, and major repair of governmental capital assets.

The government-wide financial statements can be found on pages 11 through 12 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 North Santiam School District No. 29J 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 six individual 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 Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered to be major governmental funds, as well as for the Food Service and Trust and Agency Funds, both of which are considered to be nonmajor governmental funds.

North Santiam School District No. 29J adopts an annual appropriated budget for all of its governmental 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 13 through 16 of this report.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

□ 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 accounts. 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 17 through 19 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 20 through 59 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 and District contributions – PERS and OPEB RHIA, the schedules of changes in OPEB liability and related ratios – medical benefit, and the budgetary comparison information for the General Fund and Grants and Student Body Fund. This required supplementary information can be found on pages 60 through 64 of this report.

Individual fund schedules can be found on pages 65 through 69 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 liabilities exceeded assets by \$28,510,537.

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.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

District's Net Position

The District's net position increased by \$1,538,237 during the current fiscal year. The increase is primarily due to an increase in grants and contributions.

Condensed statement of net position information is shown below.

Condensed Statement of Net Position

| | Governmental Activities | |
|---|--------------------------------|-----------------|
| | 2021 | 2020 |
| Assets | | |
| Current and other assets | \$ 10,539,196 | \$ 6,432,562 |
| Restricted assets | 3,419,832 | 3,599,566 |
| Capital assets, net of accumulated depreciation | 6,029,098 | 6,123,689 |
| Total assets | 19,988,126 | 16,155,817 |
| Deferred outflows of resources | 6,473,959 | 4,430,243 |
| Liabilities | | |
| Current liabilities | 3,957,852 | 2,849,480 |
| Noncurrent liabilities | 47,895,186 | 44,487,803 |
| Total liabilities | 51,853,038 | 47,337,283 |
| Deferred inflows of resources | 3,151,851 | 3,297,551 |
| Net position | | |
| Net investment in capital assets | (12,944,348) | (13,869,756) |
| Restricted for various purposes | 4,079,523 | 3,724,634 |
| Unrestricted | (19,645,712) | (19,903,652) |
| Total net position | \$ (28,510,537) | \$ (30,048,774) |

District's Changes in Net Position

The condensed statement of activities information shown on the next page explains changes in net position.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Condensed Statement of Changes in Net Position

| | Governmental Activities | |
|--|--------------------------------|------------------------|
| | 2021 | 2020 |
| Program revenues | | |
| Charges for services | \$ 248,082 | \$ 584,070 |
| Operating grants and contributions | 5,327,358 | 2,960,697 |
| Capital grants and contributions | - | 14,378 |
| Total program revenues | 5,575,440 | 3,559,145 |
| General revenues | | |
| Taxes | 8,512,661 | 8,075,424 |
| State school fund - general support | 16,880,293 | 16,078,085 |
| Common school fund | 236,830 | 217,605 |
| Unrestricted state and local revenue | 645,502 | 693,552 |
| Unrestricted grants and contributions | 215,532 | 53,990 |
| Investment earnings | 153,690 | 295,121 |
| Miscellaneous | 696,980 | 331,414 |
| Total general revenues | 27,341,488 | 25,745,191 |
| Total revenues | 32,916,928 | 29,304,336 |
| Program expenses | | |
| Instruction | 16,305,180 | 16,392,516 |
| Support services | 10,955,671 | 9,257,867 |
| Enterprise and community services | 1,336,656 | 1,091,795 |
| Facilities acquisition and construction | 244,617 | - |
| Unallocated depreciation expense | 418,700 | 399,829 |
| Interest on long-term debt | 2,117,867 | 2,060,375 |
| Total program expenses | 31,378,691 | 29,202,382 |
| Change in net position | 1,538,237 | 101,954 |
| Net position - beginning of year, as restated | (30,048,774) | (30,150,728) |
| Net position - end of year | <u>\$ (28,510,537)</u> | <u>\$ (30,048,774)</u> |

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.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As expected, therefore, general revenues provide 87% of the funding required for governmental programs. Property taxes and state school funding combined for 93% of general revenues and 77% of total revenues.

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

| | |
|---|-------------------|
| • Food services charges for lunch and breakfast | \$ 27,287 |
| • Various student extracurricular activities | <u>220,795</u> |
| Total charges for services | <u>\$ 248,082</u> |

Operating grants and contributions represent 16% of total revenues. Included in this category are \$4,020,943 of state reimbursements for special education programs and \$1,306,415 for student nutrition programs.

Expenses

Expenses related to governmental activities are presented in several broad functional categories. Costs of direct classroom instruction activities account for 52% of the total expenses of \$31,378,691. In addition, approximately 35% 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 \$11,528,658. 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 \$3,640,906. This entire amount constitutes unassigned fund balance, which is available for spending at the District's discretion.

BUDGETARY HIGHLIGHTS

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

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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 \$6,061,365, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The total depreciation related to the District's investment in capital assets for the current fiscal year amounted to \$418,700.

Additional information on the District's capital assets can be found on page 31 of this report.

Long-Term Liabilities

At the end of the current fiscal year, the District had total long-term liabilities outstanding of \$30,251,925. This amount comprises general obligation bonds with a related issuance premium, a limited tax pension bond, two qualified school construction bonds, and one notes payable. The District's total long-term liabilities outstanding decreased by \$1,518,968 during the current fiscal year.

Additional information on the District's long-term liabilities can be found on pages 33 through 36 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 financial health:

- The proposed budget sets up the District for continued financial stability utilizing federal COVID relief grants and beginning fund balance.
- The District's focus is to support student learning loss, maintain/improve school safety, and provide for continued teacher learning, as well as to preserve all positions, adding counseling positions to support students.
- The District projected an increase of approximately 80 students and four FTEs.
- The District's facility projects are planned to continue.

All of these factors were considered in preparing the District's budget for fiscal year 2021-2022. The unassigned ending General Fund balance of \$3,640,906 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 the District'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: Business Manager, North Santiam School District No. 29J, 1155 N 3rd Ave, Stayton, Oregon 97383.

BASIC FINANCIAL STATEMENTS

NORTH SANTIAM SCHOOL DISTRICT NO. 25J
Stayton, Oregon

STATEMENT OF NET POSITION

June 30, 2021

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| Current assets | |
| Cash and cash equivalents | \$ 7,067,709 |
| Cash with agent | 39,593 |
| Grants and accounts receivable | 2,649,753 |
| Inventory | 91,987 |
| Prepaid expenses | 101,249 |
| Property taxes receivable | 243,394 |
| Total current assets | <u>10,193,685</u> |
| Restricted assets | |
| Cash and cash equivalents | 3,353,715 |
| Cash with agent | 9,545 |
| Property taxes receivable | 56,572 |
| Total restricted assets | <u>3,419,832</u> |
| OPEB RHIA benefit | 345,511 |
| Capital assets not being depreciated | 32,267 |
| Capital assets being depreciated, net | 6,029,098 |
| Total assets | <u>20,020,393</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>6,473,959</u> |
| LIABILITIES | |
| Current liabilities | |
| Accounts payable | 257,852 |
| Payroll liabilities | 1,246,337 |
| Compensated absences | 211,850 |
| Accrued interest | 34,439 |
| Long-term liabilities, current portion | 2,207,374 |
| Total current liabilities | <u>3,957,852</u> |
| Noncurrent liabilities | |
| Long-term liabilities, less current portion | 28,044,551 |
| Net pension liability PERS | 18,623,318 |
| OPEB medical liability | 1,227,317 |
| Total liabilities | <u>51,853,038</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>3,151,851</u> |
| NET POSITION | |
| Net investment in capital assets | (12,944,348) |
| Restricted for various purposes | 4,079,523 |
| Unrestricted | <u>(19,645,712)</u> |
| Total net position | <u>\$ (28,510,537)</u> |

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

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--|----------------------|---------------------------------|---|---|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary government | | | | | |
| Governmental activities | | | | | |
| Instruction | \$ 16,305,180 | \$ 164,773 | \$ 3,990,672 | \$ - | \$ (12,149,735) |
| Support services | 10,955,671 | 56,022 | 30,271 | - | (10,869,378) |
| Community services | 1,336,656 | 27,287 | 1,306,415 | - | (2,954) |
| Facilities acquisition and construction | 244,617 | - | - | - | (244,617) |
| Unallocated depreciation | 418,700 | - | - | - | (418,700) |
| Interest on long-term debt | 2,117,867 | - | - | - | (2,117,867) |
| Total governmental activities | <u>\$ 31,378,691</u> | <u>\$ 248,082</u> | <u>\$ 5,327,358</u> | <u>\$ -</u> | <u>(25,803,251)</u> |
| General revenues | | | | | |
| Property taxes levied for general purposes | | | | | 6,577,607 |
| Property taxes levied for debt service | | | | | 1,644,158 |
| Construction excise tax | | | | | 290,896 |
| State school fund - general support | | | | | 16,880,293 |
| Common school fund | | | | | 236,830 |
| Unrestricted state and local revenue | | | | | 645,502 |
| Unrestricted grants and contributions | | | | | 215,532 |
| Investment earnings | | | | | 153,690 |
| Miscellaneous | | | | | 696,980 |
| Total general revenues | | | | | <u>27,341,488</u> |
| Change in net position | | | | | 1,538,237 |
| Net position - beginning, as restated | | | | | <u>(30,048,774)</u> |
| Net position - ending | | | | | <u>\$ (28,510,537)</u> |

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

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2021

| | General Fund | Grants and Student Body Fund | Debt Service Fund | Capital Projects Fund | Nonmajor Funds | | Total Governmental Funds |
|---|---------------------|------------------------------------|-------------------------|-----------------------------|-------------------------|-----------------------------|--------------------------------|
| | | | | | Food Service Fund | Trust and Agency Fund | |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 4,564,236 | \$ 253,772 | \$ 1,746,827 | \$ 3,573,959 | \$ - | \$ 19,527 | \$ 10,158,321 |
| Cash with agent | 39,593 | - | 9,545 | - | - | - | 49,138 |
| Grants and accounts receivable | 295,461 | 2,239,407 | 5,375 | 39,056 | 70,454 | - | 2,649,753 |
| Property taxes receivable | 243,394 | - | 56,572 | - | - | - | 299,966 |
| Prepaid expenses | - | 101,249 | - | - | - | - | 101,249 |
| Inventory | - | - | - | - | 91,987 | - | 91,987 |
| Total assets | <u>\$ 5,142,684</u> | <u>\$ 2,594,428</u> | <u>\$ 1,818,319</u> | <u>\$ 3,613,015</u> | <u>\$ 162,441</u> | <u>\$ 19,527</u> | <u>\$ 13,350,414</u> |
| LIABILITIES | | | | | | | |
| Book overdraft | \$ - | \$ - | \$ - | \$ - | \$ 43,425 | \$ - | \$ 43,425 |
| Accounts payable | 35,399 | 186,811 | - | 32,267 | 3,375 | - | 257,852 |
| Accrued liabilities | <u>1,246,337</u> | - | - | - | - | - | <u>1,246,337</u> |
| Total liabilities | <u>1,281,736</u> | <u>186,811</u> | <u>-</u> | <u>32,267</u> | <u>46,800</u> | <u>-</u> | <u>1,547,614</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Unavailable revenue - property taxes | <u>220,042</u> | - | <u>54,100</u> | - | - | - | <u>274,142</u> |
| FUND BALANCES | | | | | | | |
| Nonspendable | - | 101,249 | - | - | 91,987 | - | 193,236 |
| Restricted | - | 919,007 | 1,764,219 | 1,353,116 | 23,654 | 19,527 | 4,079,523 |
| Committed | - | 776,791 | - | 2,131,621 | - | - | 2,908,412 |
| Assigned | - | 610,570 | - | 96,011 | - | - | 706,581 |
| Unassigned | <u>3,640,906</u> | - | - | - | - | - | <u>3,640,906</u> |
| Total fund balances | <u>3,640,906</u> | <u>2,407,617</u> | <u>1,764,219</u> | <u>3,580,748</u> | <u>115,641</u> | <u>19,527</u> | <u>11,528,658</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 5,142,684</u> | <u>\$ 2,594,428</u> | <u>\$ 1,818,319</u> | <u>\$ 3,613,015</u> | <u>\$ 162,441</u> | <u>\$ 19,527</u> | <u>\$ 13,350,414</u> |

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

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

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

June 30, 2021

Total fund balances \$ 11,528,658

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.

274,142

Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds:

| | | |
|--------------------------|---------------------|-----------|
| Cost | 22,250,522 | |
| Accumulated depreciation | <u>(16,189,157)</u> | 6,061,365 |

The internal service fund is used by management to charge the costs of unemployment insurance premiums to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

306,528

Amounts relating to the District's proportionate share of net pension liability or assets for the Oregon Public Employees Retirement System (PERS) are not reported in the governmental fund statements. In the governmental fund statements, pension expense is recognized when due. The amounts consist of:

| | | |
|--|---------------------|--------------|
| Deferred outflows of resources relating to pension expense | 6,473,959 | |
| Deferred inflows of resources relating to return on pension assets | (3,151,851) | |
| OPEB RHIA benefit | 345,511 | |
| OPEB medical benefit | (1,227,317) | |
| Net pension liability | <u>(18,623,318)</u> | (16,183,016) |

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 | (34,439) | |
| Compensated absences | (211,850) | |
| Notes payable | (260,337) | |
| Bond premiums | (2,160,096) | |
| Bonds payable | <u>(27,831,492)</u> | (30,498,214) |

Net position of governmental activities **\$ (28,510,537)**

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

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

| | General Fund | Grants and Student Body Fund | Debt Service Fund | Capital Projects Fund | Nonmajor Funds | | Total Governmental Funds |
|---|---------------------|------------------------------|---------------------|-----------------------|-------------------|-----------------------|--------------------------|
| | | | | | Food Service Fund | Trust and Agency Fund | |
| REVENUES | | | | | | | |
| Local revenue | \$ 6,939,835 | \$ 146,115 | \$ 3,442,581 | \$ 460,770 | \$ 44,967 | \$ 5,678 | \$ 11,039,946 |
| Intermediate revenue | 637,055 | 53,205 | - | 128,000 | - | - | 818,260 |
| State revenue | 17,323,258 | 1,699,824 | - | - | 27,729 | - | 19,050,811 |
| Federal revenue | 8,447 | 2,250,186 | - | - | 1,126,827 | - | 3,385,460 |
| Total revenues | <u>24,908,595</u> | <u>4,149,330</u> | <u>3,442,581</u> | <u>588,770</u> | <u>1,199,523</u> | <u>5,678</u> | <u>34,294,477</u> |
| EXPENDITURES | | | | | | | |
| Current | | | | | | | |
| Instruction | 13,873,926 | 1,752,928 | - | - | - | - | 29,500,780 |
| Support services | 8,923,420 | 2,044,029 | - | - | - | 97 | 10,967,546 |
| Community services | 6,141 | 297,237 | - | - | 1,035,105 | - | 1,338,483 |
| Debt service | 116,861 | - | 3,370,905 | 32,943 | - | - | 3,520,709 |
| Facilities acquisition and construction | - | - | - | 276,885 | - | - | 276,885 |
| Total expenditures | <u>22,920,348</u> | <u>4,094,194</u> | <u>3,370,905</u> | <u>309,828</u> | <u>1,035,105</u> | <u>97</u> | <u>31,730,477</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,988,247</u> | <u>55,136</u> | <u>71,676</u> | <u>278,942</u> | <u>164,418</u> | <u>5,581</u> | <u>2,564,000</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Sale of assets | - | 265,364 | - | - | - | - | 265,364 |
| Transfers in | - | 200,000 | - | 1,655,492 | - | - | 1,855,492 |
| Transfers out | <u>(1,628,000)</u> | <u>(227,492)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,855,492)</u> |
| Total other financing sources (uses) | <u>(1,628,000)</u> | <u>237,872</u> | <u>-</u> | <u>1,655,492</u> | <u>-</u> | <u>-</u> | <u>265,364</u> |
| Net change in fund balances | 360,247 | 293,008 | 71,676 | 1,934,434 | 164,418 | 5,581 | 2,829,364 |
| Fund balances - beginning, as restated | <u>3,280,659</u> | <u>2,114,609</u> | <u>1,692,543</u> | <u>1,646,314</u> | <u>(48,777)</u> | <u>13,946</u> | <u>8,699,294</u> |
| Fund balances - ending | <u>\$ 3,640,906</u> | <u>\$ 2,407,617</u> | <u>\$ 1,764,219</u> | <u>\$ 3,580,748</u> | <u>\$ 115,641</u> | <u>\$ 19,527</u> | <u>\$ 11,528,658</u> |

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

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, 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 | \$ 2,829,364 |
|------------------------------------|--------------|

Amounts reported for governmental activities in the statement of activities are different because:

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.

| | | |
|---|------------------|----------|
| Capital asset additions | 356,376 | |
| Depreciation expense recorded in the current year | <u>(418,700)</u> | (62,324) |

Repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.

| | | |
|----------------------------------|------------------|-----------|
| Amortization of issuance premium | 116,126 | |
| Debt principal paid | <u>1,402,842</u> | 1,518,968 |

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.

9,613

Compensated absences are recognized as an expenditures in the governmental funds when they are paid. In the statement of activities, compensated absences are recognized as an expenditure when earned.

(132,612)

The internal service fund is 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.

(23,047)

Pension expense or credits that do not meet the measurable 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 credit is recognized when determined to be accrued.

(2,601,725)

| | |
|-------------------------------|----------------------------|
| Change in net position | \$ <u>1,538,237</u> |
|-------------------------------|----------------------------|

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

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUND

June 30, 2021

| | |
|---------------------------|-----------------------------|
| | Internal Service Fund |
| | <u>Unemployment</u> |
| ASSETS | |
| Cash and cash equivalents | \$ 306,528 |
| LIABILITIES | <u> </u> |
| NET POSITION | |
| Unrestricted | <u>\$ 306,528</u> |

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

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

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

PROPRIETARY FUND

For the Year Ended June 30, 2021

| | Internal Service Fund <u>Unemployment</u> |
|--------------------------|---|
| Operating revenues | \$ 56,021 |
| Operating expenses | |
| Support services | <u>79,068</u> |
| Operating income (loss) | (23,047) |
| Net position - beginning | <u>329,575</u> |
| Net position- ending | <u>\$ 306,528</u> |

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

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended June 30, 2021

| | |
|---|---|
| | Internal Service Fund <u>Unemployment</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Charges for services | \$ 56,021 |
| Payments to employees | <u>(92,548)</u> |
| Net cash provided (used) by operating activities | <u>(36,527)</u> |
| Net increase (decrease) in cash and cash equivalents | (36,527) |
| Cash and cash equivalents - beginning | <u>343,055</u> |
| Cash and cash equivalents - ending | <u>\$ 306,528</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | |
| Operating income (loss) | \$ <u>(23,047)</u> |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | |
| Increase (decrease) in accounts payable | <u>(13,480)</u> |
| Net cash provided (used) by operating activities | <u>\$ (36,527)</u> |

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

NOTES TO BASIC FINANCIAL STATEMENTS

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The government-wide financial statements (i.e., the statement of net position and the statements of activities) report information on all the activities of the District.

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

North Santiam School District No. 29J is a municipal corporation governed by an elected five-member board. The District was organized under provision of Oregon Statutes Chapter 332 for the purpose of operating elementary and secondary schools. There are various governmental agencies and special service districts that provide services within the boundaries of the District; however, the District is not financially accountable for any of these entities, and, therefore, none of them are considered component units or included in the basic financial statements.

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.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Special Revenue Fund

Grants and Student Body Fund – The Grants and Student Body Fund accounts for the proceeds of specific revenue sources that are restricted for specific purposes. The primary source of revenue is federal grants. The primary uses of revenue are for salaries and employment benefits, education program enhancement, and equipment purchases.

Debt Service Fund

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

Capital Projects Fund – The Capital Projects Fund accounts for the accumulation of resources to be used for equipment and building needs. The primary sources of revenue are transfers from the General Fund and grants restricted for capital improvements and equipment purchases. The primary use of revenue is for capital improvements to District facilities.

Additionally, the District reports the following nonmajor governmental funds:

Special Revenue Funds

Food Service Fund – The Food Service Fund accounts for the proceeds of grant and food sale revenues restricted for food service. The primary source of revenue is federal grants. The primary uses of revenue are for operation of food service programs.

Trust and Agency Fund – The Trust and Agency Fund accounts for donor contributions restricted for scholarships. The primary source of revenue is contributions. The primary use of revenue is for scholarship expenses.

In addition, the District reports the following proprietary fund:

Internal Service Fund

Insurance Fund – The Insurance Fund is used to account for funds allocated for unemployment benefits. The primary source of revenue is transfers from the General Fund. The primary use of revenue is for unemployment benefits.

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.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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 30 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 30 days of year end). All other revenue items are considered to be measureable and available only when cash is received by the government.

F. Budgetary Information

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

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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, facilities acquisition and construction, operating contingencies, and interfund transfers for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. 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 three 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.

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. Accounts Receivable

Receivables for federal and state grants, and state, county, and local shared revenues are recorded as revenue when earned.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

4. 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.

Depreciation of capital assets are computed on the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|----------------------------|--------------|
| Machinery and equipment | 5-20 |
| Buildings and improvements | 7-50 |

5. 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. 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.

6. 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.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

7. 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.

8. 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).

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.

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 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 reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

The following classifications describe the relative strength of the spending constraints:

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

The District has not formally adopted a policy for commitment or assignment of unrestricted fund balance.

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

H. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes 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. Uncollected property taxes are shown as assets in the governmental funds. Property taxes not collected within the fiscal year are recorded as deferred inflows of resources because they are not deemed available to finance operations of the current period.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

3. Compensated Absences

Amounts of vested or accumulated vacation leave that are expected to be liquidated with expendable available financial resources are reported as expenditures when paid. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities on the statement of net position. In accordance with the provisions of GASB Statement No. 47, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

4. 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.

5. Proprietary Fund Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of the Insurance Fund is charges to other agencies for services provided. Operating expenses for the Insurance Fund include the cost of services and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

I. Use of Estimates

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

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

North Santiam School District No. 29J 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.

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Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value.

The District participates in an external investment pool (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company.

The State's investment policies are governed by the Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments. The portion of the external investment pool which belongs to local government investment participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report (CAFR). 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 2</u> |
|---|---------------------|
| Oregon Local Government Investment Pool | <u>\$ 6,530,225</u> |

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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.

Investments

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

| | Credit Quality Rating | Maturities | Fair Value |
|---|--------------------------|------------|---------------------|
| Oregon Local Government Investment Pool | Unrated | - | <u>\$ 6,530,225</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.

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Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The District holds accounts at multiple institutions, for which deposits are insured by the FDIC insurance up to \$250,000. At June 30, 2021, the District's had deposits of \$554,484 insured by the FDIC, and \$3,784,918 collateralized by the PFCP.

Deposits

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

| | |
|--------------------------------|-----------------------------|
| Petty cash | \$ 7,017 |
| Checking accounts | 3,884,182 |
| Total investments | <u>6,530,225</u> |
| Total deposits and investments | <u><u>\$ 10,421,424</u></u> |

Cash and investments by fund:

| | |
|--|-----------------------------|
| Governmental activities - unrestricted | |
| General Fund | \$ 4,564,236 |
| Capital Projects Fund | 2,220,843 |
| Internal service fund - Insurance Fund | 306,528 |
| Nonmajor governmental funds (book overdraft) | <u>(23,898)</u> |
| Total governmental activities - unrestricted | <u>7,067,709</u> |
| Governmental activities - restricted | |
| Grants and Student Body Fund | 253,772 |
| Debt Service Fund | 1,746,827 |
| Capital Projects Fund | <u>1,353,116</u> |
| Total governmental activities - restricted | <u>3,353,715</u> |
| Total cash and investments | <u><u>\$ 10,421,424</u></u> |

Restricted cash is for future payments of principal and interest on long-term debt, as well as the completion of bond projects.

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B. Capital Assets

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|-------------|-----------|-------------------|
| Governmental activities | | | | |
| Capital assets not being depreciated | | | | |
| Construction in progress | \$ - | \$ 32,267 | \$ - | \$ 32,267 |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 20,735,973 | - | - | 20,735,973 |
| Equipment and vehicles | 1,158,173 | 324,109 | - | 1,482,282 |
| Total capital assets being depreciated | 21,894,146 | 324,109 | - | 22,218,255 |
| Less accumulated depreciation for | | | | |
| Buildings and improvements | (15,263,987) | (390,876) | - | (15,654,863) |
| Equipment and vehicles | (506,470) | (27,824) | - | (534,294) |
| Total accumulated depreciation | (15,770,457) | (418,700) | - | (16,189,157) |
| Total capital assets being depreciated, net | 6,123,689 | (94,591) | - | 6,029,098 |
| Governmental activities capital assets, net | \$ 6,123,689 | \$ (94,591) | \$ - | \$ 6,061,365 |

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

| | Capital Assets | Accumulated Depreciation | Net Capital Assets |
|-----------------------------------|-------------------|-----------------------------|-----------------------|
| Governmental activities | | | |
| Construction in progress | \$ 32,267 | \$ - | \$ 32,267 |
| Buildings and improvements | 20,735,973 | (15,654,863) | 5,081,110 |
| Equipment and vehicles | 1,482,282 | (534,294) | 947,988 |
| Total governmental capital assets | \$ 22,250,522 | \$ (16,189,157) | \$ 6,061,365 |

Depreciation expense was reported on the statement of activities as follows:

| | |
|----------------------------------|------------|
| Unallocated depreciation expense | \$ 418,700 |
|----------------------------------|------------|

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C. 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 |
|----------------------------|-----------------------------------|----------------------------------|
| OPEB RHIA benefit | \$ 41,163 | \$ (118,007) |
| Net pension liability PERS | 6,255,994 | (2,950,780) |
| OPEB medical liability | 176,802 | (83,064) |
| Total | <u>\$ 6,473,959</u> | <u>\$ (3,151,851)</u> |

D. Interfund Transfers

Interfund transfers during the year consisted of:

| | Capital Projects Fund | Transfers in: Grants and Student Body Fund | Total |
|------------------------------|-----------------------------|---|---------------------|
| Transfers out: | | | |
| General Fund | \$ 1,428,000 | \$ 200,000 | \$ 1,628,000 |
| Grants and Student Body Fund | 227,492 | - | 227,492 |
| Total | <u>\$ 1,655,492</u> | <u>\$ 200,000</u> | <u>\$ 1,855,492</u> |

The primary purpose of the transfers was to cover current year special and capital projects, as well as future debt service requirements.

E. Compensated Absences

Compensated absences are generally liquidated using the general fund, activity for the year was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|----------------------|----------------------|------------|------------|-------------------|
| Compensated absences | \$ 79,238 | \$ 132,612 | \$ - | \$ 211,850 |

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F. Long-Term Liabilities

1. Changes in Long-Term Liabilities

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

| | Interest Rates | Original Amount | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|-------------------|--------------------|----------------------|-----------|--------------|-------------------|------------------------|
| Governmental activities | | | | | | | |
| General obligation bonds | | | | | | | |
| Series 2013 | 1.25-5% | \$ 22,850,000 | \$ 18,690,000 | \$ - | \$ 885,000 | \$ 17,805,000 | \$ 955,000 |
| Premium - 2013 | | 2,416,444 | 2,276,222 | - | 116,126 | 2,160,096 | - |
| Total general obligation bonds | | 25,266,444 | 20,966,222 | - | 1,001,126 | 19,965,096 | 955,000 |
| Other bonds payable | | | | | | | |
| Limited tax pension bonds | 1.5-5.68% | 15,657,118 | 9,501,226 | - | 415,110 | 9,086,116 | 413,586 |
| Qualified school construction bonds - 2005 | 2.40% | 800,000 | 800,000 | - | - | 800,000 | 800,000 |
| Qualified school construction bonds - 2007 | 1.32% | 1,000,000 | 205,376 | - | 65,000 | 140,376 | - |
| Total other bonds payable | | 17,457,118 | 10,506,602 | - | 480,110 | 10,026,492 | 1,213,586 |
| Notes Payable | | | | | | | |
| Full Faith & Credit Note, Series 2017 | 2.78% | 400,000 | 298,069 | - | 37,732 | 260,337 | 38,788 |
| Total notes payable | | 400,000 | 298,069 | - | 37,732 | 260,337 | 38,788 |
| Total governmental activities | | \$ 43,123,562 | \$ 31,770,893 | \$ - | \$ 1,518,968 | \$ 30,251,925 | \$ 2,207,374 |

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2. General Obligation Bonds

General obligation bonds are direct obligations that pledge the full faith and credit of the District and are payable from ad valorem debt service levy proceeds. The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The District's outstanding general obligation bonds represent funding primarily for building improvement projects. Interest is due semiannually in June and December. Interest rates increase at fixed rates over the life of the bonds in accordance with the original bond agreements. The Debt Service Fund has traditionally been used to liquidate long-term debt.

3. Limited Tax Pension Bond

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). A bond in the amount of \$15,657,118 was issued on April 21, 2003. The bond is being amortized over 25 years. Interest is fixed and ranges between 1.5% and 5.68%. Interest rates increase in accordance with the original bond agreements. Interest is due semi-annually on June 30 and December 31. The Debt Service Fund has traditionally been used to liquidate long-term debt.

4. Qualified School Construction Bonds - 2005

The District entered into a financing agreement dated June 16, 2005, under the Qualified School Construction Bonds Program. The District received financing of \$800,000 for upgrades and improvements to school facilities, which are pledged as collateral. The agreement requires annual cash deposits to a sinking fund in the amount of \$41,567 beginning July 6, 2006. The General Fund has traditionally been used to liquidate the long-term debt.

5. Qualified School Construction Bonds - 2007

The District entered into a financing agreement dated April 19, 2007 under the Qualified School Construction Bonds (QSCB) Program. The District received financing of \$1,000,000 for upgrades and improvements to school facilities, which are pledged as collateral. Principal and interest are due annually in April. The General Fund has traditionally been used to liquidate the long-term debt.

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6. Full Faith and Credit Note Payable, Series 2017

The District entered into a note payable on July 10, 2017 to finance Shaff road improvements, which are pledged as collateral. Principal and interest are due semi-annually in January and July. Interest is fixed at 2.78%. If the District is unable to make payment, the note contains an event of default; the lender may declare the entire unpaid principal and any unpaid accrued interest immediately due. The Debt Service Fund has traditionally been used to liquidate the long-term 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⁾ | \$ | 2,297,731,433 |
| Debt Capacity | | |
| General Obligation Debt Capacity (7.95% of Real Market Value) | \$ | 182,669,649 |
| Less: Outstanding Debt Subject to Limit | | <u>17,805,000</u> ⁽²⁾ |
| Remaining General Obligation Debt Capacity | \$ | 200,474,649 |
| Percent of Capacity Issued | | 9.75% |

⁽¹⁾ The District's fiscal year commences July 1 and ends on June 30 of the following year (the "Fiscal Year"). Source: Linn County Department of Assessment and Taxation.

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

8. Interest Expense

Interest expense was reported on the statement of activities as follows:

| | |
|----------------------------|---------------------|
| Interest on long-term debt | <u>\$ 2,117,867</u> |
|----------------------------|---------------------|

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9. Future Maturities of Long-Term Liabilities

| Year Ending June 30 | Bonds | | | Notes | | |
|------------------------|----------------------|---------------------|----------------------|-------------------|------------------|-------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2022 | \$ 2,238,586 | \$ 2,128,150 | \$ 4,366,736 | \$ 38,788 | \$ 7,304 | \$ 46,092 |
| 2023 | 1,522,910 | 2,175,078 | 3,697,988 | 39,875 | 6,219 | 46,094 |
| 2024 | 2,645,000 | 1,110,088 | 3,755,088 | 40,992 | 5,103 | 46,095 |
| 2025 | 2,920,000 | 979,736 | 3,899,736 | 42,139 | 3,955 | 46,094 |
| 2026 | 3,210,000 | 834,208 | 4,044,208 | 43,317 | 2,775 | 46,092 |
| 2027-2031 | 11,224,996 | 2,119,023 | 15,463,042 | 55,226 | 8,609 | 63,835 |
| 2032-2035 | 4,070,000 | 283,875 | 4,637,750 | - | - | - |
| Total | <u>\$ 27,831,492</u> | <u>\$ 9,630,158</u> | <u>\$ 37,461,650</u> | <u>\$ 260,337</u> | <u>\$ 33,965</u> | <u>\$ 294,302</u> |

| Year Ending June 30 | Total | | |
|------------------------|----------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2022 | \$ 2,277,374 | \$ 2,135,454 | \$ 4,412,828 |
| 2023 | 1,562,785 | 2,181,297 | 3,744,082 |
| 2024 | 2,685,992 | 1,115,191 | 3,801,183 |
| 2025 | 2,962,139 | 983,691 | 3,945,830 |
| 2026 | 3,253,317 | 836,983 | 4,090,300 |
| 2027-2031 | 11,280,222 | 2,127,632 | 13,407,854 |
| 2032-2035 | 4,070,000 | 283,875 | 4,353,875 |
| Total | <u>\$ 28,091,829</u> | <u>\$ 9,664,123</u> | <u>\$ 37,755,952</u> |

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NOTES TO BASIC FINANCIAL STATEMENTS

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G. Constraints on Fund Balances

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

| | General Fund | Grants and Student Body Fund | Debt Service Fund | Capital Projects Fund | Food Service Fund | Trust and Agency Fund | Total Governmental Funds |
|----------------------------------|---------------------|------------------------------------|-------------------------|-----------------------------|-------------------------|-----------------------------|--------------------------------|
| Fund balances: | | | | | | | |
| Nonspendable: | | | | | | | |
| Food inventory | \$ - | \$ - | \$ - | \$ - | \$ 91,987 | \$ - | \$ 91,987 |
| Prepaid expenses | - | 101,249 | - | - | - | - | 101,249 |
| Restricted for: | | | | | | | |
| Debt service | - | - | 1,764,219 | - | - | - | 1,764,219 |
| Bond projects | - | - | - | 79,603 | - | - | 79,603 |
| Energy efficient improvements | - | - | - | 144,483 | - | - | 144,483 |
| Facility improvements | - | - | - | 1,129,030 | - | - | 1,129,030 |
| Student activities | - | 463,883 | - | - | - | - | 463,883 |
| School nutrition | - | - | - | - | 23,654 | - | 23,654 |
| Scholarship funds | - | - | - | - | - | 19,527 | 19,527 |
| Grant projects | - | 455,124 | - | - | - | - | 455,124 |
| Committed for: | | | | | | | |
| Vehicle replacement | - | - | - | 34,813 | - | - | 34,813 |
| Equipment additions | - | - | - | 2,096,808 | - | - | 2,096,808 |
| Board projects | - | 776,791 | - | - | - | - | 776,791 |
| Assigned to: | | | | | | | |
| Textbook needs | - | 515,000 | - | - | - | - | 515,000 |
| Technology needs | - | 17,222 | - | - | - | - | 17,222 |
| Facility improvements | - | 78,348 | - | - | - | - | 78,348 |
| Athletics capital projects | - | - | - | 96,011 | - | - | 96,011 |
| Unassigned | <u>3,640,906</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,640,906</u> |
| Total fund balances | <u>\$ 3,640,906</u> | <u>\$ 2,407,617</u> | <u>\$ 1,764,219</u> | <u>\$ 3,580,748</u> | <u>\$ 115,641</u> | <u>\$ 19,527</u> | <u>\$ 11,528,658</u> |

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NOTES TO BASIC FINANCIAL STATEMENTS

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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 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.

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.

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Pension Benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. Police and Fire members may purchase increased benefits that are payable between the date of retirement and age 65.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). 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.

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Benefit Changes after Retirement

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

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

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

Pension Benefits

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

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

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.

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Benefit Changes After Retirement

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

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

Pension Benefits

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

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

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.

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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 \$2,001,170.

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>.

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 |

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| | |
|-----------------------------------|--|
| 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 | <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 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> |

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.

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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. 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.

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- 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.

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% |

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| | | | | |
|------------------------------------|------|-------|--------|--------|
| 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 \$18,623,318 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 0.08533631%. For the year ended June 30, 2021, the District recognized pension expense of \$3,708,396. 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 | \$ 819,651 | \$ - |
| Changes in assumptions | 999,455 | (35,019) |
| Net difference between projected and actual earnings on investments | 2,189,860 | - |
| Changes in proportionate share | 1,130,995 | (880,093) |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | (2,035,668) |
| Total (prior to post-MD contributions) | 5,139,961 | (2,950,780) |
| Contributions after measurement date | 1,116,033 | - |
| Total deferred outflows/(inflows) | <u>\$ 6,255,994</u> | <u>\$ (2,950,780)</u> |

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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:

| Employer subsequent fiscal years: | Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions) |
|-----------------------------------|--|
| 1st Fiscal Year | \$ 364,400 |
| 2nd Fiscal Year | \$ 624,147 |
| 3rd Fiscal Year | \$ 601,873 |
| 4th Fiscal Year | \$ 607,128 |
| 5th Fiscal Year | \$ (8,367) |

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:

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

| 1% Decrease (6.2%) | Discount Rate (7.2%) | 1% Increase (8.2%) |
|-----------------------|-------------------------|-----------------------|
| \$ 27,654,089 | \$ 18,623,318 | \$ 11,050,598 |

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.

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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.

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.

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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 \$2,474.

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>

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 |

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| | |
|-----------------------------------|--|
| 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> |

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.

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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>

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.

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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.

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 \$345,511 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 0.16956734%. For the year ended June 30, 2021, the District recognized OPEB credit of \$89,429.

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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 experience | \$ - | \$ (35,321) |
| Changes of assumptions | - | (18,366) |
| Net difference between projected and actual earnings on investment | 38,424 | - |
| Changes in proportionate share | 265 | (64,320) |
| Total (prior to post-MD contributions) | 38,689 | (118,007) |
| Contributions subsequent to the MD | 2,474 | - |
| Total Deferred Outflow/(Inflow) of Resources | \$ 41,163 | \$ (118,007) |

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.

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 | \$ (68,062) |
| 2nd Fiscal Year | (37,580) |
| 3rd Fiscal Year | 14,204 |
| 4th Fiscal Year | 12,120 |
| 5th Fiscal Year | - |

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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%) |
|-----------------------|-------------------------|-----------------------|
| \$ (278,942) | \$ (345,511) | \$ (402,430) |

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 Medical Benefit Plan consists of a single-employer retiree benefit plan that provides post-employment health, dental, vision, and life insurance benefits to eligible employees and their dependents.

Description of Benefit Terms

Plan Benefits - Implicit Medical Benefit

Plan benefits are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapter 243. ORS stipulated that for the purpose of establishing health care premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contributions.

The calculated OPEB liability is derived using the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members at that point.

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Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OEB plan reflect a long-term perspective.

Medical Benefit Membership and Eligibility

Benefits and eligibility for members are established through the collective bargaining agreements. All classes of employee are eligible to continue coverage upon retirement. Qualified spouses, domestic partners, and children may qualify for coverage.

Medical Benefit Duration and Amount

Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible).

Participant Statistics

As of June 30, 2021, there were 256 active members and 12 retired participants in the Medical Benefit plan. The average age of participants is 44.9 and 62.3, respectively. 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 | July 1, 2019 |
| Measurement Dates/Fiscal Year Ends | June 30, 2019 through June 30, 2021 |
| <i>Actuarial Assumptions:</i> | |
| Actuarial Cost Method | Entry age normal |

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| | |
|-------------------|---------------------------------------|
| Interest Discount | 2.21 percent discount rate assumption |
| General Inflation | 2.50 percent per year |
| Salary Scale | 3.50 percent per year |

Election and lapse rates: 50% of eligible employees – 60% of male members and 35% of female members will elect spouse coverage; 5% annual lapse rate.

Expected healthcare costs were developed using a composite of the premiums due for retirees members electing coverage as of July 1, 2019.

Milliman's Health Cost Guidelines were used to allocate costs by age and gender. Retirees' costs include a load for expected health status of retirees relative to active employees and spouses.

For the period July 1, 2019 through June 30, 2021, current medical premiums due for retirees and their spouses were modeled using an average monthly premium of \$534 per retiree per month, and \$591 per spouse per month. Dental and vision premiums were modeled using average monthly premiums of \$69 per retiree and \$70 per spouse.

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant 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 | \$ 1,091,728 |
| Changes for the year: | |
| Service cost | 113,136 |
| Interest | 40,431 |
| Change in assumptions | 82,278 |
| Benefit payments | (100,256) |
| Net changes | 135,589 |
| Total OPEB Liability at June 30, 2021 | \$ 1,227,317 |

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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 experience | \$ - | \$ (42,994) |
| Changes in assumptions | 105,433 | (40,070) |
| Benefit payments | 71,369 | - |
| Total (prior to post-MD contributions) | \$ 176,802 | \$ (83,064) |

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 OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in subsequent years as follows:

| Employer subsequent fiscal years: | Deferred Outflow / (Inflow) of Resources (prior to post- measurement date contributions) |
|-----------------------------------|--|
| 2022 | \$ (1,923) |
| 2023 | \$ (1,923) |
| 2024 | \$ (1,923) |
| 2025 | \$ 213 |
| 2026 | \$ 6,076 |
| Thereafter | \$ 21,849 |

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 3.58%, 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 | \$ 1,314,915 | \$ 1,227,317 | \$ 1,144,927 |

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

The following presents the net OPEB liability, calculated using the 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 | \$ 1,099,560 | \$ 1,227,317 | \$ 1,379,316 |

E. Restatement

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

| <u>Government-Wide Statements</u> | <u>Governmental Activities</u> |
|---|---|
| Net position - beginning, as originally reported | \$ (30,004,774) |
| To record return of grant funding | (57,947) |
| To record reclassification of trust and agency fund for GASB 84 implementation | <u>13,947</u> |
| Net position - beginning, as restated | <u>\$ (30,048,774)</u> |
| | |
| <u>GAAP/Budget Basis Statements</u> | <u>Grants and Student Body Fund</u> |
| Fund balance - beginning, as originally reported | \$ 2,172,556 |
| To record return of grant funding | <u>(57,947)</u> |
| Fund balance - beginning, as restated | <u>\$ 2,114,609</u> |

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.

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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*).

G. Collective Bargaining Agreements

At June 30, 2021, the District had 370 total staff members, and 223 were covered under their respective collective bargaining agreements.

H. Tax Abatements

Marion County has established enterprise zones under ORS 285C and ORS 307.600 that abate property taxes on properties within the enterprise zones. As a result, the property taxes that the District will receive for the 2020-2021 levy year have been reduced by \$1,105,355.

I. Subsequent Events

1. Pension Bonds

As part of the Oregon Education District Pension Bond program, on August 19, 2021, the District sold pension bonds amounting to \$14,755,000 to buy down future PERS costs.

Management has evaluated subsequent events through December 10, 2021, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, 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) | 0.08533631% | 0.07994184% | 0.09207820% | 0.08589820% | 0.07654891% | 0.06644210% | 0.08682672% |
| District's proportionate share of the net pension liability (asset) | \$ 18,623,318 | \$ 13,828,024 | \$ 13,948,634 | \$ 11,579,110 | \$ 11,491,769 | \$ 3,814,747 | \$ (1,968,114) |
| District's covered-employee payroll | \$ 11,521,147 | \$ 11,061,732 | \$ 10,970,289 | \$ 10,540,042 | \$ 10,016,742 | \$ 9,908,146 | \$ 10,929,821 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 162% | 125% | 127% | 110% | 115% | 39% | -18% |
| Plan fiduciary net position as a percentage of the total pension liability | 76% | 80% | 82% | 83% | 81% | 92% | 104% |

Schedule of District Contributions

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually required contribution Contributions in relation to the contractually required contribution | \$ 2,001,170 | \$ 1,383,360 | \$ 1,163,634 | \$ 1,432,025 | \$ 961,141 | \$ 1,144,537 | \$ 1,144,536 |
| Contribution deficiency (excess) | (2,001,170) | (1,383,360) | (1,163,634) | (1,432,025) | (961,141) | (1,144,537) | (1,144,536) |
| District's covered-employee payroll Contributions as a percentage of covered-employee payroll | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | \$ 23,743,213 | \$ 11,875,321 | \$ 11,798,967 | \$ 11,109,850 | \$ 11,246,040 | \$ 11,047,405 | \$ 10,646,410 |
| | 8% | 12% | 10% | 13% | 9% | 10% | 11% |

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, 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

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|---------------|---------------|---------------|---------------|---------------|
| District's proportion of the OPEB liability (asset) | 0.16956734% | 0.10648567% | 0.10738364% | 0.10765401% | 0.11266617% |
| District's proportionate share of the OPEB liability (asset) | \$ (345,511) | \$ (205,769) | \$ (119,869) | \$ (44,928) | \$ 30,596 |
| District's covered-employee payroll | \$ 11,521,147 | \$ 11,061,732 | \$ 10,970,289 | \$ 10,540,042 | \$ 10,016,742 |
| District's proportionate share of the OPEB liability (asset) as a percentage of its covered-employee payroll | -3.00% | -1.86% | -1.09% | -0.43% | 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

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|---------------|---------------|---------------|---------------|---------------|
| Contractually required contribution | \$ 2,474 | \$ 59,377 | \$ 58,995 | \$ 55,549 | \$ 56,230 |
| Contributions in relation to the contractually required contribution | (2,474) | (59,377) | (58,995) | (55,549) | (56,230) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered-employee payroll | \$ 23,743,213 | \$ 11,875,317 | \$ 11,798,967 | \$ 11,109,850 | \$ 11,246,040 |
| Contributions as a percentage of covered-employee payroll | 0.01% | 0.50% | 0.50% | 0.50% | 0.50% |

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, 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 |
|--|---------------------|---------------------|---------------------|---------------------|
| Total Medical Benefit Pension Liability - beginning | \$ 1,091,728 | \$ 1,061,626 | \$ 1,059,068 | \$ 1,106,672 |
| Changes for the year: | | | | |
| Service Cost | \$ 113,136 | \$ 103,713 | \$ 102,381 | \$ 106,761 |
| Interest | 40,431 | 43,116 | 39,506 | 32,712 |
| Effect of economic/demographic gains or losses | - | (56,222) | - | - |
| Change in assumptions | 82,278 | 42,939 | (22,447) | (54,872) |
| Benefit Payments | (100,256) | (103,444) | (116,882) | (132,205) |
| Net changes for the year | 135,589 | 30,102 | 2,558 | (47,604) |
| Total Medical Benefit Pension Liability - ending | \$ 1,227,317 | \$ 1,091,728 | \$ 1,061,626 | \$ 1,059,068 |
| District's covered-employee payroll | \$ 23,743,213 | \$ 11,875,317 | \$ 11,798,967 | \$ 11,109,850 |
| Net Medical Benefit Pension Liability as a Percentage of Covered Payroll | 5.17% | 9.19% | 9.00% | 9.53% |

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

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

GENERAL FUND

For the Year Ended June 30, 2021

| | Original Budget | Final Budget | Variance with Final Budget Over (Under) | Actual Budget Basis |
|--|--------------------|--------------------|---|---------------------------|
| REVENUES | | | | |
| Local revenue | \$ 6,735,000 | \$ 6,735,000 | \$ 204,835 | \$ 6,939,835 |
| Intermediate revenue | 647,500 | 647,500 | (10,445) | 637,055 |
| State revenue | 16,899,589 | 16,899,589 | 423,669 | 17,323,258 |
| Federal revenue | 10,000 | 10,000 | (1,553) | 8,447 |
| Total revenues | <u>24,292,089</u> | <u>24,292,089</u> | <u>616,506</u> | <u>24,908,595</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | 15,151,413 | 14,851,413 | (977,487) | 13,873,926 |
| Support services | 9,937,476 | 9,437,476 | (514,056) | 8,923,420 |
| Community services | 10,700 | 10,700 | (4,559) | 6,141 |
| Debt service | 119,500 | 119,500 | (2,639) | 116,861 |
| Contingency | 800,000 | - | - | - |
| Total expenditures | <u>26,019,089</u> | <u>24,419,089</u> | <u>(1,498,741)</u> | <u>22,920,348</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,727,000)</u> | <u>(127,000)</u> | <u>2,115,247</u> | <u>1,988,247</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 200,000 | 200,000 | (200,000) | - |
| Transfers out | <u>(28,000)</u> | <u>(1,628,000)</u> | <u>-</u> | <u>(1,628,000)</u> |
| Total other financing sources (uses) | <u>172,000</u> | <u>(1,428,000)</u> | <u>(200,000)</u> | <u>(1,628,000)</u> |
| Net change in fund balance | (1,555,000) | (1,555,000) | 1,915,247 | 360,247 |
| Fund balance - beginning | <u>2,055,000</u> | <u>2,055,000</u> | <u>1,225,659</u> | <u>3,280,659</u> |
| Fund balance - ending | <u>\$ 500,000</u> | <u>\$ 500,000</u> | <u>\$ 3,140,906</u> | <u>\$ 3,640,906</u> |

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

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

GRANTS AND STUDENT BODY FUND

For the Year Ended June 30, 2021

| | Original Budget | Final Budget | Variance with Final Budget Over (Under) | Actual Budget Basis |
|--|--------------------|------------------|---|---------------------------|
| REVENUES | | | | |
| Local revenue | \$ 764,630 | \$ 764,630 | \$ (618,515) | \$ 146,115 |
| Intermediate revenue | 470,000 | 470,000 | (416,795) | 53,205 |
| State revenue | 2,595,749 | 2,595,749 | (895,925) | 1,699,824 |
| Federal revenue | 1,707,234 | 1,707,234 | 542,952 | 2,250,186 |
| Total revenues | <u>5,537,613</u> | <u>5,537,613</u> | <u>(1,388,283)</u> | <u>4,149,330</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | 3,937,525 | 3,907,525 | (2,154,597) | 1,752,928 |
| Support services | 2,798,790 | 2,588,790 | (544,761) | 2,044,029 |
| Community services | 126,174 | 336,174 | (38,937) | 297,237 |
| Contingency | 576,791 | 576,791 | (576,791) | - |
| Total expenditures | <u>7,439,280</u> | <u>7,409,280</u> | <u>(3,315,086)</u> | <u>4,094,194</u> |
| Excess (deficiency) of revenues over (under) expenditures | (1,901,667) | (1,871,667) | 1,926,803 | 55,136 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of assets | - | - | 265,364 | 265,364 |
| Transfers in | - | - | 200,000 | 200,000 |
| Transfers out | (265,000) | (295,000) | (67,508) | (227,492) |
| Total other financing sources (uses) | <u>(265,000)</u> | <u>(295,000)</u> | <u>532,872</u> | <u>237,872</u> |
| Net change in fund balance | (2,166,667) | (2,166,667) | 2,459,675 | 293,008 |
| Fund balance - beginning, as restated | <u>2,166,667</u> | <u>2,166,667</u> | <u>(52,058)</u> | <u>2,114,609</u> |
| Fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,407,617</u> | <u>\$ 2,407,617</u> |

OTHER SUPPLEMENTARY INFORMATION

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

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

FOOD SERVICE FUND

For the Year Ended June 30, 2021

| | <u>Original and Final Budget</u> | <u>Variance with Final Budget Over (Under)</u> | <u>Actual Budget Basis</u> |
|---|--|--|------------------------------------|
| REVENUES | | | |
| Local revenue | \$ 290,500 | \$ (245,533) | \$ 44,967 |
| Intermediate revenue | 4,000 | (4,000) | - |
| State revenue | 20,000 | 7,729 | 27,729 |
| Federal revenue | <u>1,136,500</u> | <u>(9,673)</u> | <u>1,126,827</u> |
| Total revenues | <u>1,451,000</u> | <u>(251,477)</u> | <u>1,199,523</u> |
| EXPENSES | | | |
| Enterprise and community services | <u>1,426,000</u> | <u>(390,895)</u> | <u>1,035,105</u> |
| Excess (deficiency) of revenues over (under) expenses | 25,000 | 139,418 | 164,418 |
| Fund balance (deficit) - beginning | <u>(25,000)</u> | <u>(23,777)</u> | <u>(48,777)</u> |
| Fund balance (deficit) - ending | <u>\$ -</u> | <u>\$ 115,641</u> | <u>\$ 115,641</u> |

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, 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 | \$ - | \$ 30,000 | \$ (24,322) | \$ 5,678 |
| EXPENSES | | | | |
| Current | | | | |
| Support services | - | 30,000 | (29,903) | 97 |
| Excess (deficiency) of revenues over (under) expenses | - | - | 5,581 | 5,581 |
| Net position - beginning | - | - | 13,946 | 13,946 |
| Net position - ending | \$ - | \$ - | \$ 19,527 | \$ 19,527 |

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, 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 | \$ 3,290,913 | \$ 151,668 | \$ 3,442,581 |
| EXPENDITURES | | | |
| Debt service | 3,370,913 | (8) | 3,370,905 |
| Contingency | <u>1,200,000</u> | <u>(1,200,000)</u> | <u>-</u> |
| Total expenditures | <u>4,570,913</u> | <u>(1,200,008)</u> | <u>3,370,905</u> |
| Excess (deficiency) of revenues over (under) expenditures | (1,280,000) | 1,351,676 | 71,676 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | <u>(200,000)</u> | <u>(200,000)</u> | <u>-</u> |
| Net change in fund balance | (1,480,000) | 1,551,676 | 71,676 |
| Fund balance - beginning | <u>1,480,000</u> | <u>212,543</u> | <u>1,692,543</u> |
| Fund balance - ending | <u>\$ -</u> | <u>\$ 1,764,219</u> | <u>\$ 1,764,219</u> |

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, 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 | \$ 125,417 | \$ 335,353 | \$ 460,770 |
| Intermediate revenue | - | 128,000 | 128,000 |
| | <u>125,417</u> | <u>463,353</u> | <u>588,770</u> |
| Total revenues | <u>125,417</u> | <u>463,353</u> | <u>588,770</u> |
| EXPENDITURES | | | |
| Current | | | |
| Support services | 164,258 | (164,258) | - |
| Facilities acquisition and construction | 1,319,593 | (1,042,708) | 276,885 |
| Debt service | 74,612 | (41,669) | 32,943 |
| Contingency | 300,000 | (300,000) | - |
| | <u>1,858,463</u> | <u>(1,548,635)</u> | <u>309,828</u> |
| Total expenditures | <u>1,858,463</u> | <u>(1,548,635)</u> | <u>309,828</u> |
| Excess (deficiency) of revenues over (under) expenditures | (1,733,046) | 2,011,988 | 278,942 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 293,000 | 1,362,492 | 1,655,492 |
| | <u>293,000</u> | <u>1,362,492</u> | <u>1,655,492</u> |
| Net change in fund balance | (1,440,046) | 3,374,480 | 1,934,434 |
| Fund balance - beginning | 1,440,046 | 206,268 | 1,646,314 |
| | <u>1,440,046</u> | <u>206,268</u> | <u>1,646,314</u> |
| Fund balance - ending | \$ - | \$ 3,580,748 | \$ 3,580,748 |
| | <u>\$ -</u> | <u>\$ 3,580,748</u> | <u>\$ 3,580,748</u> |

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

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

INSURANCE FUND

For the Year Ended June 30, 2021

| | Original and Final Budget | Variance with Final Budget Over (Under) | Actual Budget Basis |
|--|---------------------------------|---|---------------------------|
| REVENUES | | | |
| Local revenue | \$ 13,000 | \$ 43,021 | \$ 56,021 |
| EXPENSES | | | |
| Current | | | |
| Support services | 93,000 | (13,932) | 79,068 |
| Contingency | <u>220,000</u> | <u>(220,000)</u> | <u>-</u> |
| Total expenditures | <u>313,000</u> | <u>(233,932)</u> | <u>79,068</u> |
| Excess (deficiency) of revenues over (under) expenses | (300,000) | 276,953 | (23,047) |
| Net position - beginning | <u>300,000</u> | <u>29,575</u> | <u>329,575</u> |
| Net position - ending | <u>\$ -</u> | <u>\$ 306,528</u> | <u>\$ 306,528</u> |

OTHER FINANCIAL SCHEDULES

NORTH SANTIAM SCHOOL DISTRICT NO. 29J

Stayton, 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 | \$ 6,621,207.17 | \$ - | \$ 1,590,057.12 | \$ - | \$ - | \$ - |
| 1130 Construction Excise Tax | - | - | - | 290,895.97 | - | - |
| 1500 Earnings on Investments | 129,949.15 | - | 6,657.42 | 17,935.59 | - | - |
| 1600 Food Service | - | 2,786.60 | - | - | - | - |
| 1700 Extracurricular Activities | 1,508.50 | 43,508.29 | - | - | - | - |
| 1920 Contributions and Donations from Private Sources | - | 5,405.00 | - | - | - | 5,677.94 |
| 1940 Services Provided Other Local Education Agencies | - | 27,500.00 | - | - | - | - |
| 1960 Recovery of Prior Years' Expenditures | - | 819.42 | - | - | - | - |
| 1970 Services Provided to Other Funds | - | - | 1,845,866.18 | - | 56,021.77 | - |
| 1980 Fees Charged to Grants | 160,360.67 | - | - | - | - | - |
| 1990 Miscellaneous | 26,785.05 | 111,045.53 | - | 151,938.43 | - | - |
| Total Revenue from Local Sources | \$ 6,939,810.54 | \$ 191,064.84 | \$ 3,442,580.72 | \$ 460,769.99 | \$ 56,021.77 | \$ 5,677.94 |

| Revenue from Intermediate Sources | Fund 100 | Fund 200 | Fund 300 | Fund 400 | Fund 600 | Fund 700 |
|--|----------------------|---------------------|-------------|----------------------|-------------|-------------|
| 2101 County School Funds | \$ 17,026.84 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2102 ESD Apportionment | 610,000.00 | - | - | - | - | - |
| 2199 Other Intermediate Sources | 10,027.78 | 9,359.52 | - | - | - | - |
| 2200 Restricted Revenue | - | 43,844.11 | - | 128,000.00 | - | - |
| Total Revenue from Intermediate Sources | \$ 637,054.62 | \$ 53,203.63 | \$ - | \$ 128,000.00 | \$ - | \$ - |

| Revenue from State Sources | Fund 100 | Fund 200 | Fund 300 | Fund 400 | Fund 600 | Fund 700 |
|---|-------------------------|------------------------|-------------|-------------|-------------|-------------|
| 3101 State School Fund - General Support | \$ 16,723,909.34 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 3102 State School Fund - School Lunch Match | - | 9,397.18 | - | - | - | - |
| 3103 Common School Fund | 236,830.30 | - | - | - | - | - |
| 3104 State Managed County Timber | 215,532.08 | - | - | - | - | - |
| 3107 State High Cost Disability Grant | 146,986.98 | - | - | - | - | - |
| 3200 Restricted Grants-in-Aid Health Pathways | - | 1,330,083.83 | - | - | - | - |
| 3299 Other Restricted Grants-in-Aid | - | 388,071.86 | - | - | - | - |
| Total Revenue from State Sources | \$ 17,323,258.70 | \$ 1,727,552.87 | \$ - | \$ - | \$ - | \$ - |

(continued)

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

REVENUE SUMMARY - ALL FUNDS

For the Year Ended June 30, 2021

(continued)

Revenue from Federal Sources

4200 Unrestricted Revenue From the Federal Government
4500 Restricted Revenue From the Federal Government Through the State
4801 Federal Forest Fees
4900 Revenue for/on Behalf of the District

Total Revenue from Federal Sources

Revenue from Other Sources

5200 Interfund Transfers
5300 Sale of assets
5400 Resources - Beginning Fund Balance

Total Revenue from Other Sources

Grand Totals

| | Fund 100 | Fund 200 | Fund 300 | Fund 400 | Fund 600 | Fund 700 |
|-------------------------|------------------------|------------------------|------------------------|----------------------|---------------------|---------------------|
| \$ | - | \$ 5,001.40 | \$ - | \$ - | \$ - | \$ - |
| | - | 3,269,082.66 | - | - | - | - |
| 8,447.31 | | - | - | - | - | - |
| - | | 102,930.27 | - | - | - | - |
| \$ 8,447.31 | \$ 3,377,014.33 | \$ - | \$ - | \$ - | \$ - | \$ - |
| | Fund 100 | Fund 200 | Fund 300 | Fund 400 | Fund 600 | Fund 700 |
| \$ | - | \$ 200,000.00 | \$ - | \$ 1,655,491.60 | \$ - | \$ - |
| | - | 265,364.00 | - | - | - | - |
| 3,280,661.95 | | 2,065,830.53 | 1,692,542.65 | 1,646,314.67 | 329,574.19 | 13,946.25 |
| \$ 3,280,661.95 | \$ 2,531,194.53 | \$ 1,692,542.65 | \$ 3,301,806.27 | \$ 329,574.19 | \$ 13,946.25 | \$ 13,946.25 |
| \$ 28,189,233.12 | \$ 7,880,030.20 | \$ 5,135,123.37 | \$ 3,890,576.26 | \$ 385,595.96 | \$ 19,624.19 | \$ 19,624.19 |

NORTH SANTIAM SCHOOL DISTRICT NO. 29J

Stayton, Oregon

EXPENDITURE SUMMARY - GENERAL FUND

For the Year Ended June 30, 2021

Instruction Expenditures

| |
|---|
| 1111 Elementary, K-5 or K-6 |
| 1120 Tutors AVID |
| 1121 Middle/Junior High Programs |
| 1122 Middle/Junior High School Extracurricular |
| 1127 After School Programs |
| 1131 High School Programs |
| 1132 High School Extracurricular |
| 1150 Distance Learning Programs |
| 1220 Restrictive Programs for Students with Disabilities |
| 1250 Less Restrictive Programs for Students with Disabilities |
| 1271 Remediation |
| 1280 Alternative Education |
| 1291 English Language Learner - ORS 336.079 |

| Totals | Object 100 | Object 200 |
|-----------------|-----------------|-----------------|
| \$ 4,335,196.45 | \$ 2,592,581.78 | \$ 1,666,223.78 |
| 77.88 | - | - |
| 2,449,570.88 | 1,437,287.07 | 973,492.70 |
| 39,407.26 | 13,291.10 | 4,262.74 |
| 90.00 | - | - |
| 3,008,888.89 | 1,744,833.82 | 1,197,147.13 |
| 513,546.89 | 328,774.30 | 121,578.04 |
| 14,906.49 | 1,665.08 | 813.68 |
| 1,623,977.92 | 822,313.73 | 706,795.45 |
| 655,574.75 | 382,299.91 | 267,058.75 |
| 242,207.93 | 119,260.82 | 122,829.76 |
| 455,084.53 | 199,829.96 | 143,542.44 |
| 535,379.42 | 297,650.56 | 226,597.67 |

Total Instruction Expenditures \$ 13,873,909.29 \$ 7,939,788.13 \$ 5,430,342.14

Support Services Expenditures

| |
|--|
| 2110 Attendance and Social Work Services |
| 2113 Social Work Services |
| 2115 Student Safety |
| 2120 Guidance Services |
| 2134 Nurse Services |
| 2143 Behaviour Support Services |
| 2152 Speech Pathology and Audiology Services |
| 2160 Other Student Treatment Services |
| 2190 Service Direction, Student Support Services |
| 2210 Improvement of Instruction Services |
| 2213 Curriculum Development |
| 2220 Educational Media Services |
| 2230 Assessment & Testing |
| 2240 Instructional Staff Development |
| 2310 Board of Education Services |
| 2320 Executive Administration Services |
| 2410 Office of the Principal Services |
| 2510 Direction of Business Support Services |
| 2520 Fiscal Services |
| 2528 Insurance Risk Management |
| 2540 Operation and Maintenance of Plant Services |
| 2550 Student Transportation Services |
| 2620 Grant Writing |
| 2630 Information Services |
| 2640 Staff Services |
| 2660 Technology Services |
| 2700 Supplemental Retirement Programs |

| Totals | Object 100 | Object 200 |
|--------------|--------------|--------------|
| \$ 61,693.72 | \$ 29,626.55 | \$ 32,067.17 |
| 29,016.03 | 20,833.21 | 7,948.06 |
| 11,611.63 | - | - |
| 234,057.91 | 157,406.91 | 73,826.09 |
| 188,910.94 | 125,621.67 | 57,742.22 |
| 78,504.82 | 52,635.32 | 23,170.63 |
| 109,078.99 | 67,023.19 | 42,055.80 |
| 87,131.37 | 54,459.04 | 32,672.33 |
| 389,538.56 | 226,335.67 | 158,182.88 |
| 118,031.05 | 80,771.26 | 37,259.79 |
| 50,662.89 | - | - |
| 272,494.57 | 137,555.66 | 113,923.40 |
| 113,661.71 | 64,107.90 | 49,553.81 |
| 11,698.69 | 2,039.58 | 1,601.61 |
| 51,622.86 | - | - |
| 368,086.91 | 225,345.78 | 110,221.81 |
| 1,743,774.94 | 1,031,160.68 | 662,219.41 |
| 173,625.12 | 107,423.85 | 65,384.40 |
| 253,615.65 | 129,845.21 | 81,873.05 |
| 214,066.00 | - | - |
| 2,764,259.61 | 677,208.14 | 512,768.39 |
| 616,909.96 | - | - |
| 11,250.00 | - | - |
| 67,189.27 | 36,050.79 | 30,896.23 |
| 342,545.25 | 173,675.59 | 146,709.42 |
| 554,774.22 | 135,622.27 | 97,195.43 |
| 5,600.00 | - | 5,600.00 |

Total Support Services Expenditures \$ 8,923,412.67 \$ 3,534,748.27 \$ 2,342,871.93

Enterprise and Community Services Expenditures

| |
|-------------------------|
| 3300 Community Services |
| 3500 Daycare Services |

| Totals | Object 100 | Object 200 |
|-------------|------------|------------|
| \$ 5,928.44 | \$ - | \$ - |
| \$ 212.84 | \$ 13.71 | \$ 1.26 |

Total Enterprise and Community Services Expenditures \$ 6,141.28 \$ 13.71 \$ 1.26

Other Uses Expenditures

| |
|-------------------------|
| 5100 Debt Service |
| 5200 Transfers of Funds |

| Totals | Object 100 | Object 200 |
|---------------|------------|------------|
| \$ 116,860.95 | \$ - | \$ - |
| 1,628,000.00 | - | - |

Total Other Uses Expenditures \$ 1,744,860.95 \$ - \$ -

Grand Total

\$ 24,548,324.19 \$ 11,474,550.11 \$ 7,773,215.33

| Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
|---------------|---------------|------------|-------------|------------|
| \$ 57,140.54 | \$ 19,250.35 | \$ - | \$ - | \$ - |
| - | 77.88 | - | - | - |
| 30,011.30 | 8,779.81 | - | - | - |
| 1,120.00 | 20,733.42 | - | - | - |
| 90.00 | - | - | - | - |
| 44,583.47 | 22,184.47 | - | 140.00 | - |
| 44,932.56 | 12,510.22 | - | 5,751.77 | - |
| - | 12,427.73 | - | - | - |
| 26,675.02 | 68,193.72 | - | - | - |
| 4,886.13 | 1,329.96 | - | - | - |
| 117.35 | - | - | - | - |
| 111,373.07 | 339.06 | - | - | - |
| 11,131.19 | - | - | - | - |
| \$ 332,060.63 | \$ 165,826.62 | \$ - | \$ 5,891.77 | \$ - |

| Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
|-----------------|---------------|---------------|---------------|------------|
| \$ - | \$ - | \$ - | \$ - | \$ - |
| 234.76 | - | - | - | - |
| 11,486.63 | - | - | 125.00 | - |
| 300.00 | 2,524.91 | - | - | - |
| 823.06 | 4,294.99 | - | 429.00 | - |
| 2,698.87 | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 788.26 | 4,231.75 | - | - | - |
| - | - | - | - | - |
| - | 50,662.89 | - | - | - |
| 325.50 | 20,690.01 | - | - | - |
| - | - | - | - | - |
| 7,951.42 | 106.08 | - | - | - |
| 34,090.23 | 7,423.63 | - | 10,109.00 | - |
| 29,783.37 | 1,896.07 | - | 839.88 | - |
| 44,885.79 | 4,309.06 | - | 1,200.00 | - |
| 569.88 | 147.99 | - | 99.00 | - |
| 14,182.67 | 20,301.91 | - | 7,412.81 | - |
| - | - | - | 214,066.00 | - |
| 838,965.42 | 74,253.53 | 653,867.96 | 7,196.17 | - |
| 616,909.96 | - | - | - | - |
| 11,250.00 | - | - | - | - |
| 242.25 | - | - | - | - |
| 11,304.05 | 2,464.19 | - | 8,392.00 | - |
| 90,537.82 | 231,418.70 | - | - | - |
| - | - | - | - | - |
| \$ 1,717,329.94 | \$ 424,725.71 | \$ 653,867.96 | \$ 249,868.86 | \$ - |

| Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
|-------------|-------------|------------|------------|------------|
| \$ 4,750.00 | \$ 1,178.44 | \$ - | \$ - | \$ - |
| \$ - | \$ 197.87 | \$ - | \$ - | \$ - |
| \$ 4,750.00 | \$ 1,376.31 | \$ - | \$ - | \$ - |

| Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
|-----------------|---------------|---------------|---------------|-----------------|
| \$ - | \$ - | \$ - | \$ 116,860.95 | \$ - |
| - | - | - | - | 1,628,000.00 |
| \$ - | \$ - | \$ - | \$ 116,860.95 | \$ 1,628,000.00 |
| \$ 2,054,140.57 | \$ 591,928.64 | \$ 653,867.96 | \$ 372,621.58 | \$ 1,628,000.00 |

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

EXPENDITURE SUMMARY - SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2021

Instruction Expenditures

| |
|---|
| 1111 Elementary, K-5 or K-6 |
| 1113 Elementary Extracurricular |
| 1120 AVID tutors |
| 1121 Middle/Junior High Programs |
| 1122 Middle/Junior High School Extracurricular |
| 1127 After School Programs |
| 1131 High School Programs |
| 1132 High School Extracurricular |
| 1140 Pre-kindergarten Programs |
| 1220 Restrictive Programs for Students with Disabilities |
| 1250 Less Restrictive Programs for Students with Disabilities |
| 1271 Remediation |
| 1272 Title I |
| 1280 Alternative Education |
| 1291 English Language Learner - ORS 336.079 |
| 1400 Summer School Programs |

| Totals | Object 100 | Object 200 |
|---------------------------------------|------------------------|----------------------|
| \$ 14,004.19 | \$ - | \$ - |
| (65.12) | - | - |
| 7,116.89 | 1,710.88 | 155.08 |
| 36,214.67 | - | - |
| 274.71 | - | - |
| - | - | - |
| 51,809.04 | - | - |
| 61,303.83 | - | - |
| 108,845.69 | 57,212.79 | 34,946.38 |
| 2,962.08 | - | - |
| 34,050.51 | 20,565.54 | 13,484.97 |
| 59,038.59 | 37,709.01 | 21,329.58 |
| 366,313.80 | 201,882.91 | 164,322.39 |
| 765,472.28 | 256,728.73 | 129,251.47 |
| 4,861.79 | 3,463.74 | 1,398.05 |
| 341,972.17 | 47,719.83 | 28,842.52 |
| Total Instruction Expenditures | \$ 1,854,175.12 | \$ 626,993.43 |
| | | \$ 393,730.44 |

Support Services Expenditures

| |
|--|
| 2110 Attendance and Social Work Services |
| 2120 Guidance Services |
| 2190 Service Direction, Student Support Services |
| 2210 Improvement of Instruction Services |
| 2220 Educational Media Services |
| 2240 Instructional Staff Development |
| 2410 Office of the Principal Services |
| 2540 Operation and Maintenance of Plant Services |
| 2660 Technology Services |

| Totals | Object 100 | Object 200 |
|--|------------------------|----------------------|
| \$ 27,840.00 | \$ - | \$ - |
| 220,553.57 | 112,925.28 | 90,828.29 |
| 15,899.31 | 9,928.81 | 5,970.50 |
| 297,466.85 | 7,929.92 | 3,623.10 |
| 216,423.28 | - | - |
| 93,439.03 | 35,235.92 | 20,969.75 |
| 32,509.31 | - | - |
| 447,676.20 | - | - |
| 692,217.11 | - | - |
| Total Support Services Expenditures | \$ 2,044,024.66 | \$ 166,019.93 |
| | | \$ 121,391.64 |

Enterprise and Community Services Expenditures

| |
|-------------------------|
| 3100 Food Services |
| 3300 Community Services |
| 3500 Daycare Services |

| Totals | Object 100 | Object 200 |
|---|------------------------|----------------------|
| \$ 1,035,105.65 | \$ 332,283.44 | \$ 283,591.09 |
| 48,465.55 | 26,823.27 | 18,563.06 |
| 248,760.09 | 129,287.42 | 112,956.88 |
| Total Enterprise and Community Services Expenditures | \$ 1,332,331.29 | \$ 488,394.13 |
| | | \$ 415,111.03 |

Other Uses Expenditures

| |
|-------------------------|
| 5200 Transfers of Funds |
|-------------------------|

| Totals | Object 100 | Object 200 |
|--|-------------|-------------|
| \$ 227,491.60 | \$ - | \$ - |
| Total Facilities Acquisition and Construction | \$ - | \$ - |

Grand Total

| | | |
|------------------------|------------------------|----------------------|
| \$ 5,458,022.67 | \$ 1,281,407.49 | \$ 930,233.11 |
|------------------------|------------------------|----------------------|

| Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
|----------------------|----------------------|---------------------|---------------------|-------------|
| \$ 3,125.00 | \$ 10,879.19 | \$ - | \$ - | \$ - |
| - | (65.12) | - | - | - |
| - | 5,250.93 | - | - | - |
| 29,761.60 | 6,453.07 | - | - | - |
| - | 274.71 | - | - | - |
| - | - | - | - | - |
| 5,851.80 | 45,957.24 | - | - | - |
| - | 61,303.83 | - | - | - |
| 4,513.25 | 12,173.27 | - | - | - |
| 1,237.00 | 1,725.08 | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 108.50 | - | - | - | - |
| 181,218.47 | 95,813.88 | 54,235.40 | 48,224.33 | - |
| - | - | - | - | - |
| 5,895.00 | 254,016.82 | - | 5,498.00 | - |
| \$ 231,710.62 | \$ 493,782.90 | \$ 54,235.40 | \$ 53,722.33 | \$ - |

| Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
|----------------------|------------------------|---------------------|----------------------|-------------|
| \$ - | \$ - | \$ - | \$ 27,840.00 | \$ - |
| 16,800.00 | - | - | - | - |
| - | - | - | - | - |
| 37,585.67 | 188,956.41 | 35,000.00 | 24,371.75 | - |
| 88,430.91 | 59,217.08 | - | 68,775.29 | - |
| 19,331.80 | 11,262.12 | - | 6,639.44 | - |
| 19,722.00 | 12,787.31 | - | - | - |
| 50,914.57 | 355,869.73 | 40,891.90 | - | - |
| - | 692,217.11 | - | - | - |
| \$ 232,784.95 | \$ 1,320,309.76 | \$ 75,891.90 | \$ 127,626.48 | \$ - |

| Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
|---------------------|----------------------|---------------------|--------------------|-------------|
| \$ 24,505.07 | \$ 366,809.45 | \$ 19,960.60 | \$ 7,956.00 | \$ - |
| 1,638.56 | 1,440.66 | - | - | - |
| 279.00 | 6,236.79 | - | - | - |
| \$ 26,422.63 | \$ 374,486.90 | \$ 19,960.60 | \$ 7,956.00 | \$ - |

| Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
|----------------------|------------------------|----------------------|----------------------|----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 227,491.60 |
| \$ - | \$ - | \$ - | \$ - | \$ 227,491.60 |
| \$ 490,918.20 | \$ 2,188,579.56 | \$ 150,087.90 | \$ 189,304.81 | \$ 227,491.60 |

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

EXPENDITURE SUMMARY - DEBT SERVICE FUND

For the Year Ended June 30, 2021

| | | |
|--------------------------------------|------------------------|------------------------|
| Other Uses Expenditures | | |
| 5100 Debt Service | | |
| | Totals | Object 600 |
| | \$ 3,370,904.24 | \$ 3,370,904.24 |
| Total Other Uses Expenditures | \$ 3,370,904.24 | \$ 3,370,904.24 |
| Grand Total | \$ 3,370,904.24 | \$ 3,370,904.24 |

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

EXPENDITURE SUMMARY - CAPITAL PROJECTS FUNDS

For the Year Ended June 30, 2021

| | | | | |
|---|----------------------|--------------------|----------------------|---------------------|
| Facilities Acquisition and Construction Expenditures | Totals | Object 400 | Object 500 | Object 600 |
| 4150 Building Acquisition, Construction, and Improvement Services | \$ 276,884.71 | \$ 5,323.01 | \$ 271,081.79 | \$ 479.91 |
| Total Facilities Acquisition and Construction Expenditures | \$ 276,884.71 | \$ 5,323.01 | \$ 271,081.79 | \$ 479.91 |
| Other Uses Expenditures | Totals | Object 400 | Object 500 | Object 600 |
| 5110 Debt Service | \$ 32,943.31 | \$ - | \$ - | \$ 32,943.31 |
| Total Other Uses Expenditures | \$ 32,943.31 | \$ - | \$ - | \$ 32,943.31 |
| Grand Total | \$ 309,828.02 | \$ 5,323.01 | \$ 271,081.79 | \$ 33,423.22 |

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

EXPENDITURE SUMMARY - INTERNAL SERVICE FUND

For the Year Ended June 30, 2021

Support Services Expenditures

2520 Fiscal Services

| | Totals | Object 200 |
|--|---------------------|---------------------|
| | \$ 79,068.42 | \$ 79,068.42 |
| Total Support Services Expenditures | \$ 79,068.42 | \$ 79,068.42 |
| Grand Total | \$ 79,068.42 | \$ 79,068.42 |

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

EXPENDITURE SUMMARY - TRUST AND AGENCY FUND

For the Year Ended June 30, 2021

Support Services Expenditures

2520 Fiscal Services

| | Totals | Object 400 |
|--|-----------------|-------------------|
| | \$ 97.31 | \$ 97.31 |
| Total Support Services Expenditures | \$ 97.31 | \$ 97.31 |
| Grand Total | \$ 97.31 | \$ 97.31 |

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

**SCHEDULE OF FUTURE REQUIREMENTS FOR THE RETIREMENT OF
DEBT OUTSTANDING**

For the Year Ended June 30, 2021

| Fiscal Year | TOTAL ALL REQUIREMENTS | | | GENERAL OBLIGATION BONDS 2013 Issue | | |
|----------------|------------------------|----------------------|---------------------|--|----------------------|---------------------|
| | Total | Principal | Interest | Total | Principal | Interest |
| 2022 | \$ 4,412,828 | \$ 2,277,374 | \$ 2,135,454 | \$ 1,676,788 | \$ 955,000 | \$ 721,788 |
| 2023 | 3,744,082 | 1,562,785 | 2,181,297 | 1,723,588 | 1,040,000 | 683,588 |
| 2024 | 3,801,183 | 2,685,992 | 1,115,191 | 1,761,988 | 1,120,000 | 641,988 |
| 2025 | 3,945,830 | 2,962,139 | 983,691 | 1,807,188 | 1,210,000 | 597,188 |
| 2026 | 4,090,300 | 3,253,317 | 836,983 | 1,853,788 | 1,305,000 | 548,788 |
| 2027 | 4,239,898 | 3,564,531 | 675,367 | 1,901,588 | 1,405,000 | 496,588 |
| 2028 | 3,018,479 | 2,520,691 | 497,788 | 1,945,388 | 1,505,000 | 440,388 |
| 2029 | 1,996,125 | 1,615,000 | 381,125 | 1,996,125 | 1,615,000 | 381,125 |
| 2030 | 2,046,525 | 1,730,000 | 316,525 | 2,046,525 | 1,730,000 | 316,525 |
| 2031 | 2,097,325 | 1,850,000 | 247,325 | 2,097,325 | 1,850,000 | 247,325 |
| 2032 | 2,148,875 | 1,970,000 | 178,875 | 2,148,875 | 1,970,000 | 178,875 |
| 2033 | 2,205,000 | 2,100,000 | 105,000 | 2,205,000 | 2,100,000 | 105,000 |
| TOTALS | <u>\$ 37,746,450</u> | <u>\$ 28,091,829</u> | <u>\$ 9,654,621</u> | <u>\$ 23,164,166</u> | <u>\$ 17,805,000</u> | <u>\$ 5,359,166</u> |

(Continued)

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

**SCHEDULE OF FUTURE REQUIREMENTS FOR THE RETIREMENT OF
DEBT OUTSTANDING**

For the Year Ended June 30, 2021

(Continued)

| Fiscal Year | LIMITED TAX PENSION BONDS 2003 Issue | | | QUALIFIED SCHOOL CONSTRUCTION BONDS 2005 | | |
|----------------|---|---------------------|---------------------|---|-------------------|-------------|
| | Total | Principal | Interest | Total | Principal | Interest |
| 2022 | \$ 1,818,100 | \$ 413,586 | \$ 1,404,514 | \$ 800,000 | \$ 800,000 | \$ - |
| 2023 | 1,903,100 | 412,534 | 1,490,566 | - | - | - |
| 2024 | 1,993,100 | 1,525,000 | 468,100 | - | - | - |
| 2025 | 2,092,548 | 1,710,000 | 382,548 | - | - | - |
| 2026 | 2,190,420 | 1,905,000 | 285,420 | - | - | - |
| 2027 | 2,292,216 | 2,115,000 | 177,216 | - | - | - |
| 2028 | 1,062,080 | 1,004,996 | 57,084 | - | - | - |
| TOTALS | \$ 13,351,564 | \$ 9,086,116 | \$ 4,265,448 | \$ 800,000 | \$ 800,000 | \$ - |

(Continued)

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

**SCHEDULE OF FUTURE REQUIREMENTS FOR THE RETIREMENT OF
DEBT OUTSTANDING**

For the Year Ended June 30, 2021

(Continued)

| Fiscal Year | QUALIFIED SCHOOL CONSTRUCTION BONDS 2007 | | | FULL FAITH AND CREDIT LOAN, SERIES 2017 | | |
|----------------|---|-------------------|-----------------|--|-------------------|------------------|
| | Total | Principal | Interest | Total | Principal | Interest |
| 2022 | \$ 71,848 | \$ 70,000 | \$ 1,848 | \$ 46,092 | \$ 38,788 | \$ 7,304 |
| 2023 | 71,300 | 70,376 | 924 | 46,094 | 39,875 | 6,219 |
| 2024 | - | - | - | 46,095 | 40,992 | 5,103 |
| 2025 | - | - | - | 46,094 | 42,139 | 3,955 |
| 2026 | - | - | - | 46,092 | 43,317 | 2,775 |
| 2027 | - | - | - | 46,094 | 44,531 | 1,563 |
| 2028 | - | - | - | 11,011 | 10,695 | 316 |
| TOTALS | <u>\$ 143,148</u> | <u>\$ 140,376</u> | <u>\$ 2,772</u> | <u>\$ 287,572</u> | <u>\$ 260,337</u> | <u>\$ 27,235</u> |

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

SCHEDULE OF CONTINUING DISCLOSURE REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS

June 30, 2021

| | | | |
|------------------------------|-----------------|---------------|-----------------|
| 1. PROPERTY VALUATION | Marion County | Linn County | Total |
| Real Market Value | \$2,297,731,433 | \$615,765,466 | \$2,913,496,899 |
| Taxable Assessed Value | \$1,884,597,101 | \$332,772,926 | \$2,217,370,027 |

2. PROPERTY TAXES

A. Representative Levy Rate

(per \$1,000 of Assessed Value)

| | Billing Rate | Bond Levy Rate | Local Option Rate | Consolidated Rate |
|---------------|--------------|----------------|-------------------|-------------------|
| Marion County | \$4.3973 | \$1.1754 | \$0.0000 | \$5.5727 |
| Linn County | 4.3973 | 1.1474 | 0.0000 | 5.5447 |

B. Tax Collections

| | General | Debt Service | Total |
|--------------------------|----------------|----------------|----------------|
| Property Taxes Levied | \$6,870,112.11 | \$1,624,204.71 | \$8,494,316.82 |
| Property Taxes Collected | \$6,706,017.65 | \$1,586,536.12 | \$8,292,553.77 |

3. GENERAL OBLIGATION BONDS

A. Outstanding Long-Term Debt (See pages 36 through 38.)

B. Outstanding General Obligation Bonds See page 73 for detail.)

| General Obligation Bonds | Date of Issue | Date of Maturity | Amount Issued | Amount Outstanding as of June 30, 2021 |
|--------------------------------|---------------|------------------|---------------|--|
| GO Bonds, Series 2013 | 2/6/2013 | 6/15/2033 | 22,850,000 | 17,805,000 |
| Total General Obligation Bonds | | | | \$17,805,000 |

4. AVERAGE DAILY MEMBERSHIP (Weighted)

Extended ADMw:

| | 2020 | 2021 |
|--|----------|----------|
| Current Fiscal Year Estimated ADMw | 2,674.67 | 2,497.00 |
| Prior Fiscal Year Estimated ADMw | 2,672.64 | 2,462.47 |
| Extended ADMw (greater of Current or Prior Year) | 2,674.67 | 2,497.00 |

5. FINANCIAL FACTORS

| | | | |
|--|--------------------------|--------------------------|----------------------------------|
| (1) Statement of Net Assets | | | See page 12. |
| (2) Statement of Revenues, Expenditures and Changes in Net Assets | | | See page 13. |
| (3) General Fund Balance Sheet | | | See page 14. |
| (4) General Fund Statement of Revenues, Expenditures and Changes in Fund Balance | | | See page 16. |
| (5) Net unfunded pension UAL | | | See page 12. |
| (6) Pension Contribution Rates | Tier 1/Tier 2 Payroll | OPSRP General Payroll | OPSRP Police and Fire Payroll |
| | 9.11% | 6.00% | 12.75% |
| (7) Annual Required Contribution | | | See page 58. |
| (8) Net OPEB Obligation | | | See page 12. |
| (9) Actuarial Accrued Liability | | | See pages 54 and 55. |
| (10) Early Retirement Liability | | | N/A |

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



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

Board of Directors
North Santiam School District No. 29J
Stayton, Oregon 97355

We have audited the basic financial statements of North Santiam School District No. 29J as of and for the year ended June 30, 2021 and have issued our report thereon dated December 10, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether North Santiam School District No. 29J'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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, as defined above. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

This report is intended solely for the information and use of the board of directors and management of North Santiam School District No. 29J and the Oregon Secretary of State, and is not intended to be, and should not be used by anyone other than these parties.

A handwritten signature in blue ink that reads "Accuity, LLC". The signature is stylized with a large, flowing "A" and "C".

Accuity, LLC
December 10, 2021

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, 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 | \$ 318,431.56 |
| 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
 1140 Pre-Kindergarten
 1300 Continuing Education
 1400 Summer School

Exclude these functions:

4150 Construction
 2550 Pupil Transportation
 3100 Food Service
 3300 Community Services

SINGLE AUDIT SECTION

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

| Federal Grantor, Pass through Grantor, Program Title | Pass-Through Grantor Number | CFDA | Expenditures |
|--|--------------------------------|--------|--------------|
| <u>U.S. Department of Education</u> | | | |
| Passed through Oregon State Department of Education | | | |
| Title I Grants to Local Educational Agencies* | 2143 | 84.010 | \$ 424,024 |
| Special Education Cluster | | | |
| IDEA Special Education Grants To States | 2143 | 84.027 | 126,096 |
| English Language Acquisition Grants | 2143 | 84.365 | 16,290 |
| Title IIA Improving Teaching Quality State Grants | 2143 | 84.367 | 85,264 |
| Student Support and Academic Enrichment | 2143 | 84.424 | 28,874 |
| COVID-19 - Elementary & Secondary Schools Emergency Relief Fu | 2143 | 84.425 | 1,564,638 |
| Total Passed through Oregon State Department of Education | | | 2,245,186 |
| Total U.S. Department of Education | | | 2,245,186 |
| <u>U.S. Department of Agriculture</u> | | | |
| Passed through Oregon State Department of Education | | | |
| Child Nutrition Cluster | | | |
| Food Distribution/USDA Commodities | 2143 | 10.555 | 102,584 |
| Summer Food Service Program | 2143 | 10.559 | 1,023,896 |
| Summer Food Service Program - Commodities | 2143 | 10.559 | 346 |
| Total Child Nutrition Cluster | | | 1,126,826 |
| Total Passed through Oregon Department of Education | | | 1,126,826 |
| Passed through Linn County | | | |
| Schools and Roads - Grants to States | | 10.665 | 8,447 |
| Total U.S. Department of Agriculture | | | 1,135,273 |
| Total federal expenditures | | | \$ 3,380,459 |

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, 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 North Santiam School District No. 29J's 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' revenue and expenses.

II. SIGNIFICANT ACCOUNTING POLICIES

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 for 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.

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.



**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
North Santiam School District No. 29J
Stayton, Oregon 97383

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, the business-type activities, each major fund, and the aggregate remaining fund information of North Santiam School District No. 29J as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise North Santiam School District's basic financial statements and have issued our report thereon dated December 10, 2021.

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

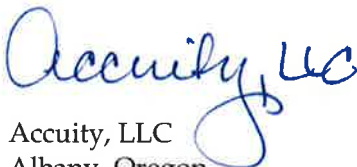
Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Santiam School District No. 29J'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*.

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 10, 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
North Santiam School District No. 29J
Stayton, Oregon 97383

Report on Compliance for Each Major Federal Program

We have audited North Santiam School District No. 29J 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 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, North Santiam School District No. 29J 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 North Santiam School District No. 29J 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified.

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 10, 2021

NORTH SANTIAM SCHOOL DISTRICT NO. 29J
Stayton, 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 2CFR 200.516(a)? | No |
| Identification of major programs: | |

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|--|
| 84.425 | Elementary and Secondary Schools Emergency Relief Fund |
| 10.665 | Schools and Roads Grants to States |

| | |
|--|-----------|
| Dollar threshold used to distinguish between Type A and type B programs: | \$750,000 |
| Auditee qualified as low-risk auditee? | Yes |