

THE PHOENIX SCHOOL CHARTER
(A SUBSIDIARY OF PHOENIX SCHOOL OF ROSEBURG, CORP.)

Annual Financial Report

June 30, 2023 and 2022

THE PHOENIX SCHOOL CHARTER

Annual Financial Report

June 30, 2023 and 2022

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Roseburg, OR 97470

Laurie Newton.....Vice-President
Roseburg, OR 97470

Tom Nelson..... Secretary
Roseburg, OR 97470

Jason Troxel Treasurer
Roseburg, OR 97470

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Roseburg, OR 97470

Michael RondeauMember
Roseburg, OR 97470

April Hamlin.....Member
Roseburg, OR 97470

Gillian Wesenberg.....Member
Roseburg, OR 97470

Administration

Thomas McGregorExecutive Director
Roseburg, OR 97470

Shawna Gibson..... Business Manager
Roseburg, OR 97470

Mail can be sent to the board members c/o The Phoenix School Charter, 3131 Diamond Lake Blvd., Roseburg,
OR 97470.

THE PHOENIX SCHOOL CHARTER

Annual Financial Report

June 30, 2023 and 2022

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NEUNER DAVIDSON & CO

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Phoenix School Charter
3131 Diamond Lake Blvd.
Roseburg, OR 97470

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Phoenix Charter School as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Phoenix Charter School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities each major fund, and the aggregate remaining fund information of The Phoenix Charter School, as of June 30, 2023, and the respective changes in financial position in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

THE PHOENIX CHARTER SCHOOL

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

THE PHOENIX CHARTER SCHOOL
Independent Auditor's Report

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Phoenix Charter School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

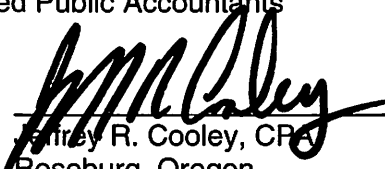
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Oregon Revised Statutes

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 29, 2023, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon revised statements as specified in Oregon Administration rules. 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.

Neuner Davidson & Co.
Certified Public Accountants

By: _____


Jeffrey R. Cooley, CPA
Roseburg, Oregon
December 29, 2023

Management's Discussion and Analysis

THE PHOENIX SCHOOL CHARTER
Management's Discussion and Analysis
For the Year ended June 30, 2023 and 2022

As management of Phoenix Charter School, we offer the following narrative overview and analysis of the School's financial statements for the fiscal year ending June 30, 2023. It is management's goal in preparing this discussion to assist users of these financial statements in interpreting key data found in the pages that follow and to analyze the results of this fiscal year. Because the information cited in this discussion is necessarily select in nature, it should be read and interpreted in conjunction with those financial statements.

These financial statements are presented in conformance with Governmental Accounting Standards Board (GASB) Statement No. 34 as currently required.

The School's basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

A schedule of pension liability and contributions are also included in this report as required supplementary information.

The government-wide financial statements, as listed in the table of contents, are designed to provide an overview of the School's financial operations, in a manner similar to a private-sector business. The statement of net position presents information regarding all assets and liabilities, with the difference between the two being reported as net position. Changes in net position may serve as a useful indicator of whether or not the overall financial position of the School is improving or deteriorating. The statement of activities presents information showing how the School's net position increased or decreased during the year under audit. All activities in the government-wide financial statements are presented on the full accrual basis of accounting in which they are reported as soon as the event occurs, regardless of the timing of associated cash flows.

The fund financial statements on as listed on the table of contents are presented focusing on near-term inflows and outflows of expendable resources, as well as balances of expendable resources available at the end of the year. This information might be useful in assessing the School's near-term financial situation, and is useful in the preparation and analysis of annual budgets. The governmental fund financial statements provide reconciliation to the government-wide financial statements. Notes to these financial statements are also listed on the table of contents.

An analysis of the government-wide financial statements shows the following:

Our total Governmental Fund assets on June 30, 2023 are \$1,301,918, which consisted of \$775,385 in cash equivalents and accounts receivable, \$0 in equipment, \$526,533 representing our current year pension and RHIA contributions. Total liabilities at FY end were \$1,669,345. This resulted in total net position of \$(367,427). Of the total net position, \$0 was reserved for equipment, \$285,752 is temporarily restricted and \$(653,179) is unrestricted. The total net change in our Statement of Activities was a loss of \$(184,715), of which \$(30,013) is related to the GASB 68 and GASB 75.

No current debt exists as there were no debts from the previous FY and no loans or debt obligations incurred during this fiscal year. Nor were there any changes in our credit ratings or debt limitations or commitments for capital expenditures made.

The portion of state funding of public schools designated as State Charter School funds was realized from ADM enrollment accounting of charter students and was "passed through" in the amount of \$1,724,921. Additional fundraising, donations, grants, and miscellaneous income totaled \$664,506.

THE PHOENIX SCHOOL CHARTER
Management's Discussion and Analysis
For the Year ended June 30, 2023 and 2022

There were no significant capital contributions, special or extraordinary items, or contributions to a permanent endowment in this or previous fiscal years that created a net change in position. Such contributions are typically contributed to the Phoenix School of Roseburg Corporation due to its private, non-profit status.

Actual equipment and resources available to students has increased significantly through donation of use to Phoenix Charter by Phoenix School of Roseburg of PSR assets including land (an additional 4.5 acres); tools, equipment, and vans (80,000+ miles), capital investment tech tools including 3-D printer, computers, junos, large format printer, and vinyl cutter for use by PCS career-technical students and use of technology equipment.

The statement of revenues, expenditures, and changes in fund balance, as listed on the table of contents, presents greater detail regarding the School's revenues and expenditures for the year.

Assumptions used in developing the FY 2023-2024 budget reflected changes in assumptions about revenues and expenditures going into the previous FY year. FY 2022-2023 budget assumptions held up and the projected ending balances were realized.

Economic Factors and Next Year's Budget

During preparation of the budget for the ensuing fiscal year, the following major assumptions were used in developing the FY 2023-2024 budget:

Revenues:

- Charter reimbursement rates projected by the state would rise enough to cover a cost of living salary increase for employees.
- The enrollment environment overall will likely increase for regular students and early college students and decrease for teen parents as Douglas County's economic outlook is not projected to change significantly and will continue to contribute to economic displacement, especially as the school demographic is largely from low-income families.
- We will project a similar level of FY 2023-2024 grant and community fundraising as realized in FY 2022-2023 despite additional efforts to achieve an increase in the levels of support from donations, grants, and foundation support.

Expenditures:

- Past personnel cuts implemented over the past several years to balance expenditures with revenues will level out. Future budget years will reflect a salary schedule matrix adopted by the board of directors. FTE expansion will be tethered to increases in student enrollment and dedicated grant funding to add more student services personnel.
- Additional grant funding for new programming such as the trauma informed care initiative, school-based wellness & therapy services, and the educational services provided to Douglas County Juvenile Department youth may result in an expansion of overall agency expenditures. As the agency increases its daily service foot-print by including an additional meal service and 3.5 hours of education services, the increase in fixed services will provide steady employment opportunities for charter faculty and related service agreement elements.

THE PHOENIX SCHOOL CHARTER
Management's Discussion and Analysis
For the Year ended June 30, 2023 and 2022

No known fact is expected to provide an effect on our financial position as to revenues or expenditures.

Please refer to the notes to the financial statements as listed on the table of contents for a discussion of other issues related to the 2022-2023 year. Within that section are explanations of Phoenix Charter School's organization and operation, a summary of significant accounting policies, and other important information.

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School Executive Director, Thomas McGregor, Phoenix Charter School, 3131 NE Diamond Lake Blvd., Roseburg, OR 97470.

Financial Statements

THE PHOENIX SCHOOL CHARTER

Statement of Net Position
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalents	\$ 64,169	\$ 512,523
Accounts Receivable	711,216	560,744
Total Current Assets	<u>775,385</u>	<u>1,073,267</u>
Deferred Outflow of Resources		
Share of Retirement Health Insurance Account	10,763	2,431
PERS Pension Related Deferred Outflows	515,770	710,792
Total Deferred Outflow of Resources	<u>526,533</u>	<u>713,223</u>
Net Asset of Retirement Health Insurance Account	<u>-</u>	<u>6,602</u>
Total Assets	<u>\$ 1,301,918</u>	<u>\$ 1,793,092</u>
<u>LIABILITIES AND NET POSITION</u>		
Current Liabilities:		
Accounts Payable	\$ 182,844	\$ 8,817
Due to General Fund	68,369	79,318
Payroll Tax Liability	40,688	35,105
Contract Pay Payable	80,148	58,073
Total Current Liabilities	<u>372,049</u>	<u>181,313</u>
Noncurrent Liabilities:		
Net Pension Liability	<u>876,037</u>	<u>728,817</u>
Deferred Inflow of Resources		
Net Difference in RHIA Investment	1,933	1,040
Net Difference PERS Investment	419,326	257,137
Total Deferred Inflow of Resources	<u>421,259</u>	<u>258,177</u>
Total Liabilities	<u>1,669,345</u>	<u>1,168,307</u>
Net Position:		
Restricted	285,752	142,160
Unrestricted	(653,179)	(134,522)
Total Net Position	<u>\$ (367,427)</u>	<u>\$ 7,638</u>

The accompanying notes are an integral part of these financial statements

THE PHOENIX SCHOOL CHARTER

Statement of Activities

For the Years Ended June 30, 2023 and 2022

2023				
Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges For Services	Operating Grants and Contributions	
Instruction	\$ (1,734,158)	\$ -	\$ 664,506	\$ (1,069,652)
Support Services	(809,971)	-	-	(809,971)
Unallocated Depreciation	-	-	-	-
Total Governmental Activities	<u>\$ (2,544,129)</u>	<u>\$ -</u>	<u>\$ 664,506</u>	<u>(1,879,623)</u>
General Revenues				
State Sources				<u>1,724,921</u>
Total General Revenue				<u>1,724,921</u>
Other Revenue (Expenses)				
Change in Pension (Expense) Income				(24,799)
Change in GASB 75 (Expense) Income				<u>(5,214)</u>
Total Other Revenue (Expenses)				<u>(30,013)</u>
Changes in Net Position				(184,715)
Net Position - Beginning				<u>192,550</u>
Equity Transfer to Parent Corp				(375,262)
Net Position - Ending				<u>\$ (367,427)</u>

The accompanying notes are an integral part of these financial statements

2022			
Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Charges For Services	Operating Grants and Contributions	
\$ (1,059,696)	\$ -	\$ 822,675	\$ (237,022)
(1,175,911)	-	-	(1,175,911)
(78)	-	-	(78)
<u>\$ (2,235,685)</u>	<u>\$ -</u>	<u>\$ 822,675</u>	<u>(1,413,011)</u>
			<u>1,734,566</u>
			<u>1,734,566</u>
			(142,774)
			6,052
			<u>(136,722)</u>
			184,834
			<u>7,716</u>
			<u>\$ 192,550</u>

The accompanying notes are an integral part of these financial statements

THE PHOENIX SCHOOL CHARTER

Balance Sheet
Governmental Funds
For the Years Ended June 30, 2023 and 2022

	2023		
	General Fund	Special Revenue Fund	Total
Assets			
Cash and Cash Equivalents	\$ 64,169	\$ -	\$ 64,169
Accounts Receivable	287,055	354,121	641,176
Due from Parent	1,671	-	1,671
Due from Special Revenue Fund	68,369	-	68,369
Total Assets	<u>\$ 421,264</u>	<u>\$ 354,121</u>	<u>\$ 775,385</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 182,844	\$ -	\$ 182,844
Due to General Fund	-	68,369	68,369
Payroll Tax Liability	40,688	-	40,688
Contract Pay Payable	80,148	-	80,148
Total Liabilities	<u>303,680</u>	<u>68,369</u>	<u>372,049</u>
Fund Balance			
Restricted	-	285,752	285,752
Unassigned	117,584	-	117,584
Total Fund Balance	<u>117,584</u>	<u>285,752</u>	<u>403,336</u>
Total Liabilities and Fund Balances	<u>\$ 421,264</u>	<u>\$ 354,121</u>	<u>\$ 775,385</u>

The accompanying notes are an integral part of these financial statements

2022		
General Fund	Special Revenue Fund	Total
\$ 463,868	\$ 48,655	\$ 512,523
500	556,991	557,491
3,253	-	3,253
-	-	-
<u>\$ 467,621</u>	<u>\$ 605,646</u>	<u>\$ 1,073,267</u>

\$ 46,790	\$ -	\$ 46,790
-	-	-
35,105	-	35,105
58,073	-	58,073
<u>139,968</u>	<u>-</u>	<u>139,968</u>

-	605,646	605,646
327,653	-	327,653
<u>327,653</u>	<u>605,646</u>	<u>933,299</u>
<u>\$ 467,621</u>	<u>\$ 605,646</u>	<u>\$ 1,073,267</u>

The accompanying notes are an integral part of these financial statements

THE PHOENIX SCHOOL CHARTER

Reconciliation of the Governmental Fund Balance to the
Statement of Net Position
For the Year Ended June 30, 2023

Total Fund Balances - Governmental Funds	\$ 403,336
Capital assets are not financial resources and therefore are not reported in the governmental funds:	
Net Capital Assets Used by School	375,262
Net pension (liability) asset is not a financial resource and therefore is not reported in the government funds:	(876,037)
The PERS RHIA Asset (Liability), and deferred inflows and outflows related to the PERS RHIA Asset is the difference between the total OPEB liability and assets set aside to pay benefits earned to past and current employees.	8,831
PERS Pension Related Deferred Outflows are deferred outflows of resources that will be recognized expense in the subsequent period:	515,770
District's proportionate share of net differences between projected and actual earnings on investments that will be amortized over the next five years:	(419,326)
Equity Transfer to Parent Corp	(375,262)
Net Position	<u>\$ (367,427)</u>

THE PHOENIX SCHOOL CHARTER

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Years Ended June 30, 2023 and 2022

	2023		
	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources			
Grants	\$ 14,600	\$ 613,499	\$ 628,099
Admin Overhead-Charter Special Revenue	25,568	-	25,568
Miscellaneous	10,839	-	10,839
Total Local Sources	<u>51,007</u>	<u>613,499</u>	<u>664,506</u>
State Sources			
Charter ADM income	1,724,921	-	1,724,921
Total State Sources	<u>1,724,921</u>	<u>-</u>	<u>1,724,921</u>
Total Revenues	<u>1,775,928</u>	<u>613,499</u>	<u>2,389,427</u>
EXPENDITURES:			
Instruction:			
Salaries	441,071	-	441,071
Employee Benefits	315,881	-	315,881
Purchased Services	28,552	514,423	542,975
Supplies & Materials	15,260	418,971	434,231
Total Instruction	<u>800,764</u>	<u>933,393</u>	<u>1,734,158</u>
Support Services:			
Salaries	91,031	-	91,031
Purchased Services	1,054,237	-	1,054,237
Supplies & Materials	1,862	-	1,862
Other Objects	38,103	-	38,103
Total Support Services	<u>1,185,233</u>	<u>-</u>	<u>1,185,233</u>
Total Expenditures	<u>1,985,997</u>	<u>933,393</u>	<u>2,919,391</u>
Excess of Revenues and Other			
Financing Sources Over Expenditures	(210,069)	(319,894)	(529,964)
Beginning Fund Balance	327,653	605,646	933,299
Ending Fund Balance	<u>\$ 117,584</u>	<u>\$ 285,752</u>	<u>\$ 403,335</u>

The accompanying notes are an integral part of these financial statements

2022		
General Fund	Special Revenue Fund	Total
\$ 12,177	\$ 802,610	\$ 814,787
6,078	-	6,078
1,810	-	1,810
<u>20,065</u>	<u>802,610</u>	<u>822,675</u>
1,734,566	-	1,734,566
<u>1,734,566</u>	<u>-</u>	<u>1,734,566</u>
<u>1,754,631</u>	<u>802,610</u>	<u>2,557,241</u>
329,088	-	329,088
343,650	-	343,650
27,857	285,861	313,718
19,976	53,263	73,239
<u>720,571</u>	<u>339,124</u>	<u>1,059,695</u>
98,921	-	98,921
1,052,332	-	1,052,332
5,358	-	5,358
19,300	-	19,300
<u>1,175,911</u>	<u>-</u>	<u>1,175,911</u>
<u>1,896,482</u>	<u>339,124</u>	<u>2,235,606</u>
(141,851)	463,486	321,635
469,504	142,160	611,664
<u>\$ 327,653</u>	<u>\$ 605,646</u>	<u>\$ 933,299</u>

The accompanying notes are an integral part of these financial statements

THE PHOENIX SCHOOL CHARTER

Reconciliation of the Government Fund Statement of Revenues, Expenditures and
Changes in Fund Balance to the Statement of Activities
For the Year Ended June 30, 2023

Total Net Changes in Fund Balances - Governmental Funds		\$ (529,964)
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:</p>		
Expenditures for capital assets	375,262	
Current year depreciation expense	<u>-</u>	375,262
Changes in net RHIA liability, the related changes in deferred outflows and deferred inflows of resources are not recognized as expenses in the government funds:		(5,214)
outflows and deferred inflows of resources are not recognized as expenses in the government funds:		<u>(24,799)</u>
Change in Net Position of Governmental Activities		<u>\$ (184,715)</u>

Notes to Financial Statements

THE PHOENIX SCHOOL CHARTER

Notes to the

Financial Statements

at

June 30, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Phoenix School Charter have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Phoenix School Charter (Charter School) is a subsidiary of Phoenix School of Roseburg, Corporation and is a non-profit corporation reporting under the GASB for compliance with Oregon Charter School laws. The parent company is not included in these financial statements.

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

GASB Statement No. 87 Leases. This statement was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of government's financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the governments' leasing activities. As of June 30, 2023, the Charter School does not have any of these reportable leases.

A. Reporting Entity

The Charter School is a non-profit corporation governed by a eight-member board and is organized under provisions of Oregon Revised Statutes Chapter 338 for the purpose of operating a charter school. Generally accepted accounting principles in the United States of America require that these financial statements present all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 39, are separate entities that are included in the reporting entity because of the significance of their operational or financial relationships with the Charter School. All significant activities with which the Charter School exercises oversight responsibility have been considered for inclusion in the basic financial statements. There are no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the Charter School as a whole. The reported information includes all of the non-fiduciary activities of the Charter School. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the *governmental* and *business-type activities* of the Charter School. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Charter School does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, State and County aid, and other items not included among program revenues are reported instead as general revenues.

THE PHOENIX SCHOOL CHARTER

Notes to the

Financial Statements

at

June 30, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Government-Wide and Fund Financial Statements (Cont'd)

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. There are currently no fiduciary funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements - The government-wide financial statements are reported using the *economic resource measurement focus* and the *accrual basis of accounting*, as is the fiduciary financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule the effect of interfund activity has been eliminated from the governmental-wide financial statements.

Fund Financial Statements - Governmental fund financial statements are reported using the *current financial resources measurement focus* and *modified accrual basis of accounting*. Under this method of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Charter School considers all revenue available if collected within 60 days after year end.

Expenditures are recorded when the related fund liability is incurred, except for expenditures for principal and interest on long-term debt which is recognized when due, certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources, and early retirement benefits which are recorded when paid.

The major governmental funds reported by the Charter School include:

General Fund - The General Fund is the principal operating fund of the Charter School and is used to account for all financial resources except those required to be in another fund.

Special Revenue Fund - This fund accounts for the grant proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Fund includes Federal and State grants along with local grants.

When both unassigned and unrestricted resources are available for use, it is the Charter School's policy to use restricted resources first, then unassigned resources as they are needed.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

THE PHOENIX SCHOOL CHARTER

Notes to the

Financial Statements

at

June 30, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Cash and Investments

The Charter School's cash and investments include amounts in demand deposits, certificates of deposit, savings accounts, and secured market deposit accounts.

E. Receivables

Accounts receivable represent federal and state grants and entitlements, as well as various miscellaneous fees and refunds. Due to the nature of the receivables and the likelihood of collection, no provision for uncollectable balances has been made.

F. Capital Assets

Capital assets which include furniture and equipment are reported in the government-wide financial statements.

Capital assets are defined by the Charter School as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Furniture and Equipment	5-7 years
-------------------------	-----------

Proceeds from sales of capital assets are recorded as revenue in the fund originally financing the purchase if identifiable; if not, then the revenue is recorded in the General Fund.

G. Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

H. Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures for the reporting period. Actual results could differ from those estimates.

THE PHOENIX SCHOOL CHARTER

Notes to the
Financial Statements at June 30, 2023 and 2022

2. CASH & INVESTMENTS

The Charter School's cash management policies are governed by the Charter School's policies.

Cash Deposits

	2023	2022
Checking - Banner Bank	\$ 64,169	\$ 512,523
Total	<u>\$ 64,169</u>	<u>\$ 512,523</u>

Deposits with financial institutions include bank demand deposits. For these demand deposits the total bank balance per the bank statements is \$140,891 at June 30, 2023. All of these deposits are covered by federal depository insurance or collateralized with securities held by financial institutions in the Charter School's name.

3. RECEIVABLES

Receivables as of year-end for the Charter School's individual major funds and non-major funds in the aggregate are as follows:

	General Fund	Special Revenue Fund	Total
Due from State Government	\$ 287,055	\$ 354,122	\$ 641,177
Due from Parent	1,670	-	1,670
Due from Other Funds	68,369	-	68,369
Total	<u>\$ 357,094</u>	<u>\$ 354,122</u>	<u>\$ 711,216</u>

The balance of Due from Parent is payable from The Phoenix School of Roseburg.

4. CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2023 and June 30, 2022 follows:

	July 1, 2022	Additions	Deletions	June 30, 2023
Assets being Depreciated:				
Furniture & Equipment	\$ 24,984	\$ -	-	\$ 24,984
Total Assets being Depreciated	24,984	-	-	24,984
Accumulated Depreciation	(24,984)	-	-	(24,984)
Net Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

THE PHOENIX SCHOOL CHARTER

Notes to the
Financial Statements at June 30, 2023 and 2022

4. CAPITAL ASSETS (Cont'd)

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Assets being Depreciated:				
Furniture & Equipment	\$ 24,984	\$ -	\$ -	\$ 24,984
Total Assets being Depreciated	24,984	-	-	24,984
Accumulated Depreciation	(24,906)	(78)		(24,984)
Net Capital Assets	<u>\$ 78</u>	<u>\$ (78)</u>	<u>\$ -</u>	<u>\$ -</u>

5. ACCOUNTS PAYABLE

Expenses incurred during the current fiscal year which were unpaid at the end of the year have been accrued and reflected as a liability in the combined balance sheet. The amounts are recorded as fund expenditures under the appropriate function and object expenditure category.

6. RELATED PARTY TRANSACTIONS

During the fiscal year the Charter School (Subsidiary) paid Phoenix School of Roseburg (Parent Company) \$955,347 for facilities and administrative services. The Agreement, between the parties, is for the lease of 26,000 square feet of Phoenix School of Roseburg's facility, office and administrative services, and professional services to implement a transitions program. The agreement is for July 01, 2022 to June 30, 2023 and will be negotiated annually.

7. PENSION PLAN

General Information about the Pension Plan

Plan Description

Employees of the district are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at [http://www.oregon.gov/pers/Pages/section/financial reports/fmancials.aspx](http://www.oregon.gov/pers/Pages/section/financial%20reports/fmancials.aspx).

7. PENSION PLAN (Cont'd)

Benefits Provided

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. 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 either 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. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

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

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes

After Retirement Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

Notes to the
Financial Statements _____ at _____ June 30, 2023 and 2022

7. PENSION PLAN (Cont'd)

2. **OPSRP Pension Program (OPSRP DB)**

Pension Benefits

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

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

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

3. **OPSRP Individual Account Program (OPSRP IAP)**

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.

7. PENSION PLAN (Cont'd)

3. **OPSRP Individual Account Program (OPSRP IAP) (Cont'd)**

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.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2020 actuarial valuation as subsequently modified by 2021 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2017.

Employer contributions for the year ended June 30, 2023 were \$152,074, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2023 were 25.18 percent for Tier One/Tier Two General Service Member, 22.07 percent for OPSRP Pension Program General Service Members, and 6 percent for OPSRP Individual Account Program.

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

At June 30, 2023 the district reported a liability of \$876,037 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. 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 entities, actuarially determined. At June 30, 2023, the district's proportion was 0.00572124 percent, which was decreased from its proportion of 0.00609049 percent measured as of June 30, 2022.

For the year ended June 30, 2023, the district's recognized pension expense of \$152,074. At June 30, 2023, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

THE PHOENIX SCHOOL CHARTER

Notes to the

Financial Statements

at

June 30, 2023 and 2022

7. PENSION PLAN (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 42,525	\$ 5,463
Changes of assumptions	137,455	1,256
Net difference between projected and actual earnings on investments	-	156,618
Changes in proportion share	167,106	184,766
Difference between employer contributions and proportionate share of contributions	<u>16,610</u>	<u>71,223</u>
Total (prior to post-MD contributions)	363,696	419,326
Contributions subsequent to the MD	<u>152,074</u>	
Total	<u><u>\$ 515,770</u></u>	<u><u>\$ 419,326</u></u>

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Amortization Period	Amortization Period
FY2021 31,222	FY2020
FY2022 -	FY2021 54,260
FY2023 -	FY2022 80,631
FY2024 59,461	FY2023 -
FY2025 -	FY2024 <u>11,424</u>
<u>\$ 90,683</u>	<u>\$ 146,315</u>

Actuarial Assumptions

The employer contribution rates effective July 1, 2021, through June 30, 2023 were set using the projected unit credit 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.

THE PHOENIX SCHOOL CHARTER

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7. PENSION PLAN (Cont'd)

Actuarial Assumptions (Cont'd)

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 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 16 years.

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2020 rolled forward to June 30, 2022
Experience Study Report	2020, published July 20, 2021
Actuarial Assumptions	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.40%
Long-term expected rate of return	6.90%
Investment rate of return	6.90%
Projected Salary Increase	3.40%
Retiree Healthcare Participation	Healthy Retirees 27.5% Disabled Retirees 15.0%
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. 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.

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

THE PHOENIX SCHOOL CHARTER

Notes to the

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7. PENSION PLAN (Cont'd)

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 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. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. 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.

<u>Asset Class/Strate</u>	<u>Assumed Asset Allocation</u>		
	<u>Low Range</u>	<u>High Range</u>	<u>Target</u>
Debt Securities	15.0%	25.0%	20.0%
Public Equity	25.0%	35.0%	30.0%
Real Estate	7.5%	17.5%	12.5%
Private Equity	15.0%	27.5%	20.0%
Risk Parity	0.0%	3.5%	2.5%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategi	2.5%	10.0%	7.5%
Opportunity Portfoli	0.0%	5.0%	0.0%

<u>Asset Class</u>	info the same for all municipalities	<u>ation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income		%	4.50%
Short-Term Bonds		8.00%	3.70%
Intermediate - Term Bonds		3.00%	4.10%
High Yield Bonds		1.80%	6.66%
Large Cap US Equities		11.65%	7.20%
Mid Cap US Equities		3.88%	7.30%
Small Cap US Equities		2.27%	7.45%
Developed Foreign Equities		14.21%	6.90%
Emerging Foreign Equities		5.49%	7.40%
Private Equities		20.00%	8.26%
Opportunity Funds/ Absolute Return		5.00%	6.01%
Real Estate (property)		13.75%	6.51%
Real Estate (REITS)		2.50%	6.76%
Commodities		1.25%	6.07%
Total		<u>100.00%</u>	
Assumed Inflation - Mean			2.75%

7. PENSION PLAN (Cont'd)

Depletion Date Projection

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.9 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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7. PENSION PLAN (Cont'd)

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 6.9 percent, as well as what the district's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9 percent) or 1-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% increase (7.9%)
District's proportionate share of the net pension liability (asset)	\$ 1,553,575	\$ 876,037	\$ 308,968

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Payables to the Pension Plan

The district reported payables of legally required contributions to the pension plan in the amount of \$152,074.

Changes in Plan Provisions During the Measurement Period

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS will make restoration payments to those benefit recipients.

OPERS members who have accrued benefits before and after the effective periods of the 2013 legislation will have a blended COLA rate when they retire.

This change in benefit terms were reflected in the current valuation.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2022 measurement date.

7a. OTHER POST EMPLOYMENT BENEFITS RHIA (GASB 75)

Plan Description:

As a member of Oregon Public Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible

Notes to the

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7a. OTHER POST EMPLOYMENT BENEFITS RHIA (GASB 75) (Cont'd)

retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy:

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.50% of annual covered OPERF payroll and 0.43% of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortized any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

At June 30, 2023, the District reported a net OPEB asset of \$0 for its proportionate share of the net OPEB asset. The OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB liability/(asset) 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. As of the measurement date of June 30, 2022, the District's proportion was 0.0000 percent. OPEB expense for the year ended June 30, 2023 was \$(5,214).

THE PHOENIX SCHOOL CHARTER

Notes to the
Financial Statements _____ at _____ June 30, 2023 and 2022

7a. OTHER POST EMPLOYMENT BENEFITS RHIA (GASB 75) (Cont'd)

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/Income	-
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share	5,214
- Differences between employer contributions and employer's proportionate share of system contributions	<u>-</u>
Employer's Total OPEB Expense/(Income)	5,214

Components of Deferred Outflows/Inflows of Resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	-	-
Changes in proportion	10,763	1,932
Difference between employer contributions and proportionate share of contributions	<u>-</u>	<u>-</u>
Total (prior to post-MD contributions)	10,763	1,932
Contributions subsequent to the MD	<u>-</u>	<u>-</u>
Total	<u>\$ 10,763</u>	<u>\$ 1,932</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2022.

THE PHOENIX SCHOOL CHARTER

Notes to the

Financial Statements

at

June 30, 2023 and 2022

7a. OTHER POST EMPLOYMENT BENEFITS RHIA (GASB 75) (Cont'd)

Amounts reported as deferred outflows or inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30

2021	\$ (3,986)
2022	(3,095)
2023	(1,317)
2024	(1,822)
2025	-
Thereafter	-
Total	\$ (10,220)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2022. That independently audited report was dated April 11, 2020 and can be found at:

http://www.oregon.gov/pers/EMP/Documents/GASB/2018/GASB_75_06.30.2017.pdf

Actuarial Methods and Assumptions:

Valuation Date, Measurement Date	December 31, 2020 rolled forward to June 30, 2022
Experience Study Report	2020, published July 20, 2021
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.50%
Long-term expected rate of return	6.90%
Discount rate	6.90%
Projected Salary Increases	3.40%
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with MORO decision, blend based on service.
Mortality	<p>Healthy 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>

(Source: June 30, 2022 PERS CAFR)

7a. OTHER POST EMPLOYMENT BENEFITS RHIA (GASB 75) (Cont'd)

Actuarial valuations of an ongoing plan involve estimates of 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 method and assumptions shown are based in the 2020 Experience Study which is reviewed for the four-year period ending December 31, 2020.

Discount Rate:

The discount rate used to measure the total OPEB liability was 6.9 percent. The projection of cash flows used to determine the discount rate assumed that contributions from 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 plan 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 July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumption team and the Oregon Investment Council's

(OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

THE PHOENIX SCHOOL CHARTER

Notes to the

Financial Statements

at

June 30, 2023 and 2022

7a. OTHER POST EMPLOYMENT BENEFITS RHIA (GASB 75) (Cont'd)

Asset Class	info the same for all municipalities	ation	Compounded Annual Return (Geometric)
Core Fixed Income		%	4.50%
Short-Term Bonds	8.00%		3.70%
Intermediate - Term Bonds	3.00%		4.10%
High Yield Bonds	1.80%		6.66%
Large Cap US Equities	11.65%		7.20%
Mid Cap US Equities	3.88%		7.30%
Small Cap US Equities	2.27%		7.45%
Developed Foreign Equities	14.21%		6.90%
Emerging Foreign Equities	5.49%		7.40%
Private Equities	20.00%		8.26%
Opportunity Funds/ Absolute Return	5.00%		6.01%
Real Estate (property)	13.75%		6.51%
Real Estate (REITS)	2.50%		6.76%
Commodities	1.25%		6.07%
Total	100.00%		

Assumed Inflation - Mean

2.75%

Sensitivity of the District's proportionate share of the net OPEB liability/(asset) to changes in the discount rate - The following presents the District's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.9 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9 percent) or 1-percentage-point higher (7.9 percent) than the current rate.

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% increase (7.9%)
District's proportionate share of the net RHIA liability (asset)	\$ -	\$ -	\$ -

8. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Charter School expects such amount, if any, to be immaterial.

THE PHOENIX SCHOOL CHARTER

Notes to the
Financial Statements _____ at _____ June 30, 2023 and 2022

9. ECONOMIC DEPENDENCY

State of Financial Accounting Standards (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenue. The Basic School Support funding provided by the state to all public school systems in Oregon is primarily based on student enrollment. Douglas County School District 4-Roseburg provided \$1,724,921 to the Charter School, which represents approximately 72% of the Charter School's total revenue for the year.

10. COMMITMENTS & CONTINGENCIES

A substantial portion of operating funding is received from the State of Oregon through the Douglas County School District 4-Roseburg. State funding is determined through state wide revenue projections that are paid to individual school districts based on pupil counts and other factors in the state school fund revenue formula. Since these projections and pupil counts fluctuate, they can cause increases or decrease in revenue. Due to these future uncertainties at the state level, the future effect on the operations cannot be determined.

The Phoenix School Charter operates under authority of the Douglas County School District 4-Roseburg who grants a charter to the school and exercises oversight as required by Oregon law. The effect of non-renewal of the charter has not been determined.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 29, 2023, the date on which the financial statements were available to be issued. As of December 29, 2023, there were no reportable subsequent events.

Required Supplemental Information

THE PHOENIX SCHOOL OF ROSEBURG CHARTER
Schedules of Required Supplementary Information
Relating to the Oregon Public Employees Retirement System Net Pension Liability
For the Fiscal Year Ended June 30, 2023

Schedule of Proportionate Share of Net Pension Liability

	2023	2022	2021	2020	2019	2018	2017	2016
OPERS net pension liability (asset) - calculated	\$15,312,012,780	\$11,966,475,604	\$21,823,434,588	\$17,297,607,455	\$15,148,686,556	\$13,480,038,841	\$15,012,280,788	\$5,741,540,445
District's proportion of the net pension liability (asset)	0.00572124%	0.00609049%	0.00540321%	0.00753758%	0.00414597%	0.39957600%	0.00040714%	0.00031030%
District's proportionate share of the net pension liability (asset)	\$876,037	\$728,817	\$1,179,166	\$1,303,821	\$628,060	\$538,630	\$61,121	\$17,816
District's PERS covered payroll	\$532,102	\$632,325	\$501,440	\$554,373	\$490,649	\$491,513	\$304,248	\$386,313
District's proportionate share of the net pension liability (asset) as a percentage of its PERS covered payroll	164.64%	115.26%	235.16%	235.19%	128.01%	109.59%	20.09%	4.61%

Schedule of Contributions

	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	\$515,770	\$710,792	\$824,283	\$943,709	\$653,390	\$664,882	259,977	\$189,260
Contributions in relation to the contractually required contribution	(\$152,084)	(\$177,096)	(\$195,735)	(\$154,026)	(\$151,729)	(\$153,818)	(\$86,035)	(\$70,046)
Contribution deficiency (excess)	\$363,686	\$533,696	\$628,548	\$789,683	\$501,661	\$511,064	\$173,942	\$119,214
District's PERS covered payroll	\$532,102	\$632,325	\$501,440	\$554,373	\$490,649	\$491,513	\$304,248	\$386,313
Contributions as a percentage of PERS covered payroll	96.93%	112.41%	164.38%	170.23%	133.17%	135.27%	85.45%	48.99%

Other Supplemental Information

THE PHOENIX SCHOOL CHARTER

Schedule of Revenues, Expenditures and Changes in Fund Balance

General Fund

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUES:		
Local Sources		
Grants	\$ 14,600	\$ 12,177
Admin Overhead-Charter Special Revenue	25,568	6,078
Miscellaneous	10,839	1,810
Total Local Sources	<u>51,007</u>	<u>20,065</u>
State Sources		
School Referral Fees	1,724,921	1,734,566
Total State Sources	<u>1,724,921</u>	<u>1,734,566</u>
Total Revenues	<u>1,775,928</u>	<u>1,754,631</u>
EXPENDITURES:		
Instruction:		
Salaries	441,071	329,088
Employee Benefits	315,881	343,650
Purchased Services	28,552	27,857
Supplies & Materials	15,260	19,976
Total Instruction	<u>800,764</u>	<u>720,571</u>
Support Services:		
Salaries	91,031	98,921
Purchased Services	1,054,237	1,052,332
Supplies & Materials	1,862	5,358
Other Objects	38,103	19,300
Total Support Services	<u>1,185,233</u>	<u>1,175,911</u>
Total Expenditures	<u>1,985,997</u>	<u>1,896,482</u>
Excess of Revenues and Other Financing Sources over Expenditures	(210,069)	(141,851)
FUND BALANCE June 30, 2022 and 2021	327,653	469,504
FUND BALANCE June 30, 2023 and 2022	<u>\$ 117,584</u>	<u>\$ 327,653</u>

THE PHOENIX SCHOOL CHARTER

Schedules of Expenditures
General Fund

For the Years Ended June 30, 2023 and 2022

	2023	2022
SALARIES:		
Administrative	\$ 72,422	\$ 79,290
Instructional	441,071	329,088
Substitutes	18,609	19,631
Total Salaries	532,102	428,009
EMPLOYEE BENEFITS:		
Health Insurance	80,972	120,449
Life Insurance	3,522	3,214
Workers Comp and Accident Insurance	2,336	3,836
Employer Taxes	96,157	57,156
Retirement	131,623	158,995
Wellness Benefit	1,271	-
Total Employee Benefits	315,881	343,650
PURCHASED SERVICES:		
Instruction Services:		
Instructional Services	9,734	12,987
Student Services	6,402	-
Busing Service	524	1,902
Field Trips	-	400
Staff Development	548	3,598
Payroll Services	11,344	8,970
Support Services:		
Professional Services	507,503	506,067
Property Services	449,280	449,280
Student Support Services	27,746	22,897
Travel	-	264
Telephones	21,923	37,329
Office Expenses	56	9,127
Postage	1,472	2,366
Printing and Binding	28,320	16,558
Vape Monitoring /system	1,768	-
Advertising	7,475	-
Audit Service	8,000	7,500
Data Processing Services	694	944
Americorps	-	-
Total Purchased Services	1,082,789	1,080,189
SUPPLIES AND MATERIALS:		
Instructional Services		
School Supplies	2,415	6,508
Incentives	725	5,640
Curriculum	5,683	4,110
Special Events	6,437	3,718
Support Services		
Computer Software, Supplies & Support	1,862	5,358
Total Supplies and Materials	17,122	25,334
OTHER:		
Computer Equipment	14	8,949
Dues and Fees	11,256	7,782
Liability Insurance	24,264	-
Student Insurance	2,569	2,569
Total Other	38,103	19,300
Total Expenditures	\$ 1,985,997	\$ 1,896,482

THE PHOENIX SCHOOL CHARTER

Schedules of Revenues, Expenditures and Changes in Fund Balance
Special Revenue Fund
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUES AND SUPPORT:		
Grants:		
ESSER Funds for CARES Act	\$ -	\$ 370,567
Chalkboard Grant	-	500
SIA Grant	135,884	121,340
ODE HS Summer Learn	32,953	71,925
ODE K-8 Summer Learn	23,848	27,686
SSA Grant	38,392	11,492
ODE Measure 98 High School Success Grant	72,357	154,504
SM 8th Grade	-	12,043
ODE Early Indicataor Grant	558	553
ODE YDD Grant	-	32,000
Recruit and Retention Grant	12,000	-
CCR 22-23	5,000	-
21-23 Reengagement Opportunity	208,000	-
Youth Incentives	5,000	-
High School Success 21-23	72,357	-
Professional Development	7,150	-
Total Grants	<u>613,499</u>	<u>802,610</u>
EXPENDITURES:		
Instruction:		
Purchased Services	514,423	285,861
Supplies and Materials	418,971	53,263
Total Instruction	<u>933,393</u>	<u>339,124</u>
Total Expenditures	<u>933,393</u>	<u>339,124</u>
Excess of Revenues Over (Under) Expenditures	(319,894)	463,486
FUND BALANCE June 30, 2022 and 2021	<u>605,646</u>	<u>142,160</u>
FUND BALANCE June 30, 2023 and 2022	<u>\$ 285,752</u>	<u>\$ 605,646</u>

THE PHOENIX SCHOOL CHARTER

Schedules of Expenditures
Special Revenue Fund

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
PURCHASED SERVICES:		
Instructional Salaries	\$ 399,289	\$ 176,658
Administration	35,511	27,658
Employee Benefits	38,637	27,907
Payroll Taxes	15,203	3,818
Instructional Services	3,578	40,390
Professional Services	19,270	7,909
Student Transportation	1,296	-
Travel	1,639	1,521
Total Purchased Services	<u>514,423</u>	<u>285,861</u>
SUPPLIES AND MATERIALS:		
Instructional Supplies	5,059	8,100
Meals and Supplies	-	76
Incentives	1,113	9,356
Curriculum	11,470	14,648
Staff Development	6,625	2,141
Computer Software	17,078	5,537
Equipment	375,262	8,349
Computer Equipment	2,363	54,556
Special Event	-	500
	<u>418,971</u>	<u>103,263</u>
Total Expenditures	<u>\$ 933,393</u>	<u>\$ 389,124</u>

Auditor's Comments



INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
The Phoenix Charter School
3131 NE Diamond Lake Blvd
Roseburg, OR 97470

We have audited the basic financial statements of the Phoenix Charter School as of and for the year ended June 30, 2023 and 2022, and have issued our report thereon dated December 29, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Phoenix Charter School'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 162-10-000 through 162-10-320 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).
- State school fund factors and calculation.

In connection with our testing nothing came to our attention that caused us to believe the Charter School was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

**The Phoenix School Charter
Independent Auditor's Report**

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the Charter School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over financial reporting.

Restrictions on Use

This report is intended solely for the information and use of the Board of Directors and management of Phoenix Charter School and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Neuner, Davidson & Co
Certified Public Accountants

A handwritten signature in black ink, appearing to read "Jeffrey R. Cooley", is written over a horizontal line.

Jeffrey R. Cooley, CPA
Roseburg, Oregon
December 29, 2023