

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022



**12700 SW 72nd Ave.
Tigard, OR 97223**

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

2021-2022 FINANCIAL REPORT

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SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

2021-2022 FINANCIAL REPORT

BOARD OF EDUCATION

TERM EXPIRES

Phil Lager, Vice Chair

June 30, 2025

Michelle Graham

June 30, 2023

Gwynn Klobes

June 30, 2025

James Hoag

June 30, 2023

Will Kessi, Chair

June 30, 2023

Summer Hoag

June 30, 2025

Branda Jurasek

June 30, 2023

Board members receive mail at the District Office address listed below

ADMINISTRATION

Tim Porter, Superintendent
Mitch Neilson, Business Manager
33589 SE High School Way
Scappoose, Oregon 97056

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SCAPPOOSE SCHOOL DISTRICT NO. 1J

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November 17, 2022

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Scappoose School District No. 1J
Columbia County, Oregon

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Scappoose School District No. 1J, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the 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 Scappoose School District No. 1J, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Scappoose School District No. 1J 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.

Change in Accounting Principle

The District adopted new accounting guidance, GASB Statement No. 87- Leases during the fiscal year under audit. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 Scappoose School District No. 1J'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.

Auditors' 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 auditors' 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 Scappoose School District No. 1J'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 Scappoose School District No. 1J'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, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, 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. 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 supplementary information, as listed in the table of contents, 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 other information, as listed in the table of contents, and the listing of board members containing their term expiration dates, located before the table of contents, but does not include the basic financial statements and our auditors' 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.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2022 on our consideration of the internal control over financial reporting and on our tests of 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 effectiveness of 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 internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 17, 2022, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as 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.



Tara M Kamp, CPA
PAULY, ROGERS AND CO., P.C.

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SCAPPOOSE SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Our discussion and analysis of Scappoose School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022

FINANCIAL HIGHLIGHTS

- At June 30, 2022 the District's liabilities exceeded assets by \$7,564,266.
- The District has \$19,701,355 of outstanding long-term bond liability as of June 30, 2022.
- The debt service fund has property taxes as its primary revenue source.
- At June 30, 2022, the General Fund had an unassigned fund balance of \$2,687,839.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Scappoose School District'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 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 and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Scappoose School 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 distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). As is typical for a school district, Scappoose School District has governmental activities, which include instruction, supporting services, facilities, food services, community service, and debt service.

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 the Scappoose School District can be divided into two categories: governmental funds and fiduciary 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 a government'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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Scappoose School District maintains three different individual major governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Federal Funds, Special Revenue, and Other Governmental, all of which are considered to be major funds.

Scappoose School District adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their budgets.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the district's own programs.

Government-Wide Financial Analysis

Net position. As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of Scappoose School District, liabilities exceeded assets by \$7,564,266 at the close of the most recent fiscal year. Implementation of GASB 68 and 71 require reporting of the Scappoose School District's share of PERS liabilities.

Due to the implementation of GASB Statements 68 and 71, the current liability to PERS for Scappoose School District is (\$14,854,048) based on the actuarial data provided by OPERS and Milliman.

Condensed Statement of Net Assets			
Total School District			
Governmental Activities			
	2021		2022
Assets			
Current and other assets	\$ 9,712,836	\$	9,336,844
Net Capital Assets	27,197,832		26,604,578
Total Assets	36,910,668	0	35,941,422
Deferred Outflows of Resources			
Pension Related Deferral	9,976,981		9,294,741
Total Deferred Outflows	9,976,981		9,294,741
Liabilities			
Long-term debt outstanding	\$ 22,104,073	\$	19,701,355
Other Liabilities	3,657,913		4,029,612
Total Pension Liability - OPEB	902,856		645,102
Total Early Retirement Liability	197,695		183,530
Net Pension Liability - PERS	27,191,504		14,854,048
Total Liabilities	54,054,041		39,413,647
Deferred Inflows of Resources			
Net deferred pension asset			
OPEB Related Deferral - Medical	217,134		425,468
Pension Related Deferral - Stipend	7,834		3,268
Pension Related Deferral - RHIA	122,774		96,729
Pension Related Deferral - PERS	2,070,293		12,388,739
Lease Receivable Deferral	-		472,578
Total Deferred Inflows	2,418,035		13,386,782
Net Assets			
Invested in capital assets, net of related debt	4,473,371		5,787,374
Unrestricted/Restricted	-14,057,798		-13,351,640
Total net position	-9,584,427	\$	-7,564,266

The largest portion of the District's total assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The District uses these capital assets for classrooms and supporting services to provide K-12 education. These assets are not available for future spending. 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. Capital assets themselves cannot be used to liquidate these liabilities.

The revenues and expenses shown above reflect changes in net position for the fiscal year 2022.

Revenues. Since the District's mission is to provide a free and appropriate public education for K-12 students within its boundaries, the District may not charge for its core services. As expected, general revenues provide 86.06% of the funding required for governmental programs. Property taxes and State school fund combined account for 80.14% of general revenues. Charges for services are only 0.74% of total revenues. The impacts of COVID 19 reduced or eliminated student fees, paid meals for food service, athletic fees and rental fees

Operating grants and contributions represent 13.20% of total revenues. This included grant awards for ESSER and other COVID 19 support programs.

	District Governmental Activities 2021	District Governmental Activities 2022	Percentage of Total
Revenues			
Program Revenues			
Charges for services	\$ 134,270	260,547	0.74%
Operating Grants & Contributions	2,394,347	4,629,627	13.20%
Total Program Revenues	2,528,617	4,890,174	13.94%
General Revenues			0.00%
Property taxes	12,044,913	12,710,168	36.23%
State school fund	15,002,536	15,403,087	43.91%
Intermediate sources	1,291,632	2,020,513	6.10%
Investment earnings	67,113	57,034	0.16%
Unrestricted Federal Revenue			
Total General Revenues	28,406,194	30,190,802	86.06%
Total Revenues	30,934,811	35,080,976	100.00%
Expenses			
Instruction	18,531,934	18,881,781	57.02%
Supporting Services	10,694,575	13,191,977	39.84%
Food services	560,282	512,391	1.55%
Interest on long-term debt	674,730	528,528	1.60%
Total Expenses	30,461,521	33,114,677	100.00%
Change in Net Position	473,290	1,966,299	
Net assets - beginning	(10,057,717)	(9,548,427)	
Net position restated	\$ (9,584,427)	(7,582,128)	

Expenses. Expenses related to governmental activities are presented in four broad functional categories. Costs of direct classroom instruction activities account for 57.02% of the total expenses. In addition, more than half of the costs in supporting services relate to student supports, instructional staff, school administration and transportation.

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$8,279,834. The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,687,839.

Capital Assets and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2022 amounts to \$27,519,336 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and furniture.

Capital Assets (net of depreciation)

	Total School District Governmental	
	<u>2021</u>	<u>2022</u>
Land	\$ 914,758	914,758
Total not being depreciated	914,758	914,758
Buildings and site improvements	49,131,236	49,433,582
Equipment	676,579	715,295
Leased Equipment Right to Use	-	233,709
Total being depreciated	49,807,815	50,382,586
Buildings & improvements	(22,161,145)	(23,215,880)
Equipment	(448,838)	(503,701)
Leased Equipment Right to Use	-	(58,427)
Total accumulated depreciation	(22,609,983)	(23,778,008)
Total being depreciated, net	27,197,832	26,604,578
Total Capital Assets, net	\$ 28,112,590	27,519,336

Long-term debt. At the end of the current fiscal year, the District had total long-term debt outstanding of \$22,689,550.

Outstanding Long-Term Debt	Total School District	
	<u>2021</u>	<u>2022</u>
General obligation bonds	\$21,315,000	\$19,340,000
Bond Premium/Issue Costs	\$2,764,073	\$3,349,550
Total	\$24,079,073	\$22,689,550

Economic Factors and Next Year's Budgets

Due to the restructuring of the state school funding procedure several years ago in an attempt to balance the state's budget, the Legislature cut significant funding to school districts, and at the same time, attempted to provide some accounting options included in SB 1022. The bill allows the district to record revenues as a receivable in the current fiscal year, and receive a payment that is equivalent to that amount in the following year. Recording the receivable as revenue would not be acceptable under generally accepted accounting principles since the state has no obligation to restore the shortfall. Scappoose School District does not participate in SB 1022 accrual method.

The most significant factor for the District in regards to funding is the State of Oregon's State School Fund. Oregon school funding is based on the numbers and classifications of students served over the course of the year. The Fund includes local resources (primarily property taxes) and state sources (primarily personal and business income taxes).

Future PERS rate changes in 2023 and increasing health care costs will put upward pressure on payroll expenses. A slowdown in the state economy, decrease in enrollment or a reduction in State School Funding will impact district revenue.

Requests for Information

This financial report is designed to provide a general overview of Scappoose School District's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Scappoose School District Office at 33589 SE High School Way, Scappoose, Oregon 97056.

Mitch Neilson

Signature

Scappoose School District 1J Business Manager

Title

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2022

ASSETS:		
Cash and Cash Equivalents	\$	5,779,259
Property Taxes Receivable		511,683
Other Receivables		1,431,035
Lease Receivable		472,578
Total OPEB Asset for RHIA		227,531
Capital Assets - Non Depreciable		914,758
Capital Assets - Net of Depreciation		26,604,578
Total Assets		35,941,422
DEFERRED OUTFLOWS OF RESOURCES:		
OPEB Related Deferral - Medical		252,364
Pension Related Deferral - PERS		8,880,297
Pension Related Deferral - Stipend		31,038
OPEB Related Deferral - RHIA		131,042
Total Deferred Outflows of Resources		9,294,741
LIABILITIES:		
Accounts Payable		208,185
Accrued Payroll, Taxes, and Employee Withholdings		1,503,970
Unearned Revenue		17,950
Interest Payable		33,068
Accrued Compensated Absences		54,153
Current Portion of Long-Term Debt		2,212,286
Non-current Liabilities		
Long-Term Debt		19,701,355
Total OPEB Liability for Medical		645,102
Total Pension Liability - Stipend		183,530
Net Pension Liability - PERS		14,854,048
Total Liabilities		39,413,647
DEFERRED INFLOWS OF RESOURCES:		
OPEB Related Deferral - Medical		425,468
Pension Related Deferral - Stipend		3,268
Pension Related Deferral - PERS		12,388,739
OPEB Related Deferral - RHIA		96,729
Lease Receivable Related Deferral		472,578
Total Deferred Inflows of Resources		13,386,782
NET POSITION:		
Net investment in capital assets		5,787,374
Restricted		
Restricted for debt service		114,770
Restricted for special programs		2,619,186
Unrestricted		(16,085,596)
Total Net Position		\$ (7,564,266)

See accompanying notes to basic financial statements

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 18,881,781	\$ 247,092	\$ 3,710,787	\$ (14,923,902)
Support Services	13,191,977	-	-	(13,191,977)
Community Services	512,391	13,455	918,840	419,904
Interest on Long-Term Debt	528,528	-	-	(528,528)
Total Governmental Activities	<u>\$ 33,114,677</u>	<u>\$ 260,547</u>	<u>\$ 4,629,627</u>	<u>(28,224,503)</u>
General Revenues:				
Property Taxes				12,710,168
State Revenue Sharing				15,403,087
Interest and Investment Earnings				57,034
Unrestricted Federal Sources				214,467
Other Local and Intermediate Sources				<u>1,806,046</u>
Total General Revenues				<u>30,190,802</u>
Change in Net Position				1,966,299
Net Position - Beginning				<u>(9,584,427)</u>
Prior Period Adjustment				<u>53,862</u>
Net Position - Ending				<u>\$ (7,564,266)</u>

See accompanying notes to basic financial statements

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	GENERAL FUND	SPECIAL REVENUE FUNDS	FEDERAL FUNDS	OTHER GOVERNMENTAL	TOTALS
ASSETS:					
Cash and Investments	\$ 3,272,145	\$ 1,828,192	\$ -	\$ 678,922	\$ 5,779,259
Receivables					
Taxes	393,130	-	-	118,553	511,683
Accounts	864,857	379,710	87,185	99,283	1,431,035
Leases	5,990	466,588	-	-	472,578
Due from Other Funds	85,279	-	-	-	85,279
Total Assets	<u>\$ 4,621,401</u>	<u>\$ 2,674,490</u>	<u>\$ 87,185</u>	<u>\$ 896,758</u>	<u>\$ 8,279,834</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY:					
Liabilities:					
Salaries and Benefits Payable	\$ 1,503,970	\$ -	\$ -	\$ -	\$ 1,503,970
Accounts Payable	130,003	75,030	3,133	19	208,185
Unearned Revenue	-	-	-	17,950	17,950
Due to Other Funds	-	-	85,279	-	85,279
Total Liabilities	<u>1,633,973</u>	<u>75,030</u>	<u>88,412</u>	<u>17,969</u>	<u>1,815,384</u>
Deferred Inflows of Resources:					
Unavailable Revenue - Property Taxes	293,599	-	-	96,026	389,625
Unavailable Revenue - Leases	5,990	466,588	-	-	472,578
Total Deferred Inflows of Resources	<u>299,589</u>	<u>466,588</u>	<u>-</u>	<u>96,026</u>	<u>862,203</u>
Fund Balances:					
Restricted	-	2,132,872	-	782,763	2,915,635
Unassigned	2,687,839	-	(1,227)	-	2,686,612
Total Fund Balances	<u>2,687,839</u>	<u>2,132,872</u>	<u>(1,227)</u>	<u>782,763</u>	<u>5,602,247</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances					
	<u>\$ 4,621,401</u>	<u>\$ 2,674,490</u>	<u>\$ 87,185</u>	<u>\$ 896,758</u>	<u>\$ 8,279,834</u>

See accompanying notes to basic financial statements

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2022

Total Fund Balances - Governmental Funds	\$	5,602,247
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The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole.

Net Capital Assets		27,519,336
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Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Position.

Long term Liabilities

General Obligation Bonds Payable	\$ (19,516,866)		
Bond Premium	(2,396,775)		
Interest Payable	(33,068)		
Accrued Compensated Absences	<u>(54,153)</u>		
			(22,000,862)

The proportionate share of the PERS net pension liability is not reported as a liability in the District's governmental activities.		(14,854,048)
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The proportionate share of the OPEB Retiree Health Insurance Account OPEB asset is not reported as an asset in the District's governmental activities.		227,531
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The early retirement total net pension liability is not reported as a liability in the District's governmental activities.		(183,530)
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The total OPEB liability is not reported as a liability in the District's governmental activities.		(645,102)
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The OPEB related deferrals are not reported as deferred inflows or outflows in the District's governmental activities.

Deferred Outflow - RHIA	\$ 131,042		
Deferred Outflow - Medical	252,364		
Deferred Inflow - RHIA	(96,729)		
Deferred Inflow - Medical	<u>(425,468)</u>		
			(138,791)

The pension related deferrals are not reported as deferred inflows or outflows in the District's governmental activities.

Deferred Outflow - PERS	\$ 8,880,297		
Deferred Outflow - Stipend	31,038		
Deferred Inflow - PERS	(12,388,739)		
Deferred Inflow - Stipend	<u>(3,268)</u>		
			(3,480,672)

A portion of the District's revenues are collected after year-end, but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the District's governmental activities.

		<u>389,625</u>
Net Position	\$	<u>(7,564,266)</u>

See accompanying notes to basic financial statements

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

REVENUES:	GENERAL FUND	SPECIAL REVENUE FUNDS	FEDERAL FUNDS	OTHER GOVERNMENTAL	TOTALS
Local Sources:					
Property Taxes	\$ 9,793,282	\$ -	\$ -	\$ 2,861,292	\$ 12,654,574
Interest	29,620	20,539	-	6,875	57,034
Other Local Sources	468,308	170,267	-	702,444	1,341,019
Intermediate Sources	481,450	176,264	-	67,860	725,574
State Sources	13,764,616	3,302,598	-	9,957	17,077,171
Federal Sources	209,589	4,578	2,037,003	918,840	3,170,010
Total Revenues	24,746,865	3,674,246	2,037,003	4,567,268	35,025,382
EXPENDITURES:					
Current:					
Instruction	15,344,750	2,397,469	1,226,396	-	18,968,615
Support Services	9,833,365	1,550,439	813,657	1,112,289	13,309,750
Community Services	-	-	-	514,748	514,748
Capital Outlay	45,588	-	-	295,588	341,176
Debt Service	-	-	-	2,874,734	2,874,734
Total Expenditures	25,223,703	3,947,908	2,040,053	4,797,359	36,009,023
Excess (deficiency) of revenues over (under) expenditures	(476,838)	(273,662)	(3,050)	(230,091)	(983,641)
Other Financing Sources, (Uses):					
Transfers In	-	849,956	-	5,893	855,849
Transfers Out	(855,849)	-	-	-	(855,849)
Total Other Financing Sources, (Uses)	(855,849)	849,956	-	5,893	-
Net Change in Fund Balance	(1,332,687)	576,294	(3,050)	(224,198)	(983,641)
Beginning Fund Balance	3,967,052	1,556,578	1,550	1,006,846	6,532,026
Prior Period Adjustment	53,474	-	273	115	53,862
Ending Fund Balance	\$ 2,687,839	\$ 2,132,872	\$ (1,227)	\$ 782,763	\$ 5,602,247

See accompanying notes to basic financial statements

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2022

Total Net Changes in Fund Balances - Governmental Funds	\$	(983,641)
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes in liability balances.

Bond Premium Amortization	367,298	
GO Bond Principal Payment	1,975,000	
Leased Equipment	56,843	
Compensated Absences	2,329	
		2,401,470

Capital asset additions are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which capital assets additions exceeds depreciation and amortization.

Capital Asset Additions, Net	341,062	
Depreciation and Amortization Expense	(1,168,025)	
		(826,963)

Pension expense represents the change in net pension asset (liability) from year to year due to changes in total pension liability and the fair value of the pension plan net position available to pay PERS pension benefits, and is not included in the governmental funds.	1,276,938
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Pension expense represents the change in total pension liability from year to year related to the early retirement supplement program and is not included in the governmental funds	16,758
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OPEB - expense represents the net change in total pension liability from year to year	1,823
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OPEB expense represents the net change in total pension liability from year to year related to the medical benefit OPEB and is not included in the governmental funds	20,412
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	3,908
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Property tax revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes unavailable revenue for all property taxes levied but not received, however in the Statement of Activities, there is no unavailable revenue and the full property tax receivable is accrued.	55,594
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Change in Net Position of Governmental Activities	\$	1,966,299
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See accompanying notes to basic financial statements

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (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 more significant accounting policies are described below.

A. REPORTING ENTITY

Scappoose School District No. 1J (the District) is a municipal corporation governed by an elected seven-member Board of Directors. Administration officials are approved by the Board. The daily functioning is under the supervision of the Superintendent-Clerk. As required by accounting principles generally accepted in the United States of America, all activities have been included in these basic financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts which provide services within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units, as defined by GASB 61, or included in these basic financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statements of Activities display information about the reporting government as a whole.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues included in the Statement of Activities derive directly from the program itself or from parties outside taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from general revenues.

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. Funds are maintained consistent with legal requirements.

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for the general government activities. Governmental fund types use the flow of *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “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 (within 30 days of year end). Property tax revenue and proceeds from sale of property are not considered available and, therefore, are not recognized until received. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences and claims and judgments which are recognized as expenditures because they will be liquidated with expendable financial resources.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following major governmental funds are reported:

GENERAL FUND

This fund accounts for the financial operations except those required to be accounted for in another fund. Principal sources of revenue are property taxes and distributions from the State of Oregon School Support Fund. Expenditures in the fund are for instructional purposes and related support services.

SPECIAL REVENUE FUNDS

This fund’s main source of revenue is non-federal grants and community use fees.

FEDERAL FUND

This fund handles federal revenue and expenditures.

OTHER GOVERNMENTAL FUNDS

The Other Governmental Funds account for the aggregate of all non-major governmental funds.

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

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

CASH AND CASH EQUIVALENTS

The 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.

Fair Value Inputs and Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 up 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 price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY TAXES

Uncollected real and personal property taxes are reflected on the statement of net position and the balance sheet as receivables. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District boundaries.

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 distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are payable in three installments due on November 15, February 15 and May 15.

Property tax collections are distributed monthly except for November, when such distributions are made weekly.

GRANTS

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability in the balance sheet and statement of net position.

SUPPLIES INVENTORIES

School operating supplies, maintenance supplies, and food and other cafeteria supplies are all considered by management immaterial for reporting purposes at year end.

LEASE RECEIVABLES

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the government, reduced by principal payments received.

CAPITAL ASSETS

Capital assets, which include land, buildings, equipment and construction in progress, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost.

Donated Capital assets are recorded at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	10 to 50 years
Equipment	5 to 15 years

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASE ASSETS

Lease assets are assets which the government leases for a term of more than one year. The value of leases is determined by the net present value of the leases at the government's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

COMPENSATED ABSENCES

It is policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when employees separate from service. All vacation pay is accrued in the government-wide statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements. Compensated Absences payable as of June 30, 2022 totaled \$54,152.

LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

LEASES LIABILITY

In the government-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

NET POSITION

Net position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories.

- Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – consists of all other net position items that are not included in the other categories previously mentioned.

Restricted net position is spent first when both restricted and unrestricted resources are available.

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND EQUITY

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Authority to classify portions of ending fund balance as Assigned was granted to the Superintendent and the Business Manager.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The District's deferred outflows are clearly labeled on the face of the financial statements.

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(s) and so will *not* be recognized as an

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (CONTINUED)

inflow of resources (revenue) until that time. The District's deferred inflows are clearly labeled on the face of the financial statements.

RETIREMENT PLANS

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's 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 benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

A budget is prepared and legally adopted for each fund in accordance with Oregon Local Budget Law. The budget is prepared using the modified accrual basis of accounting. Financial position, results of operations, and changes in fund balance/net position are reported on the basis of accounting principles generally accepted in the United States of America (GAAP). The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The budgetary basis of accounting is substantially the same as generally accepted accounting principles in the United States of America with the exception that capital outlay expenditures are expensed when purchased, depreciation is not calculated, inventories of supplies are budgeted as expenditures when purchased, debt, compensated absences, OPEB liabilities are expensed when paid and debt borrowed is recorded as revenue when received, and tax revenues are not recorded as revenue until received.

The budgeting process begins by appointing Budget Committee members in early fall. Budget recommendations are developed by management through spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June, and the hearing is held in June. The budget is adopted, appropriations are made and the tax levy is declared no later than June 30. Expenditure budgets are appropriated at the major function level (instruction, support services, community services, debt service, contingency, and transfers) for each fund. Expenditure appropriations may not legally be over expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

BUDGETARY INFORMATION (CONTINUED)

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 the fund's original budget may be adopted by the Board of Directors at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels). Such transfers require approval by the Board. Budget amounts shown in the basic financial statements include the original budget amounts, plus appropriation transfers and appropriation increases. Appropriations lapse at the end of each fiscal year. Expenditures of the various funds were within authorized appropriations, except Special Revenue Fund – Instruction in the amount of \$579,537, Federal Funds – Instruction in the amount of \$407,157, Student Body Fund – Support Services in the amount of \$784,649, Food Service Fund – Enterprise and Community Service in the amount of \$80,736.

3. CASH AND INVESTMENTS

Cash and Investments at June 30, 2022 (recorded at fair value) consisted of:

Deposits with Financial Institutions:

Demand Deposits	\$ 3,355,969
Investments	2,423,290
Total	<u>\$ 5,779,259</u>

DEPOSITS

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. For the fiscal year ended June 30, 2022, the bank balance was \$3,405,100 of which \$250,000 was insured by Federal Depository Insurance and the remaining balance was collateralized in accordance with Oregon Law.

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be recovered. There is no formal deposit policy for custodial credit risk. For the fiscal year ended June 30, 2022, all deposits were collateralized in accordance with Oregon law, except for the excess amount held at a credit union as noted above.

INVESTMENTS

The policy is to follow state statutes governing cash management. Statutes authorize investing in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

3. CASH AND INVESTMENTS (CONTINUED)

calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued.

The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value since it materially approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2022, the fair value of the position in the LGIP is 98.98% of the value of the pool shares as reported in the Oregon Short Term Investment Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)

If the link has expired please contact the Oregon Short Term Fund directly.

Investments and maturities are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 3 months</u>	<u>More than 3 months</u>
State Treasurer's Investment Pool	\$ 2,423,290	\$ 2,423,290	\$ -
Total	<u>\$ 2,423,290</u>	<u>\$ 2,423,290</u>	<u>\$ -</u>

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date of more than 3 months.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the value of the investment will not be able to be recovered by collateral securities that are in the possession of an outside party. There is no formal investment policy for custodial credit risk.

Concentration Risk

At June 30, 2022, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

4. GRANTS RECEIVABLE

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs.

5. LEASE RECEIVABLES AND DEFERRED INFLOWS

For the year ended 6/30/2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources.

On 07/01/2021, the District entered into a 14 month lease as Lessor for the use of 14445 NW Charlton Road. An initial lease receivable was recorded in the amount of \$41,930. As of 06/30/2022, the value of the lease receivable is \$5,998. The lessee is required to make monthly fixed payments of \$3,000. The lease has an interest rate of 0.3080%. The value of the deferred inflow of resources as of 06/30/2022 was \$5,990, and the District recognized lease revenue of \$35,940 during the fiscal year.

On 07/01/2021, the District entered into a 60 month lease as Lessor for the use of 33700 S. E. High School Way. An initial lease receivable was recorded in the amount of \$55,979. As of 06/30/2022, the value of the lease receivable is \$44,883. The lessee is required to make annual fixed payments of \$11,450. The lease has an interest rate of 0.8140%. The value of the deferred inflow of resources as of 06/30/2022 was \$44,782, and the District recognized lease revenue of \$11,196 during the fiscal year. The lessee has 1 extension option(s), each for 60 months.

On 07/01/2021, the District entered into a 116 month lease as Lessor for the use of American Tower. An initial lease receivable was recorded in the amount of \$470,088. As of 06/30/2022, the value of the lease receivable is \$431,056. The lessee is required to make monthly fixed payments of \$3,773. The lease has an interest rate of 1.5250%. The value of the deferred inflow of resources as of 06/30/2022 was \$421,805, and the District recognized lease revenue of \$48,283 during the fiscal year.

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

5. LEASE RECEIVABLES AND DEFERRED INFLOWS (CONTINUED)

The receivable and deferred inflow activity for the year is as follows:

GOVERNMENTAL ACTIVITIES:	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022
Lease Receivable				
Buildings				
14445 NW Charlton Road	\$ -	\$ 41,930	\$ 35,940	\$ 5,990
33700 S.E. High School Way	-	55,979	11,196	44,783
American Tower	-	470,088	48,283	421,805
Total Lease Receivable	<u>\$ -</u>	<u>\$ 567,997</u>	<u>\$ 95,419</u>	<u>\$ 472,578</u>
Deferred Inflow of Resources				
Buildings				
14445 NW Charlton Road	\$ -	\$ 41,930	\$ 35,940	\$ 5,990
33700 S.E. High School Way	-	55,979	11,196	44,783
American Tower	-	470,088	48,283	421,805
Total Deferred Inflow of Resources	<u>\$ -</u>	<u>\$ 567,997</u>	<u>\$ 95,419</u>	<u>\$ 472,578</u>

The deferred inflow is amortized on a straight line basis. Future maturities for the receivable are as follows:

Governmental Activities			
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2023	\$ 57,768	\$ 6,660	\$ 64,428
2024	53,905	5,932	59,837
2025	56,114	5,175	61,289
2026	58,400	4,384	62,784
2027	49,316	3,559	52,875
2028 - 2030	197,075	6,199	203,274
Total	<u>\$ 472,578</u>	<u>\$ 31,909</u>	<u>\$ 504,487</u>

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

6. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2022 are as follows:

	Governmental Capital Assets 7/1/2021	Additions	Deletions	Governmental Capital Assets 6/30/2022
Capital assets not being depreciated:				
Land	\$ 914,758	\$ -	\$ -	\$ 914,758
Total capital assets not being depreciated	<u>914,758</u>	<u>-</u>	<u>-</u>	<u>914,758</u>
Capital assets being depreciated:				
Buildings & Improvements	49,131,236	302,346	-	49,433,582
Equipment	676,579	38,716	-	715,295
Leased Equipment right to use - intangible	-	233,709	-	233,709
Total capital assets being depreciated	<u>49,807,815</u>	<u>574,771</u>	<u>-</u>	<u>50,382,586</u>
Less: Accumulated Depreciation and Amortization				
Buildings & improvements	(22,161,145)	(1,054,735)	-	(23,215,880)
Equipment	(448,838)	(54,863)	-	(503,701)
Leased Equipment right to use - intangible	-	(58,427)	-	(58,427)
Total accumulated depreciation and amortization	<u>(22,609,983)</u>	<u>(1,168,025)</u>	<u>-</u>	<u>(23,778,008)</u>
Total capital assets being depreciated/amortized, net	<u>27,197,832</u>			<u>26,604,578</u>
Total capital assets, net	<u>\$ 28,112,590</u>			<u>\$ 27,519,336</u>

Depreciation and amortization is allocated as a direct expense to the governmental programs as follows:

Instruction	\$ 675,973
Support Services	473,708
Community Services	<u>18,344</u>
Total	<u>\$ 1,168,025</u>

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

7. DEFINED BENEFIT PENSION PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

If the link is expired please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
- i. **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, and 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 benefits 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 1 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 2 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.
- ii. **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 contributions are met:
- member was employed by 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.
- iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
- iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **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:

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 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.

- ii. **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. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
- iii. **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.

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. The 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, 2019 actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2022 were \$3,055,651, excluding amounts to fund employer specific liabilities. In addition approximately \$741,001 in employee contributions were paid or picked up by the District in fiscal 2022. At June 30, 2022, the District reported a net pension liability of \$14,854,048 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2019. 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. As of the measurement date of June 30, 2021 and 2020, the District's proportion was .124 percent and .125 percent, respectively. Pension expense for the year ended June 30, 2022 was \$1,276,938.

The rates in effect for the year ended June 30, 2022 were:

- (1) Tier 1/Tier 2 – 26.83%
- (2) OPSRP general services – 23.72%

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 1,390,436	\$ -
Changes in assumptions	3,718,415	39,092
Net difference between projected and actual earnings on pension plan investments	-	10,996,336
Net changes in proportionate share	-	1,353,311
Differences between District contributions and proportionate share of contributions	715,795	-
Subtotal - Amortized Deferrals (below)	5,824,646	12,388,739
District contributions subsequent to measuring date	3,055,651	-
Deferred outflow (inflow) of resources	\$ 8,880,297	\$ 12,388,739

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2023.

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

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ (1,213,346)
2024	(1,322,165)
2025	(1,734,972)
2026	(2,656,767)
2027	363,156
Thereafter	-
Total	\$ (6,564,094)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 25, 2022. Oregon PERS produces an independently audited ACFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

Actuarial Valuations – The employer contribution rates effective July 1, 2021 through June 30, 2023, 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 (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer 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 accrued liabilities being amortized over 16 years.

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions:

Valuation date	December 31, 2019
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.40 percent (reduced from 2.50 percent)
Investment rate of return	6.90 percent (reduced from 7.20 percent)
Discount rate	6.90 percent (reduced from 7.20 percent)
Projected salary increase	3.40 percent (reduced from 3.50 percent)
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
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 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 on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2019.

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternatives Portfolio	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	5.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

(Source: June 30, 2021 PERS ACFR; p. 104)

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the 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.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Assumed Inflation - Mean		2.40%

(Source: June 30, 2021 PERS ACFR; p. 74)

Discount Rate – The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan, a reduction approved by the Board from 7.20 percent in the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from the 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.

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 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

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NOTES TO BASIC FINANCIALS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 29,169,796	\$ 14,854,048	\$ 2,876,962

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

There are no changes subsequent to the June 30, 2021 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

Deferred Compensation Plan

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of resignation, death, disability, or retirement; unforeseeable emergency; or by requesting a de minimis distribution from inactive accounts valued less than \$5,000. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the District.

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

Employees of the District are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (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.

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Benefits:

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. 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 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:

Employees of the District pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning \$2,500 or more per month (increased to \$2,535 per month on January 1, 2021) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The District made an optional contributions of \$2,931 to member IAP accounts for the year ended June 30, 2022.

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

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) PERS RHIA

Plan Description:

As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit 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.

SCAPPOOSE SCHOOL DISTRICT 1J
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NOTES TO BASIC FINANCIALS

8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) PERS RHIA (CONTINUED)

Funding Policy:

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in 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 0.05% of annual covered OPERF payroll and 0.0% of OPSRP payroll under a contractual requirement in effect until June 30, 2022. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates 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. The basis for the employer's portion 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. The District's contributions to RHIA for the years ended June 30, 2020, 2021, and 2022 were \$12,006, \$1,773 and \$1,621, respectively, which equaled the required contributions each year.

At June 30, 2022, the District reported a net OPEB asset of \$227,531 for its proportionate share of the net OPEB asset. The OPEB asset was measured as of June 30, 2021, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2019. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB 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, 2021 and 2020, the District's proportion was .066 percent and .168 percent, respectively. OPEB expense for the year ended June 30, 2022 was (\$1,823).

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (37,212)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	37,200
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
Employer's Total OPEB Expense/(Income)	<u>\$ (12)</u>

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) PERS RHIA (CONTINUED)

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 6,330
Changes in assumptions	4,477	3,385
Net difference between projected and actual earnings on pension plan investments	-	54,074
Net changes in proportionate share	124,944	32,940
Differences between District contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	129,421	96,729
District contributions subsequent to measuring date	1,621	-
Deferred outflow (inflow) of resources	<u>\$ 131,042</u>	<u>\$ 96,729</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, 2023.

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

Year ending June 30,	Amount
2023	\$ 21,591
2024	40,528
2025	(12,345)
2026	(17,081)
2027	-
Thereafter	-
Total	<u>\$ 32,693</u>

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, 2021. That independently audited report was dated February 25, 2022 and can be found at:

<https://www.oregon.gov/pers/EMP/Documents/GASB/2022/Oregon%20PERS%20-%20GASB%2075%20RHIA%20Employer%20Schedules%20-%20FYE%2006-30-2021.pdf>

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) PERS RHIA (CONTINUED)

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2019
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent (reduced from 2.50 percent)
Investment rate of return	6.90 percent (reduced from 7.20 percent)
Discount rate	6.90 percent (reduced from 7.20 percent)
Projected salary increase	3.40 percent (reduced from 3.50 percent)
Retiree healthcare participation	Healthy retirees: 32%; Disabled retirees: 20%
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 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 on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2019.

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement date of June 30, 2021 was 6.90 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 June 2021 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

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) PERS RHIA (CONTINUED)

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.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
<i>Assumed Inflation - Mean</i>		2.40%

(Source: June 30, 2021 PERS ACFR; p. 74)

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 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net OPEB liability (asset)	\$ (201,218)	\$ (227,531)	\$ (250,009)

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2021 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

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

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

9. SINGLE EMPLOYER PENSION PLAN (GASB #73)

Early Retirement

A single employer, defined benefit early retirement supplement program is maintained for certified employees. The retirement incentive is offered as a form of deferred compensation for work performed during the years of active employment. To qualify, an employee must be a certified staff member eligible to retire with benefits under the rules of the Public Employees Retirement System and applicable Oregon law. In addition, the electing employee must have a minimum of ten years of service immediately prior to retirement. This plan is funded on a pay-as-you-go basis.

GASB Statement #73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, for the fiscal year ended June 30, 2016 was implemented. A single-employer post-employment benefit program is maintained (commonly referred to as early retirement). These programs cover licensed and administrative personnel, individual employees, and certain retired employees.

Contributions and Funding Policy – The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required. There is no obligation to fund these benefits in advance. The only obligation is to make current benefit payments due each fiscal year. Consequently, it has not been found necessary to establish a pension trust fund, and payments are made on a pay-as-you-go basis each year out of the General Fund. An estimate of this liability for current retirees is done annually. There is no separately issued financial report for the plan. The annual expenditures recognized on a budgetary basis were approximately \$48,393, \$41,786, and \$46,058 for the years ended June 30, 2022, 2021, and 2020, respectively.

Total Pension Liability – The District's total pension liability (TPL) were measured as of June 30, 2022 and the total pension liability were determined by an actuarial valuation as of June 30, 2022.

Actuarial Methods and Assumptions – The total pension liability (TPL) for the current year was determined as part of the June 30, 2022 actuarial valuation using the Entry Age Normal (EAN) Level Percent of Pay Method. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, claim cost and the healthcare cost trend. The actuarial assumptions included; (a) a rate of return on investment of present and future assets of 3.54%; (b) annual increases in medical premiums are expected to be 5.5% in 2023 and 5% in all subsequent years for the Moda plan and 4% increases for Kaiser plans (c) annual increases in dental premiums are expected to be equal to the premium paid; (d) annual increases in vision premiums are expected to be equal to the premium paid; (e) an assumed inflation rate of 2.5%; (f) annual salary increases for employees are assumed to be 2.5% in all future years.

Under this method, the actuarial present value of the projected benefits of each active employee included in the valuation is allocated on a level percent of pay basis over the service of the active employee between

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

9. SINGLE EMPLOYER PENSION PLAN (GASB #73) (CONTINUED)

assumed entry age (date of hire) and assumed exit age. The portion of this actuarial present value allocated to the valuation year is called the service cost for that active employee. The sum of these individual service costs is the Plan's Service Cost for the valuation year. The present value of benefits for current retirees plus the accumulated value of all prior Service Costs is the Total Pension Liability. Under this method the actuarial gains (losses), as they occur, reduce (increase) the Total Pension Liability while leaving the Service Cost unchanged. The District's early retirement program is unfunded.

<u>Total Pension Liability</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Beginning of year, July 1	\$ 213,550	\$ 232,292	\$ 197,695
Benefit Payments	(46,058)	(41,786)	(48,393)
Service Cost	2,456	2,517	2,330
Interest on Total Pension Liability	4,211	4,672	6,142
Change in Assumptions	1,392	-	(4,210)
Experience (Gain)/Loss	56,741	-	29,966
End of year, June 30	<u>\$ 232,292</u>	<u>\$ 197,695</u>	<u>\$ 183,530</u>

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference Between Expected and Actual Changes in Assumptions	\$ 30,777	\$ -
	261	3,268
Total	<u>\$ 31,038</u>	<u>\$ 3,268</u>

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 19,778
2024	7,992
2025	-
2026	-
2027	-
All Subsequent Years	-
Total	<u>\$ 27,770</u>

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

9. SINGLE EMPLOYER PENSION PLAN (GASB #73) (CONTINUED)

Sensitivity of the District's total pension liability to changes in the discount rate – The following presents the District's total pension liability calculated using the discount rate of 3.54 percent, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current rate.

	1% Decrease	Discount Rate	1% Increase
Total pension liability	\$ 187,998	\$ 183,530	\$ 179,055

10. OTHER POST-EMPLOYMENT BENEFITS (GASB #75)

Post-employment Health Insurance Subsidy

Plan Description

The District administers a single-employer defined benefit healthcare plan that covers both active and retired participants. The plan provides post-retirement healthcare benefits for eligible retirees and their dependents through the District's group health insurance plans. The District's post-retirement plan was established in accordance with Oregon Revised Statutes (ORS) 243.303 which states, in part, that for the purposes of establishing healthcare premiums, the calculated rate must be based on the cost of all plan members, including both active employees and retirees. Because claim costs are generally higher for retiree groups than for active members, the premium amount does not represent the full cost of coverage for retirees. The resulting additional cost, or implicit subsidy, is required to be valued under GASB Statement 75 related to Other Post-Employment Benefits (OPEB). Calculations are based on 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 to that point. 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 OPEB plan reflect a long-term perspective. The valuation date was June 30, 2022 and the measurement date was June 30, 2022.

Funding Policy

The District has not established a trust fund to finance the cost of post-employment health care benefits related to implicit rate subsidies. Premiums are paid by retirees based on the rates established for active employees.

Additional costs related to an implicit subsidy are paid by the District on a pay-as-you-go basis. There is no obligation on the part of the District to fund these benefits in advance. The District considered the liability to be solely the responsibility of the District as a whole and it is allocated to the governmental statements.

Actuarial Methods and Assumptions

The District engaged an actuary to perform a valuation as of June 30, 2022 using the Entry Age Normal, level percent of salary Actuarial Cost Method. Demographic assumptions regarding retirement, mortality, and

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

10. OTHER POST-EMPLOYMENT BENEFITS (GASB #75) (CONTINUED)

turnover are based on Oregon PERS valuation assumptions as of December 31, 2020. Election rate and lapse assumptions are based on experience implied by valuation data for this and other Oregon public employers.

Health Care Cost Trend	Medical and vision:		
	Year	Moda	Keiser Medical
	2023	5.50%	4.00%
	2024+	5.00%	4.00%
Discount Rate	3.54%		
	Health care cost trend affects both the projected health care costs as well as the projected health care premiums.		
General Inflation	2.50% per year, used to develop other economic assumptions		
Annual Pay Increases	2.50% per year, based on general inflation and the likelihood of raises throughout participants' careers		
Mortality	Based on Oregon PERS assumptions. Annual rates are based on employment classification, gender, and duration from hire date.		
Disability	Not used		
Withdrawal	Based on Oregon PERS assumptions. Annual rates are based on employment classification, gender, and duration from hire date.		
Retirement	Based on Oregon PERS assumptions. Annual rates are based on age, Tier/OPSRP, duration of service, and employment classification.		

Changes in the Net OPEB Liability

	2020	2021	2022
Total OPEB Liability at June 30	\$ 825,229	\$ 900,991	\$ 902,856
Changes for the year:			
Service cost	44,309	45,417	29,104
Interest	17,535	19,218	30,800
Changes in benefit terms	-	-	-
Experience (Gain)/Loss	(261,904)	-	(99,234)
Changes of assumptions or other input	339,388	-	(152,849)
Benefit payments	(63,566)	(62,770)	(65,575)
Balance as of June 30	\$ 900,991	\$ 902,856	\$ 645,102

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

10. OTHER POST-EMPLOYMENT BENEFITS (GASB #75) (CONTINUED)

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

The following analysis presents the net OPEB liability using a discount rate of 3.54% as well as what the District's net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current rate, a similar sensitivity analysis is presented for the changes in the healthcare trend assumption:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 684,092	\$ 645,102	\$ 608,656

	<u>1% Decrease Healthcare</u>	<u>Current Trend Rate Healthcare</u>	<u>1% Increase Healthcare</u>
Total OPEB Liability	\$ 597,449	\$ 645,102	\$ 700,396

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Benefits

The District reports information on deferred outflows and deferred inflows of resources at year end as well as a schedule of amounts of those deferred outflows of resources and deferred inflows of resources that will be recognized in other post-employment benefit expense for the following five years.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 285,573
Changes in assumptions or other input	252,364	139,895
Deferred outflow (inflow) of resources	<u>\$ 252,364</u>	<u>\$ 425,468</u>

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

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ (14,741)
2024	(14,741)
2025	(14,741)
2026	(14,741)
2027	(14,741)
2028	(14,741)
Thereafter	(84,658)
Total	<u>\$ (173,104)</u>

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

11. DEFERRED COMPENSATION

A deferred compensation plan is available to employees wherein they may execute an individual agreement for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service.

12. TAX ABATEMENTS

As of June 30, 2022, Scappoose School District potentially had tax abatements through one program in Multnomah County: Enterprise Zone that impacted their levied taxes.

Enterprise Zone (ORS 285C.175):

- The Oregon Enterprise Zone program is a State of Oregon economic development program established, that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor.

The Enterprise Zone program allows industrial firms that will be making a substantial new capital investment a waiver of 100% of the amount of real property taxes attributable to the new investment for a 5-year period after completion. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

Multnomah County data shows that there are five Enterprise Zones applicable to the District.

For the fiscal year ended June 30, 2022, the Scappoose School District abated property taxes totaling \$409,322 under these programs.

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>
Enterprise Zone (ORS 285C.175) – Columbia County	\$ 365,750
Enterprise Zone (ORS 285C.175) – Multnomah County	126,572
	<u>\$ 409,322</u>

13. PROPERTY TAX LIMITATIONS

The voters of the State of Oregon approved ballot Measure 5, a constitutional limit on property taxes for schools and non-school government operations, in November, 1990. School operations include community colleges, local school districts and education service districts. The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

13. PROPERTY TAX LIMITATIONS (CONTINUED)

obligation bonded debt. The result of this initiative has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue.

The voters of the State of Oregon passed ballot Measure 50 in May, 1997 to further reduce property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit. The permanent operating property tax rate was fixed at \$4.9725 per thousand of assessed value.

Measure 50 reduced the amount of operating property tax revenues available for its 1998-1999 fiscal year, and thereafter. This reduction was accomplished by rolling assessed property values back to their 1995-96 values less 10%, and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Measure also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State of Oregon to minimize the impact of the tax cuts to school districts.

14. DEBT

General Obligation Bonds

General obligation bonds were issued to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government funds and are reported in the Governmental Activities section of the government-wide financial statements. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

On May 7, 2009, \$33,300,000 of bonds were issued. Interest is payable semi-annually with an interest rate ranging between 2.5% and 5.0%. On May 12, 2015, \$25,185,000 of bonds were issued to refund \$24,680,000 outstanding of the 2009 general obligation bonds. Interest is payable semi-annually with an interest rate ranging between 2.0% and 5.0%. The refunding included a \$3,581,198 difference between the carrying value for the refunded debt and the resources used to redeem it, with a net present savings of \$1,057,386. The unrefunded portion of the 2009 general obligation bonds was called on June 15, 2019. Principal payments for the year ending June 30, 2022 totaled \$1,975,000 for the bonds issued in 2015. Defaults are covered within the Oregon School Bond Guaranty Program. Defaults are reported only if defaults are made of a material nature in ten business days of occurrence. With respect to any school bonds for which the State Treasurer has made payment under the state guaranty, and in addition to any other rights or remedies available at law or in equity, the state shall have the same substantive and procedural rights as would a holder of the school bonds of a district. The State agrees that the enforceability is limited to those holders representing at least 25% of the aggregate outstanding principal amount. The issuers obligations are terminated upon the legal defeasance, prior redemption or payment in full of all bonds. The State Treasurer may pledge the full faith and credit and taxing power of the state, except upon any acceleration of the due date by mandatory or optional redemption or acceleration resulting from defaults or otherwise.

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

14. DEBT (CONTINUED)

Total debt service requirements to maturity for general obligations bonds, as of June 30, 2022, are as follows:

By Fiscal Year:	Principal	Interest	Total
2023	\$ 2,155,000	\$ 804,650	\$ 2,959,650
2024	2,350,000	700,900	3,050,900
2025	2,560,000	583,400	3,143,400
2026	2,755,000	481,000	3,236,000
2027	2,950,000	380,800	3,330,800
2028-32	6,570,000	398,800	6,968,800
Total Debt Service Requirements for GO Bonds	<u>\$ 19,340,000</u>	<u>\$ 3,349,550</u>	<u>\$ 22,689,550</u>

Leased Equipment

For the year ended 6/30/2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset.

On 07/01/2021, the District entered into a 48 month lease as Lessee for the use of Konica Minolta Copier/Printer. An initial lease liability was recorded in the amount of \$233,709. As of 06/30/2022, the value of the lease liability is \$176,866. The District is required to make monthly fixed payments of \$6,676. The lease has an interest rate of 0.8140%. The Equipment estimated useful life was 4 years as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$233,709 with accumulated amortization of \$58,427.

Total debt service requirements to maturity for the leased equipment, as of June 30, 2022, are as follows:

By Fiscal Year:	Principal	Interest	Total
2023	\$ 57,286	\$ 1,226	\$ 58,512
2024	57,754	758	58,512
2025	61,826	285	62,111
Total Debt Service	<u>\$ 176,866</u>	<u>\$ 2,269</u>	<u>\$ 179,135</u>

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

14. DEBT (CONTINUED)

The following changes occurred in the long term obligation during the year ended June 30, 2022:

	Beginning Balance 7/1/21	Additions	Deletions	Ending Balance 6/30/22	Due Within One Year
Governmental Activities:					
Bonds payable:					
General Obligation Bonds	\$ 21,315,000	\$ -	\$ 1,975,000	\$ 19,340,000	\$ 2,155,000
Unamortized bond premiums and (discounts)	2,764,073	-	367,298	2,396,775	-
Other debt:					
Leased Equipment	-	233,709	56,843	176,866	57,286
Total Liabilities	<u>\$ 24,079,073</u>	<u>\$ 233,709</u>	<u>\$ 2,399,141</u>	<u>\$ 21,913,641</u>	<u>\$ 2,212,286</u>

15. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to minimize exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

16. COMMITMENTS AND CONTINGENCIES

A substantial portion of operating funding is received from the State of Oregon. 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 either increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on operations cannot be determined.

The District plans to participate in a number of federally assisted grant programs in subsequent years. These programs are subject to program compliance audits by the grantors or their representatives. Compliance with grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although such amounts are expected by management to be immaterial.

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

17. INTERFUND TRANSFERS AND DUE TO / DUE FROM

The composition of interfund transfers and due to / due froms are as follows:

<u>Transfers Out:</u>		<u>Due from other funds</u>	
General Fund	\$ 855,849	General Fund	\$ 85,279
Total	<u>\$ 855,849</u>	Total	<u>\$ 85,279</u>
<u>Transfers In:</u>		<u>Due to other funds</u>	
Special Revenue Funds	\$ 849,956	Federal Funds	\$ 85,279
Other Governmental Funds	5,893	Total	<u>\$ 85,279</u>
Total	<u>\$ 855,849</u>		

The interfund balances between funds represent cash advances to pay current obligations. Transfers are budgeted and recorded to show legal and operational commitments between funds such as cost sharing.

18. FUND BALANCE CONSTRAINTS

The specific purposes for each of the categories of fund balance as of June 30, 2021 are as follows:

Fund Balances:	General Fund	Special Revenue Funds	Federal Funds	Non-Major Funds	Total
<u>Restricted:</u>					
Special programs	\$ -	\$ 2,132,872	\$ -	\$ 486,314	\$ 2,619,186
Debt Service	-	-	-	114,770	114,770
Capital Projects	-	-	-	181,679	181,679
	-	2,132,872	-	782,763	2,915,635
<u>Unassigned:</u>	2,687,839	-	(1,227)	-	2,686,612
Total Fund Balances	<u>\$ 2,687,839</u>	<u>\$ 2,132,872</u>	<u>\$ (1,227)</u>	<u>\$ 782,763</u>	<u>\$ 5,602,247</u>

SCAPPOOSE SCHOOL DISTRICT 1J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIALS

19. DEFICIT NET POSITION AND FUND BALANCE

The District reported a negative net position amount of (\$7,564,266) resulting from recording the District's proportionate share of the PERS net pension liability, total pension liability of the early retirement, and the total OPEB liability.

The District reported a negative fund balance amount of (\$1,227) in the Federal Fund. The District will correct with general fund transfers in the 2022-23 year.

20. PRIOR PERIOD ADJUSTMENT

The District reported a prior period adjustment in the amount of \$53,862 to correct errors in payroll liabilities attributed to prior years.

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2022

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) District's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.12 %	\$ 14,854,048	\$ 11,632,276	127.7 %	87.6 %
2021	0.12	27,191,504	12,119,864	224.4	75.8
2020	0.13	23,170,893	12,000,784	193.1	80.2
2019	0.14	21,205,753	11,623,597	182.4	82.1
2018	0.14	19,410,907	11,331,933	171.3	83.1
2017	0.15	23,160,153	10,568,987	219.1	80.5
2016	0.18	10,355,013	9,900,499	104.6	91.9
2015	0.18	(4,097,686)	9,416,763	(43.5)	103.6
2014	0.18	9,225,287	8,974,453	102.8	92.0

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2022	\$ 3,055,651	\$ 3,055,651	\$ -	\$ 12,660,227	24.1 %
2021	3,121,205	3,121,205	-	11,632,276	26.8
2020	3,240,917	3,240,917	-	12,119,864	26.7
2019	2,579,950	2,579,950	-	12,000,784	21.5
2018	2,551,710	2,551,710	-	11,623,597	22.0
2017	2,042,766	2,042,766	-	11,331,933	18.0
2016	2,013,978	2,013,978	-	10,568,987	19.1
2015	2,014,266	2,014,266	-	9,900,499	20.3
2014	1,942,885	1,942,885	-	9,416,763	20.6

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

SCHEDULE OF TOTAL PENSION LIABILITY
EARLY RETIREMENT
For the Year Ended June 30, 2022

<u>Fiscal Year End Date</u>	<u>(a) Total Pension Liability</u>	<u>(b) Covered Payroll</u>	<u>(a)/(b) TPL as a Percentage of Covered Payroll</u>
6/30/2022	\$ 183,530	\$ 932,122	19.7%
6/30/2021	197,695	1,213,576	16.3%
6/30/2020	232,292	1,183,977	19.6%
6/30/2019	213,550	1,645,581	13.0%
6/30/2018	247,431	1,605,445	15.4%
6/30/2017	289,226	1,957,478	14.8%
6/30/2016	306,992	1,957,478	15.7%
6/30/2015	476,001	1,957,478	24.3%

The amounts presented for the fiscal year were actuarially determined as of June 30, 2022.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the year for which the required supplementary information is available.

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

SCHEDULE OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY
For the Year Ended June 30, 2022

Total OPEB Liability - Beginning	2022	2021	2020	2019	2018
	\$ 902,856	\$ 900,991	\$ 825,229	\$ 820,231	\$ 829,237
Changes for the year:					
Service Cost	29,104	45,417	44,309	38,147	37,217
Interest	30,800	19,218	17,535	30,511	30,605
Changes of Benefit Terms	-	-	-	-	-
Experience (Gain)/Loss	(99,234)	-	(261,904)	-	-
Changes of Assumptions or					
Other Input	(152,849)	-	339,388	-	-
Benefit Payments	(65,575)	(62,770)	(63,566)	(63,660)	(76,828)
Net Changes for the Year	(257,754)	1,865	75,762	4,998	(9,006)
Total OPEB Liability - Ending	\$ 645,102	\$ 902,856	\$ 900,991	\$ 825,229	\$ 820,231
Covered Payroll	12,075,330	11,261,376	10,986,708	10,371,067	10,118,114
Net Single Employer Pension Plan as a Percentage of Covered Payroll	5.34%	8.02%	8.20%	7.96%	8.11%

Note: This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full year trend has been compiled, information is presented for the years for which the required supplementary schedule information is available. The District implemented GASB 75 in the fiscal year ending June 30, 2018.

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)

For the Year Ended June 30, 2022

SCHEDULE OF CHANGES IN THE TOTAL OPEB - RHIA LIABILITY

Year Ended June 30,	Service Cost	Difference Between Expected and Actual Experience	Changes in Assumptions	Difference Between Projected and Actual Investment Earnings	Employer Actual Contributions	Changes in Employer Proportion	Employer Total Expense
2022	\$ -	\$ (6,330)	\$ 7,862	\$ (54,074)	\$ 1,621	\$ 92,004	\$ 41,083
2021	-	35,020	18,209	(38,096)	1,773	69,185	86,091
2020	-	25,461	200	11,918	12,006	(478)	49,107
2019	-	6,401	358	23,349	49,522	-	79,630

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS FOR RHIA

Year Ended June 30,	Total OPEB Liability Beginning (Asset)	Net Change in Total OPEB Liability (Asset)	Total OPEB Liability (Asset) Ending	Covered Payroll	Total OPEB Liability as a Percentage of Covered Payroll	Discount Rate
2022	\$ (342,566)	\$ 115,035	\$ (227,531)	\$ 12,660,227	-1.80%	0.00%
2021	(193,080)	(149,486)	(342,566)	11,632,276	-2.94%	7.20%
2020	(112,939)	(80,141)	(193,080)	12,119,864	-1.59%	7.20%
2019	(42,150)	(42,150)	(112,939)	12,000,784	-0.94%	7.20%
2018	-	-	-	11,623,597	0.00%	0.00%

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2022

GENERAL FUND				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES:				
Local Sources:				
Current & Prior Property Taxes	\$ 9,730,000	\$ 9,730,000	\$ 9,793,282	\$ 63,282
Earnings on Investments	75,000	75,000	29,620	(45,380)
Other Local Sources	287,000	287,000	468,308	181,308
Intermediate Sources	520,000	520,000	481,450	(38,550)
State Sources	14,575,240	14,575,240	13,764,616	(810,624)
Federal Sources	-	-	209,589	209,589
Total Revenue	25,187,240	25,187,240	24,746,865	(440,375)
EXPENDITURES:				
Instruction	15,600,621	15,600,621	(1) 15,351,509	249,112
Support Services	9,899,897	9,899,897	(1) 9,872,194	27,703
Contingency	931,629	931,629	(1) -	931,629
Total Expenditures	26,432,147	26,432,147	25,223,703	1,208,444
Excess of Revenues Over, (Under) Expenditures	(1,244,907)	(1,244,907)	(476,838)	768,069
Other Financing Sources (Uses):				
Transfers Out	(984,987)	(984,987)	(1) (855,849)	129,138
Total Other Financing Sources, (Uses)	(984,987)	(984,987)	(855,849)	129,138
Net Change in Fund Balance	(2,229,894)	(2,229,894)	(1,332,687)	897,207
Beginning Fund Balance	3,030,000	3,030,000	3,967,052	937,052
Prior Period Adjustment	-	-	53,474	53,474
Ending Fund Balance	\$ 800,106	\$ 800,106	\$ 2,687,839	\$ 1,887,733

(1) Appropriation Level

SCAPPOOSE SCHOOL DISTRICT NO.1J
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2022

SPECIAL REVENUE FUNDS

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE</u>
REVENUES:				
Local Sources:				
Earnings on Investments	\$ 8,900	\$ 8,900	\$ 20,539	\$ 11,639
Other Local Sources	222,359	222,359	170,267	(52,092)
Intermediate Sources	150,000	150,000	176,264	26,264
State Sources	2,204,012	2,204,012	3,302,598	1,098,586
Federal Sources	-	-	4,578	4,578
	<u>-</u>	<u>-</u>	<u>4,578</u>	<u>4,578</u>
Total Revenues	<u>2,585,271</u>	<u>2,585,271</u>	<u>3,674,246</u>	<u>(1,088,975)</u>
EXPENDITURES:				
Instruction	1,817,932	1,817,932 (1)	2,397,469	(579,537)
Support Services	<u>3,175,352</u>	<u>3,175,352 (1)</u>	<u>1,550,439</u>	<u>1,624,913</u>
Total Expenditures	<u>4,993,284</u>	<u>4,993,284</u>	<u>3,947,908</u>	<u>1,045,376</u>
Excess of Revenues Over, (Under) Expenditures	(2,408,013)	(2,408,013)	(273,662)	(2,134,351)
Other Financing Sources (Uses):				
Transfers In	<u>824,000</u>	<u>824,000</u>	<u>849,956</u>	<u>25,956</u>
Total Other Financing Sources (Uses)	<u>824,000</u>	<u>824,000</u>	<u>849,956</u>	<u>25,956</u>
Net Change in Fund Balance	(1,584,013)	(1,584,013)	576,294	(2,108,395)
Beginning Fund Balance	<u>1,584,013</u>	<u>1,584,013</u>	<u>1,556,578</u>	<u>(27,435)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,132,872</u>	<u>\$ 2,132,872</u>

(1) Appropriation Level

SCAPPOOSE SCHOOL DISTRICT NO.1J
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2022

FEDERAL FUNDS

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Federal Sources	\$ 3,105,779	\$ 3,105,779	\$ 2,037,003	\$ (1,068,776)
Total Revenues	<u>3,105,779</u>	<u>3,105,779</u>	<u>2,037,003</u>	<u>1,068,776</u>
EXPENDITURES:				
Instruction	818,939	818,939 (1)	1,226,396	(407,457)
Support Services	<u>2,275,853</u>	<u>2,275,853 (1)</u>	<u>813,657</u>	<u>1,462,196</u>
Total Expenditures	<u>3,094,792</u>	<u>3,094,792</u>	<u>2,040,053</u>	<u>1,054,739</u>
Excess of Revenues Over, (Under) Expenditures	10,987	10,987	(3,050)	14,037
Other Finance Sources (Uses):				
Transfers In	<u>10,987</u>	<u>10,987</u>	<u>-</u>	<u>(10,987)</u>
Total Other Financing Sources (Uses)	<u>10,987</u>	<u>10,987</u>	<u>-</u>	<u>(10,987)</u>
Net Change in Fund Balance	-	-	(3,050)	(3,050)
Beginning Fund Balance	-	-	1,550	1,550
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>273</u>	<u>273</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,227)</u>	<u>\$ (1,227)</u>

(1) Appropriation Level

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SCAPPOOSE SCHOOL DISTRICT NO. 1J

COLUMBIA COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2022

	DEBT SERVICE FUND	STUDENT BODY	FOOD SERVICE	CAPITAL CONSTRUCTION	TOTALS
ASSETS:					
Cash and Investments	\$ 65,126	\$ 371,389	\$ 76,853	\$ 165,554	\$ 678,922
Taxes Receivable	118,553	-	-	-	118,553
Accounts Receivable	27,117	-	56,041	16,125	99,283
Total Assets	<u>\$ 210,796</u>	<u>\$ 371,389</u>	<u>\$ 132,894</u>	<u>\$ 181,679</u>	<u>\$ 896,758</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ -	\$ -	\$ 19	\$ -	\$ 19
Salaries and Benefits Payable	-	-	-	-	-
Unearned Revenue	-	-	17,950	-	17,950
Total Liabilities	<u>-</u>	<u>-</u>	<u>17,969</u>	<u>-</u>	<u>17,969</u>
Deferred Inflows of Resources:					
Unavailable Revenue	96,026	-	-	-	96,026
Total Deferred Inflows of Resources	<u>96,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,026</u>
Fund Balance:					
Restricted	114,770	371,389	114,925	181,679	782,763
Total Fund Balances	<u>114,770</u>	<u>371,389</u>	<u>114,925</u>	<u>181,679</u>	<u>782,763</u>
Total Liabilities and Fund Balances	<u>\$ 210,796</u>	<u>\$ 371,389</u>	<u>\$ 132,894</u>	<u>\$ 181,679</u>	<u>\$ 896,758</u>

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
ALL NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	DEBT SERVICE FUND	STUDENT BODY	FOOD SERVICE	CAPITAL CONSTRUCTION	TOTALS
REVENUES:					
Local Sources:					
Interest	\$ 4,804	\$ -	\$ -	\$ 2,071	\$ 6,875
Other Local Sources	2,861,292	688,955	13,489	-	3,563,736
Intermediate Sources	466	-	-	67,394	67,860
State Sources	-	-	9,957	-	9,957
Federal Sources	-	-	918,840	-	918,840
Total Revenues	2,866,562	688,955	942,286	69,465	4,567,268
EXPENDITURES:					
Support Services	-	784,649	-	327,640	1,112,289
Community Services	-	-	810,336	-	810,336
Debt Service	2,874,734	-	-	-	2,874,734
Total Expenditures	2,874,734	784,649	810,336	327,640	4,797,359
Excess (deficiency) of revenues over (under) expenditures	(8,172)	(95,694)	131,950	(258,175)	(230,091)
Other Financing Sources (Uses):					
Transfers In	-	-	5,893	-	5,893
Total Other Financing Sources (Uses)	-	-	5,893	-	5,893
Net Change in Fund Balance	(8,172)	(95,694)	137,843	(258,175)	(224,198)
Beginning Fund Balance	122,942	467,083	(23,033)	439,854	1,006,846
Prior Period Adjustment	-	-	115	-	115
Ending Fund Balance	\$ 114,770	\$ 371,389	\$ 114,925	\$ 181,679	\$ 782,763

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2022

DEBT SERVICE

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Local Sources:				
Current & Prior Property Taxes	\$ 3,014,750	\$ 3,014,750	\$ 2,861,292	\$ (153,458)
Interest	7,000	7,000	4,804	(2,196)
Intermediate Sources	<u>-</u>	<u>-</u>	<u>466</u>	<u>466</u>
Total Revenues	<u>3,021,750</u>	<u>3,021,750</u>	<u>2,866,562</u>	<u>(155,188)</u>
EXPENDITURES:				
Redemption of Principal	1,975,000	1,975,000 (2)	1,974,999	1
Interest	<u>1,146,750</u>	<u>1,146,750 (2)</u>	<u>899,735</u>	<u>247,015</u>
Total Expenditures	<u>3,121,750</u>	<u>3,121,750</u>	<u>2,874,734</u>	<u>247,015</u>
Net Change in Fund Balance	(100,000)	(100,000)	(8,172)	91,828
Beginning Fund Balance	<u>100,000</u>	<u>100,000</u>	<u>122,942</u>	<u>22,942</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,770</u>	<u>\$ 114,770</u>

(1) Appropriation Level

(2) Items are combined for the appropriation level

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2022

STUDENT BODY SPECIAL REVENUE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Local Sources	\$ -	\$ -	\$ 688,955	\$ (688,955)
Total Revenues	-	-	688,955	(688,955)
EXPENDITURES:				
Support Services	-	- (1)	784,649	(784,649)
Total Expenditures	-	-	784,649	(784,649)
Net Change in Fund Balance	-	-	(95,694)	95,694
Beginning Fund Balance	-	-	467,083	(467,083)
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 371,389</u>	<u>\$ (371,389)</u>

(1) Appropriation Level

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2022

FOOD SERVICE

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Local Sources	\$ 209,000	\$ 209,000	\$ 13,489	\$ (195,511)
State Sources	10,600	10,600	9,957	(643)
Federal Sources	<u>360,000</u>	<u>360,000</u>	<u>918,840</u>	<u>558,840</u>
Total Revenues	<u>579,600</u>	<u>579,600</u>	<u>942,286</u>	<u>362,686</u>
EXPENDITURES:				
Enterprise and Community Services	<u>729,600</u>	<u>729,600</u> (1)	<u>810,336</u>	<u>(80,736)</u>
Total Expenditures	<u>729,600</u>	<u>729,600</u>	<u>810,336</u>	<u>(80,736)</u>
Excess of Revenues Over, (Under) Expenditures	(150,000)	(150,000)	131,950	281,950
Other Financing Sources (Uses):				
Transfers In	<u>150,000</u>	<u>150,000</u>	<u>5,893</u>	<u>(144,107)</u>
Total Other Financing Sources, (Uses)	<u>150,000</u>	<u>150,000</u>	<u>5,893</u>	<u>(144,107)</u>
Net Change in Fund Balance	-	-	137,843	137,843
Beginning Fund Balance	-	-	(23,033)	(23,033)
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>115</u>	<u>115</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,925</u>	<u>\$ 114,925</u>

(1) Appropriation Level

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2022

CAPITAL CONSTRUCTION

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Local Sources:				
Interest	\$ 2,500	\$ 2,500	\$ 2,071	\$ (429)
Intermediate Sources	<u>115,000</u>	<u>115,000</u>	<u>67,394</u>	<u>(47,606)</u>
Total Revenues	<u>117,500</u>	<u>117,500</u>	<u>69,465</u>	<u>(48,035)</u>
EXPENDITURES:				
Operation and Maintenance	<u>467,500</u>	<u>467,500</u> (1)	<u>327,640</u>	<u>139,860</u>
Total Expenditures	<u>467,500</u>	<u>467,500</u>	<u>327,640</u>	<u>139,860</u>
Net Change in Fund Balance	(350,000)	(350,000)	(258,175)	91,825
Beginning Fund Balance	<u>350,000</u>	<u>350,000</u>	<u>439,854</u>	<u>89,854</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,679</u>	<u>\$ 181,679</u>

(1) Appropriation Level

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH ORGANIZATION	PASS- THROUGH ENTITY NUMBER	EXPENDITURES	SUBRECIPIENT PASS THRU
U.S. DEPARTMENT OF EDUCATION					
<u>Special Education Cluster:</u>					
IDEA Special Education - Grants to States	84.027	ODE	60745	\$ 339,116	\$ -
IDEA Special Education - Grants to States	84.027	ODE	53881	52,644	-
IDEA Special Education - Grants to States COVID-19	84.027	ODE	68476	53,809	-
Special Education—Preschool Grants - IDEA Preschool COVID-19	84.173	ODE	69241	370	-
Special Education—Preschool Grants - IDEA Preschool	84.173	ODE	68997	2,820	-
Total Special Education Cluster				448,759	-
<u>Special Education—State Personnel Development</u>					
Special Education—State Personnel Development	84.323	ODE	47595	4,578	-
Total Special Education—State Personnel Development				4,578	-
<u>Title I Grants to Local Educational Agencies</u>					
TITLE I	84.010	ODE	67068	233,088	-
Total Title I Grants to Local Educational Agencies				233,088	-
<u>Supporting Effective Instruction State Grants</u>					
Supporting Effective Instruction	84.367	ODE	53626	1,412	-
Supporting Effective Instruction	84.367	ODE	58852	35,767	-
Total Supporting Effective Instruction State Grants				37,179	-
<u>Student Support and Academic Enrichment Program</u>					
Title IV-A	84.424	ODE	58662	9,918	-
Title IV-A	84.424	ODE	66858	15,430	-
Total Student Support and Academic Enrichment Program				25,348	-
<u>Emergency Relief</u>					
Elementary and Secondary School Emergency Relief Fund II COVID-19	84.425D	ODE	64677	211,769	89,461
Elementary and Secondary School Emergency Relief Fund III COVID-19	84.425D	ODE	61035	1,080,859	7,243
Total Emergency Relief				1,292,628 (1)	96,704
TOTAL U.S. DEPARTMENT OF EDUCATION				2,041,580	96,704
U.S. DEPARTMENT OF AGRICULTURE					
<u>Child Nutrition Cluster:</u>					
School Breakfast Program	10.553	ODE	N/A	604,486	-
National School Lunch Program	10.555	ODE	N/A	194,282	-
Noncash Assistance: Commodities	10.555	ODE	N/A	75,289	-
National School Lunch Program Supply Chain Assistance	10.555	ODE	N/A	44,168	-
Total Child Nutrition Cluster				918,225 (1)	-
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	ODE	N/A	614	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE				918,839	-
TOTAL GRANTS EXPENDED OR PASSED THROUGH TO SUBRECIPIENTS				\$ 2,960,419	\$ 96,704

(1) Major Program

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

SUPPLEMENTAL INFORMATION
As Required by The Oregon Department of Education
For the Year Ended June 30, 2022

A.	Energy bills for heating - all funds:		Objects 325 & 326 & 327
		Function 2540	\$ 375,004
		Function 2550	-

B.	Replacement of equipment - General Fund:	Amount
		\$ 38,829

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

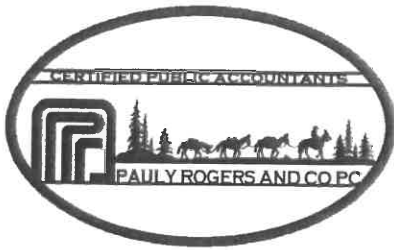
Exclude these functions:

1113, 1122 & 1132	Co-curricular activities	4150	Construction
1140	Pre-kindergarten	2550	Pupil transportation
1300	Continuing education	3100	Food service
1400	Summer school	3300	Community services

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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November 17, 2022

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Scappoose School District No. 1J as of and for the year ended June 30, 2022, and have issued our report thereon dated November 17, 2022. 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 the financial statements are free of material misstatement, we performed tests of 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 Scappoose School District No. 1J 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, except for the following:

1. We noted expenditures exceeded appropriation amounts as noted on page 23.
2. In our testing of bids and quotes we noted one instance where the quote or bid procedures were not documented for a vendor.

OAR 162-10-0230 Internal Control

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

We noted a matter involving the internal control structure and its operation that we consider to be a material weakness under standards established by the American Institute of Certified Public Accountants, which is noted in the Schedule of Findings and Questioned Costs.

This report is intended solely for the information and use of the Board and management 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 black ink that reads "Tara M. Kamp, CPA". The signature is written in a cursive, flowing style.

Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

SCAPPOOSE SCHOOL DISTRICT NO. 1J
COLUMBIA COUNTY, OREGON

GRANT COMPLIANCE REVIEW

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November 17, 2022

To the Board of Directors
Scappoose School District No. 1J
Columbia County, Oregon

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*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Scappoose School District No. 1J as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 17, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of 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 financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness noted as FS – 2022 - 1.

Report on Compliance and Other Matters

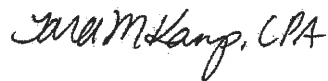
As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Entity's Response to Findings

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

Purpose of this Report

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



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.



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November 17, 2022

To the Board of Directors
Scappoose School District No. 1J
Columbia County, Oregon

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

Opinion on Each Major Federal Program

We have audited Scappoose School District No. 1J's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2022. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Scappoose School District No. 1J's 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, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Scappoose School District No. 1J's and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a

guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness noted as FS – 2022 - 1.

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

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

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

A handwritten signature in black ink that reads "Tara M. Kamp, CPA". The signature is written in a cursive style with a large, stylized 'T' and 'K'.

Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

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**SCAPPOOSE SCHOOL DISTRICT
COLUMBIA COUNTY, OREGON**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☒ yes ☐ no

Significant deficiency(s) indentified that are not considered to be material weaknesses?

☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

Any GAGAS audit findings disclosed that are required to be reporting in accordance with the Uniform Guidance?

☐ yes ☒ no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(s) indentified that are not considered to be material weaknesses?

☐ yes ☒ none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

☐ yes ☒ no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER

NAME OF FEDERAL PROGRAM CLUSTER

84.425

Education Stabilization Education Relief

10.553, 10.555

Child Nutrition Cluster

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

Auditee qualified as low-risk auditee?

☒ yes ☐ no

**SCAPPOOSE SCHOOL DISTRICT
COLUMBIA COUNTY, OREGON**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

FS – 2022 – 1

CONDITION: We noted that there were inadequate controls over reporting of payroll liabilities. During our audit procedures we discovered errors in payroll liabilities with accruals that were not clearing out as expected from month to month.

CRITERIA: Payroll liabilities should be accurately reconciled to the general ledger to ensure payroll liabilities are properly reported

EFFECT: Without adequate controls in place to make sure payroll liabilities are properly reported, the possibility of a material misstatement of the financial statements exists.

CAUSE: Inadequate resources dedicated to ensure proper accounting of payroll liabilities

RECOMMENDATION: We recommend that the District review its payroll liabilities on a regular basis to help identify and correct any errors

VIEWS OF RESPONSIBLE OFFICIALS: The District will implement at a minimum, quarterly reviews of payroll liabilities. This will coincide with the reconciliation of quarterly tax payments. This is part of our overall review and update of payroll processes and procedures.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

None Noted

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with 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). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The entity has not elected to use the ten percent de minimus indirect cost rate as allowed under Uniform Guidance, due to the fact that they already have a negotiated indirect cost rate with Oregon Department of Education, and thus is not allowed to use the de minimus rate.