

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021



12700 SW 72nd Ave.
Tigard, OR 97223

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

BOARD OF DIRECTORS

BOARD OF DIRECTORS

TERM EXPIRES

Megan Evenson, Chair

June 30, 2023

Ian Wiggins

June 30, 2025

Katherine Willis

June 30, 2025

Kathy Engel

June 30, 2025

Kara Harris

June 30, 2023

All board members will receive mail at the following address:

P.O. Box 675
Clatskanie, Oregon 97016

ADMINISTRATION

Cathy Hurowitz, Superintendent

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

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COLUMBIA COUNTY, OREGON

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June 21, 2022

To the Board of Directors
Clatskanie School District No. 6J
Columbia County, Oregon

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clatskanie School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Clatskanie School District as of June 30, 2021, and the respective changes in financial position and budgetary comparisons for the general fund, and major special revenue funds, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 management's discussion and analysis 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 and other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards, and is not part of the basic financial statements. The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, 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, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The listing of board members containing their term expiration dates, located before the table of contents, and the other information, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports dated, June 21, 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 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 June 21, 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.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

As management of Clatskanie School District No. 6J (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

- In the government-wide financial statements, the liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at June 30, 2021 by \$2,514,508. Of this amount, \$4,317,589 represents investment in capital assets, net of related debt, \$184,809 is restricted for student body activities, transportation, grants and other programs, and the deficit of \$7,016,906 is unrestricted.
- The District's total net position decreased by (\$23,936) during the 2020-21 fiscal year.
- The District's governmental funds report a combined ending fund balance of \$1,619,580, which is \$539,851 more than the prior year. The ending fund balance includes \$822,665 reserved for specific programs and \$796,915 constitutes unassigned ending fund balance, which is available for spending at the District's discretion subject to board policy.
- At the end of the fiscal year, the General Fund balance was \$796,915, which equals about 3.0% of total General Fund expenditures.
- The District's total debt decreased by \$124,064 during the 2020-21 fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements.

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

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 District is improving or deteriorating.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

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).

In the government-wide financial statements, the District's activities are shown in one category:

Governmental activities. The District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund, and other intergovernmental revenues.

The government-wide financial statements can be found on pages 4 and 5 of this report.

Fund financial statements. The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. 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. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are reported as governmental funds.

Governmental funds. The *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 the 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 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 Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Position and Activities.

The basic governmental fund financial statements can be found on pages 6 and 8 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 14 of this report.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* consisting of schedules detailing ten years of pension (assets)/liabilities and pension contributions and schedules of changes in other post-employment benefits. Required supplementary information can be found on page 44 of this report.

Supplementary Information presented on pages 47 – 50, includes the budgetary comparisons for the nonmajor funds and schedules of property tax transactions and balances. *Other Information* including the schedule of expenditures of federal awards, schedules and supplemental information required by the Oregon Department of Education can be found on pages 51 – 58.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources by \$2,514,508 at June 30, 2021. During the 2020-21 fiscal year, the District's total net position decreased by \$23,936 as compared to the previous year's net position.

Capital assets, which consist of the District's land, buildings, building improvements, equipment and vehicles represent about 56% of total assets. Other assets consist of investments, cash, and receivables of property taxes, grants and contracts.

The District's largest liability (91%) is for the repayment of installment loans, early retirement incentives and its proportionate share of the net pension liability. Other liabilities consist mainly of accounts payable, payroll taxes and related benefits payable.

The District's net position of \$4,317,589 reflects its investment in capital assets (land, buildings, vehicles, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students and other district residents; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The District's restricted net position of \$184,809 reflects resources that are subject to external restrictions on how they may be used. The remaining balance in net position, a negative (\$7,016,906) is unrestricted.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

During the current year the District's net position decreased by (\$23,936) compared to the previous year's net position. The District's net investment in capital assets increased by \$421,893, primarily due to payment of related debt during the year. This was offset by a decrease in unrestricted net position of \$522,691 due mainly to the change in the PERS net pension liability.

CLATSKANIE SCHOOL DISTRICT NO. 6J			
NET POSITION			
	Governmental Activities		
	June 30,	June 30,	Increase
	2021	2020	(Decrease)
ASSETS			
Current and Other Assets	\$ 2,857,305	\$ 2,528,814	\$ 328,491
Capital Assets, net of depreciation	4,882,646	5,267,584	(384,938)
Total Assets	<u>7,739,951</u>	<u>7,796,398</u>	<u>(56,447)</u>
DEFERRED OUTFLOWS OF RESOURCES			
Net Pension Related Deferred Outflows	4,240,424	3,845,601	394,823
OPEB Related Deferred Outflows	63,575	20,323	43,252
RHIA Deferred Outflows	<u>14,338</u>	<u>2,931</u>	<u>11,407</u>
LIABILITIES			
Current Liabilities	1,012,855	1,999,660	(986,805)
Long-Term Obligations	<u>12,182,780</u>	<u>11,140,329</u>	<u>1,042,451</u>
Total Liabilities	<u>13,195,635</u>	<u>13,139,989</u>	<u>55,646</u>
DEFERRED INFLOWS OF RESOURCES			
Net Pension Related Deferrals	1,263,053	877,739	385,314
Pension Related Deferrals	103,290	122,944	(19,654)
RHIS Related Deferrals	<u>10,818</u>	<u>15,153</u>	<u>(4,335)</u>
NET POSITION			
Net Investment in Capital Assets	4,317,589	3,895,696	421,893
Restricted	184,809	107,947	76,862
Unrestricted	<u>(7,016,906)</u>	<u>(6,494,215)</u>	<u>(522,691)</u>
Total Net Position	<u>\$ (2,514,508)</u>	<u>\$ (2,490,572)</u>	<u>\$ (23,936)</u>

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

Governmental activities. The key elements of the change in the District's net position for the years ended June 30, 2021 and June 30, 2020 are as follows:

CLATSKANIE SCHOOL DISTRICT NO. 6J			
CHANGES IN NET POSITION			
Year Ended June 30,			
	<u>Governmental Activities</u>		<u>Increase</u>
	<u>2021</u>	<u>2020</u>	<u>(Decrease)</u>
REVENUES			
Program Revenues			
Charges for Services	\$ 50,515	\$ 109,916	\$ (59,401)
Operating Grants and Contributions	2,227,769	1,457,817	769,952
General Revenues			
Property Taxes Levied for:			
General Purposes	3,530,612	3,505,523	25,088
Debt Service	718,733	702,151	16,582
Earnings on Investments	16,697	53,810	(37,114)
Other Local Sources	146,171	177,258	(31,087)
Intermediate Sources	66,232	85,034	(18,802)
State Sources	5,281,602	4,860,833	420,769
Total revenues	<u>12,038,330</u>	<u>10,952,342</u>	<u>1,085,988</u>
EXPENSES			
Instruction	7,098,632	6,858,001	240,631
Support services	4,546,255	4,470,170	76,085
Enterprise and Community Services	393,080	485,283	(92,203)
Interest on Long-Term Debt	24,299	41,794	(17,495)
Total expenses	<u>12,062,266</u>	<u>11,855,248</u>	<u>207,018</u>
Increase (Decrease) in Net Position	(23,936)	(902,906)	878,970
Net Position - Beginning	(2,490,572)	(1,588,666)	(901,906)
Prior Period Adjustment		1,000	(1,000)
Net Position - Ending	<u>\$ (2,514,508)</u>	<u>\$ (2,490,572)</u>	<u>\$ (23,936)</u>

Revenues increased compared to prior year, primarily due to an increase in property taxes received for debt service, state and local revenue.

Expenditure increases are primarily attributed to increased staffing costs and related associated payroll expenditures, offset by GASB 68 adjustments and a decrease of interest payments on long-term debt.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

FUND FINANCIAL ANALYSIS

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2021, the District's governmental funds reported combined ending fund balances of \$1,619,578, an increase of \$539,851 in comparison with the prior year. Of this amount, \$822,665 (about 50.8 percent) of the ending fund balances constitutes nonspendable, restricted or assigned ending fund balance, which are amounts that are either not expendable (such as inventory or prepaid expenses) or are legally restricted by outside parties for a specific purpose (such as student body). The remaining \$796,915 (49.2 percent) of the ending fund balances is unassigned and available for spending at the District's discretion.

General Fund. The General Fund is the chief operating fund of the District. As of June 30, 2021 the unassigned fund balance was \$796,915. As a measure of the fund's liquidity, it may be useful to compare general fund balance to total general fund expenditures. The fund balance represents 8.9 percent of total General Fund expenditures.

Special Revenue Fund. The Special Revenue Fund accounts for revenues and expenditures of funds restricted for specific programs, such as grants, associated student body activities, and transportation vehicle replacement as well as internal funds segregated by the Board for the food service program. Grant revenues are primarily from Federal sources. As of June 30, 2021 the fund was \$551,089, a decrease of \$68,507 from the prior year primarily due to increased transfers to the general fund for operations from the strategic investment program fund.

Debt Service Fund. As of June 30, 2021, the restricted fund balance was \$17,372. The fund balance decreased by \$8,088 from the prior year, the result of a decrease in debt service property tax collections during the fiscal year and a decrease in the energy rebate balance to pay future installment purchase agreement debt.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

CAPITAL ASSETS

At June 30, 2021, the District had \$4,882,646 invested in capital assets, including land, buildings, equipment and vehicles. As shown on the following table, total capital assets net of depreciation declined by \$384,938. This decrease consisted of depreciation expense of \$548,521 offset by net capital asset additions totaling \$163,583.

CLATSKANIE SCHOOL DISTRICT NO. 6J			
CAPITAL ASSETS			
(net of depreciation)			
	Governmental Activities		
	June 30,	June 30,	Increase
	2021	2020	(Decrease)
Land	\$ 476,270	\$ 476,270	\$ -
Building and Equipment, net of depreciation	4,406,376	4,791,314	(384,938)
Total Capital Assets, net of depreciation	<u>\$ 4,882,646</u>	<u>\$ 5,267,584</u>	<u>\$ (384,938)</u>

DEBT ADMINISTRATION

As of June 30, 2021, the District had \$675,204 in long-term obligations, consisting primarily of general obligation bonds, leases payable, installment purchase agreement and early retirement stipends. This is a decrease of \$830,568 from prior year, as the District paid off the outstanding general obligation bonds.

Additional information on the District's long-term debt can be found in the notes to basic financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The most significant economic factor for the District is the State of Oregon's State School Fund, which accounts for 91.1% of the District's general fund resources. The Oregon Legislature passed a statewide education budget of \$9.0 billion for the 2019-21 biennium. State School Fund (SSF) support payments will be made to districts based on that budget. However, the budget is contingent upon a forecast of Oregon's continued economic recovery and the projected tax receipts based on that forecast. Should the Oregon economy perform more poorly than was

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

forecast, cuts will be made to the state budget that will affect programs supported by the state.

The District's total budgeted General Fund resources show an increase from 2020-21. State resources are allocated to districts based not only on the available funding, but also on enrollment. Overall, the District's enrollment has declined over the last ten years, which contributes to the flat revenue. Current projections show that enrollment may decline for 2021-22.

Personnel expenses make up about 81% of the program costs for the instruction, support and administrative functions. While the District has been able to hold salary costs steady in recent years, associated payroll costs have increased dramatically. These escalating costs continue to be one of the most pressing concerns for the District in the attempt to balance student needs with the provision of a realistic compensation package for staff.

Medical insurance costs are also expected to increase. The premiums for District health insurance plans have increased over the years, consistent with state and national trends, and this trend is expected to continue.

In addition, employer rates for the Public Employees Retirement System (PERS) will continue to increase significantly for the 2021-2023 biennium. The rate effective July 1, 2019 for the 2019-2021 biennium is 32.03% of salary covered under the plan for Tiers 1 and 2 employees and 26.58% for employees covered under the Oregon Public Services Retirement Plan (OPSRP). Current actuarial projections show similar increases in the next two biennia.

The District's Budget Committee and School Board considered these and other factors while preparing the 2021-22 budget.

REQUESTS FOR INFORMATION

The District's financial report is designed to provide taxpayers, parents, teachers, students, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Business Manager at the Clatskanie School District: 47815 S. Nehalem, Clatskanie, Oregon 97016.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2021

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Deposits and Investments	\$ 1,871,839
Taxes Receivables	180,034
Other Receivables	736,127
Net Retiree Health Insurance Account (RHIA) Asset	69,305
Capital Assets:	
Land	476,270
Buildings and Equipment, net of depreciation	<u>4,406,376</u>
Total Assets	<u><u>7,739,951</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Net Pension Related Deferred Outflows	4,240,424
OPEB Related Deferred Outflows	63,575
Retiree Health Insurance Account (RHIA) Related Deferred Outflows	<u>14,338</u>
Total Deferred Outflows	<u><u>4,318,337</u></u>
LIABILITIES	
Accounts Payable	46,609
Accrued Payroll Liabilities	964,696
Accrued Interest Payable	1,550
Long-term Obligations:	
Proportionate Share of Net Pension Liability	11,001,816
Total OPEB Liability	505,760
Due within one year	229,103
Due in more than one year	<u>446,101</u>
Total Liabilities	<u><u>13,195,635</u></u>
DEFERRED INFLOWS OF RESOURCES	
Net Pension Related Deferred Inflows	1,263,053
OPEB Related Deferred Inflows	103,290
RHIA Related Deferred Inflows	<u>10,818</u>
Total Deferred Inflows	<u><u>1,377,161</u></u>
NET POSITION	
Net Investment in Capital Assets	4,317,589
Restricted for Debt Service	17,372
Restricted for Student Body Accounts	167,437
Unrestricted	<u>(7,016,906)</u>
Total Net Position	<u><u>\$ (2,514,508)</u></u>

See accompanying notes to basic financial statements.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 7,098,632	\$ 30,069	\$ 1,050,352	\$ 6,018,211
Support Services	4,546,255	19,728	1,133,632	3,392,896
Enterprise and Community Services	393,080	718	43,785	348,577
Interest on Long-Term Debt	24,298	-	-	24,298
Total Governmental Activities	<u>\$ 12,062,266</u>	<u>\$ 50,515</u>	<u>\$ 2,227,769</u>	<u>\$ 9,783,982</u>

General Revenues	
Property Taxes	
General purposes	3,530,612
Debt service	718,733
State School Fund - General Support	5,071,939
Common School Fund	70,832
Unrestricted State and Local Support	205,063
Earnings on Investments	16,697
Miscellaneous	<u>146,170</u>
Total General Revenues	<u>9,760,046</u>
Changes in Net Position	(23,936)
Net Position- Beginning	<u>(2,490,572)</u>
Net Position - Ending	<u>\$ (2,514,508)</u>

See accompanying notes to basic financial statements.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

	<u>GENERAL</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTALS</u>
ASSETS					
Deposits and Investments	\$ 1,871,839	\$ -	\$ -	\$ -	\$ 1,871,839
Property Taxes Receivable	150,228	-	29,806	-	180,034
Other Accounts Receivable	82,457	572,070	15,578	66,022	736,127
Due from Other Funds	-	46,323	-	188,182	234,505
Total Assets	<u>\$ 2,104,524</u>	<u>\$ 618,393</u>	<u>\$ 45,384</u>	<u>\$ 254,204</u>	<u>\$ 3,022,505</u>
LIABILITIES					
Accounts Payable	\$ -	\$ 46,609	\$ -	\$ -	\$ 46,609
Payroll Liabilities	944,001	20,695	-	-	964,696
Due To Other Funds	228,732	-	5,773	-	234,505
Total Liabilities	<u>1,172,733</u>	<u>67,304</u>	<u>5,773</u>	<u>-</u>	<u>1,245,810</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue-Property Taxes	134,876	-	22,239	-	157,115
	<u>134,876</u>	<u>-</u>	<u>22,239</u>	<u>-</u>	<u>157,115</u>
FUND BALANCES (DEFICITS)					
Restricted					
Debt Service	-	-	17,372	-	17,372
Student Body	-	167,437	-	-	167,437
Assigned	-	383,652	-	254,204	637,856
Unassigned	796,915	-	-	-	796,915
Total Fund Balances	<u>796,915</u>	<u>551,089</u>	<u>17,372</u>	<u>254,204</u>	<u>1,619,580</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (deficits)	<u>\$ 2,104,524</u>	<u>\$ 618,393</u>	<u>\$ 45,384</u>	<u>\$ 254,204</u>	<u>\$ 3,022,505</u>

See accompanying notes to basic financial statements.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2021

Total Fund Balances - Governmental Funds \$ 1,619,580

Amounts reported for governmental activities in the statement of net position is different because:

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

Cost	\$ 19,244,944	
Accumulated Depreciation	<u>(14,362,298)</u>	4,882,646
Total RHIA Asset		69,305

A portion of the District's property taxes 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 governmental funds.

Unavailable Revenue-Property Taxes	157,115
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The Net Pension Asset (Liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.	(11,001,816)
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Total OPEB Liability	(505,760)
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Deferred Inflows and Outflows related to the Net Pension Liability, OPEB and RHIA liability are differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.

Pension deferred inflows	(1,263,053)
Pension deferred outflows	4,240,424
OPEB deferred inflows	(103,290)
OPEB deferred outflows	63,575
RHIA deferred inflows	(10,818)
RHIA deferred outflows	14,338

Short term and 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.

Short Term & Long Term Obligations		
Accrued Interest Payable	\$ (1,550)	
Leases Payable	(243,140)	
Early Retirement	(63,600)	
LED Installment Payable	(321,918)	
Accrued Vacation Payable	<u>(46,546)</u>	<u>(676,754)</u>

Net Position	<u>\$ (2,514,508)</u>
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See accompanying notes to basic financial statements.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	GENERAL	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES					
Taxes	\$ 3,569,205	\$ -	\$ 725,016	\$ -	\$ 4,294,221
State and Local Sources	5,376,554	599,180	-	-	5,975,734
Federal Sources	-	1,199,186	-	-	1,199,186
Interest	16,697	-	-	-	16,697
Contributions and Donations	6,225	444,303	-	-	450,528
Other	66,232	74,177	-	-	140,409
Total Revenues	9,034,913	2,316,846	725,016	-	12,076,775
EXPENDITURES					
Current:					
Instruction	5,162,416	1,105,114	-	-	6,267,530
Support Services	3,742,746	369,186	-	-	4,111,932
Enterprise & Community Services	-	392,993	-	-	392,993
Facilities Acquisition and Construction	-	658	-	-	658
Capital Outlay	-	163,583	-	-	163,583
Debt Service	-	-	790,104	-	790,104
Total Expenditures	8,905,162	2,031,534	790,104	-	11,726,800
Excess of Revenues Over (Under) Expenditures	129,751	285,312	(65,088)	-	349,975
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	-	-	-	116,022	116,022
Lease Purchase Proceeds	-	73,854	-	-	73,854
Transfer Out	(75,000)	(569,479)	-	-	(644,479)
Transfer In	445,673	141,806	57,000	-	644,479
Total Other Financing Sources (Uses)	370,673	(353,819)	57,000	116,022	189,876
Net Change in Fund Balance	500,424	(68,507)	(8,088)	116,022	539,851
Beginning Fund Balance	296,491	619,596	25,460	138,182	1,079,729
Ending Fund Balance	<u>\$ 796,915</u>	<u>\$ 551,089</u>	<u>\$ 17,372</u>	<u>\$ 254,204</u>	<u>\$ 1,619,580</u>

See accompanying notes to basic financial statements.

CLATSKANIE SCHOOL DISTRICT NO. 6J
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, 2021

Net change in fund balances - total governmental funds	\$	539,851
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Amounts reported for government-wide statements in the Statement of Activities are different because of the following:

Governmental funds report capital outlays as expenditures while government-wide statements report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:

Capitalized expenditures	\$	163,583
Depreciation		<u>(548,521)</u>
		(384,938)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:

Taxes		(44,876)
Loan receivable		(109,591)

The OPEB Expense represents the changes in Total OPEB (Liability) from year to year due to changes in total OPEB liability and the fair value of OPEB plan net position available to pay OPEB benefits.		(28,410)
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The Pension Expense represents the changes in Net Pension Asset (Liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.		(836,587)
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The RHIA Expense represents the changes in RHIA Asset (Liability) from year to year due to changes in total RHIA liability (asset) and the fair value of RHIA plan net position available to pay RHIA benefits.		8,268
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Repayment of long term & short term obligations is an expenditure in the governmental funds, but the repayment reduces debt obligations in the government-wide statements.

Repayment of Bus Leases		116,658
Repayment of bonds payable		717,000
Repayment of Installment Loan		47,027
Change in Leases Payable		(73,854)
Change in Interest Payable		1,779
Change in Accrued Vacation		(5,063)
Change in Early Retirement		<u>28,800</u>

Change in net position of governmental activities	\$	<u>(23,936)</u>
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See accompanying notes to basic financial statements.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

STATEMENT OF NET POSITION - FIDUCIARY FUND
For the Year Ended June 30, 2021

	<u>Custodial Fund</u>
ASSETS	
Deposits and Investments	<u>\$ 53,027</u>
Total Assets	<u> 53,027</u>
LIABILITIES	
Funds held for scholarships	<u> 53,027</u>
Total Liabilities	<u><u> \$ 53,027</u></u>

See accompanying notes to basic financial statements.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

Statement of Changes in Fiduciary Net Position
June 30, 2021

	Custodial Fund
ADDITIONS	
Investment earnings	\$ 420
Total Additions	<u>420</u>
DEDUCTIONS	-
Total Deductions	<u>-</u>
Net increase (decrease) in fiduciary net position	<u>420</u>
Net position - beginning	<u>52,607</u>
Net position - ending	<u><u>\$ 53,027</u></u>

See accompanying notes to basic financial statements.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2021

GENERAL FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Local Sources	\$ 3,970,785	\$ 3,970,785	\$ 3,744,559	\$ 226,226
Intermediate Sources	31,000	31,000	66,232	(35,232)
State Sources	4,993,102	4,993,102	5,207,425	(214,323)
Interest	-	-	16,697	(16,697)
Total Revenue	<u>8,994,887</u>	<u>8,994,887</u>	<u>9,034,913</u>	<u>(40,026)</u>
EXPENDITURES				
Instruction	5,524,513	5,524,513 (1)	5,162,416	362,097
Support Services	4,011,568	4,011,568 (1)	3,742,746	268,822
Contingency	79,479	79,479 (1)	-	79,479
Total Expenditures	<u>9,615,560</u>	<u>9,615,560</u>	<u>8,905,162</u>	<u>710,398</u>
Excess of Revenues Over (Under) Expenditures	(620,673)	(620,673)	129,751	670,372
OTHER FINANCING SOURCES (USES)				
Transfers In	445,673	445,673	445,673	-
Transfer Out	(75,000)	(75,000) (1)	(75,000)	-
Total Other Financing Sources (Uses)	<u>370,673</u>	<u>370,673</u>	<u>370,673</u>	<u>-</u>
Net Change in Fund Balance	(250,000)	(250,000)	500,424	750,424
Beginning Fund Balance	<u>250,000</u>	<u>250,000</u>	<u>296,491</u>	<u>46,491</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 796,915</u>	<u>\$ 796,915</u>

(1) Appropriation Level

See accompanying notes to basic financial statements.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2021

SPECIAL REVENUE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Local Sources	\$ 387,164	\$ 387,164	\$ 459,428	\$ 72,264
Intermediate Sources	-	-	74,177	74,177
State Sources	899,876	899,876	584,055	(315,821)
Federal Sources	584,517	584,517	1,199,186	614,669
	<u>1,871,557</u>	<u>1,871,557</u>	<u>2,316,846</u>	<u>445,289</u>
EXPENDITURES				
Instruction	1,054,463	1,054,463 (1)	1,128,114	(73,651)
Support Services	227,016	227,016 (1)	509,769	(282,753)
Enterprise and Community Services	455,655	455,655 (1)	392,993	62,662
Facilities Acquisition and Construction	5,200	5,200 (1)	658	4,542
Contingency	125,000	125,000 (1)	-	125,000
	<u>1,867,334</u>	<u>1,867,334</u>	<u>2,031,534</u>	<u>(164,200)</u>
Excess of Revenues Over (Under) Expenditures	4,223	4,223	285,312	281,089
OTHER FINANCING SOURCES (USES)				
Lease Purchase Receipts	-	-	73,854	73,854
Transfer In	75,000	75,000	141,806	66,806
Transfer Out	(502,673)	(502,673) (1)	(569,479)	(66,806)
	<u>(427,673)</u>	<u>(427,673)</u>	<u>(353,819)</u>	<u>73,854</u>
Net Change in Fund Balance	(423,450)	(423,450)	(68,507)	354,943
Beginning Fund Balance	633,393	633,393	619,596	(13,797)
Ending Fund Balance	<u>\$ 209,943</u>	<u>\$ 209,943</u>	<u>\$ 551,089</u>	<u>\$ 341,146</u>

(1) Appropriation Level

See accompanying notes to basic financial statements.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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 of the district's accounting policies are described below.

REPORTING ENTITY

Clatskanie School District No. 6J (the District) is a municipal corporation governed by a separately elected five-member board authorized to transact all business on the District's behalf. The District is a primary government exercising financial accountability for all public education within its boundaries. The Board approves administrative officials. The daily functioning is under supervision of the Superintendent. As required by generally accepted accounting principles, all activities have been included in the basic financial statements.

The financial statements include all funds and account groups. The District is not financially accountable for any other governmental entity. Financial accountability is determined in accordance with criteria set forth in GAAP and Governmental Accounting Standards Board (GASB) Statement No. 61. Financial accountability is based primarily on the authority to appoint voting majority of an organization's governing board, ability to impose its will on that organization, the potential for that organization to provide specific financial benefits or impose specific financial burdens and that organization's fiscal dependency. There are no component units.

BASIS OF PRESENTATION – FUND ACCOUNTING

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Position and Statements of Activities displays 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 the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the 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 of 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.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS

The accounts are organized and operated on the basis of funds. A fund is 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. The minimum number of funds are maintained consistent with legal and managerial requirements.

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for 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. 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 all financial resources and expenditures except those required to be accounted for in another fund. The principal revenue sources are property taxes and an apportionment from the State of Oregon School Support Fund.

SPECIAL REVENUE FUND

This fund consists of all special revenue funds established to account for revenues and expenditures related to grants, student activities and other special revenues.

DEBT SERVICE FUND

This fund accounts for the property tax revenues related to debt service and makes the debt service payments on the general obligation bonds.

CAPITAL PROJECTS FUND

This fund accounts for all financial resources and expenditures that are used to fund capital projects.

FIDUCIARY FUND

This fund accounts for all financial resources and expenditures related to the Scholarship Fund.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, certain programs are funded by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program

It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. All revenues reported in the governmental funds are considered to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

BUDGETS

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting in the main program categories required by Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles except that property taxes received after year-end are not considered budgetary resources in the funds, inventory is expensed when purchased, capital outlay is reported as an expenditure rather than capitalized, pension costs are recorded when paid, depreciation and amortization are not recorded and debt and vacation pay are expensed when paid instead of when incurred.

The budget process begins early in each fiscal year with the establishment of the budget committee. Recommendations are developed through early spring with the budget committee approving the budget in late spring. Public notices of the budget hearing are generally published in spring with a public hearing being held approximately three weeks later. The Board may amend the budget prior to adoption. However, budgeted expenditures for each fund may not be increased by more than ten percent without re-publication. The budget is then adopted, appropriations are made, and the tax levy declared no later than June 30th.

Expenditure budgets are appropriated at the following levels for each fund: Instruction, Support Services, Enterprise & Community Services, Facilities Acquisition and Construction, Other Uses - Debt Service and Interfund Transfers, and Operating Contingency.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETS (CONTINUED)

Expenditures cannot legally exceed the adopted appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to unforeseen circumstances which could not be determined at the time the budget was adopted.

Budget amounts shown in the basic financial statements reflect the original budgeted appropriation amounts and appropriations transfers. Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2021, except for the following: Special Revenue Fund – Instruction by \$73,651, Support Services by \$282,753, and transfer out by \$66,806.

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.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY TAXES RECEIVABLE

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. All property taxes receivable are due from property owners within the District.

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.

ACCOUNTS AND OTHER RECEIVABLES

Accounts and Other Receivables are comprised primarily of state school support and claims for reimbursement of costs under various federal and state grants. No allowance for uncollectible accounts has been recorded because all receivables are considered by management to be collectible.

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 are recorded as unearned revenue on the statement of net position and the balance sheet.

SUPPLY INVENTORIES

School food and other cafeteria supplies are stated at average invoice cost. Commodities purchased from the United States Department of Agriculture in the Food Service Fund are included in inventories at USDA wholesale value. Supplies are accounted for based on the purchase method. Donated commodities consumed during the year are reported as revenues and expenditures. The amount of unused donated commodities at balance sheet date is considered immaterial by management for reporting purposes. There were no supply inventories as of June 30, 2021.

CAPITAL ASSETS

Capital assets are recorded at original cost or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. 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. Interest incurred during construction is not capitalized. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Building and improvements	10 to 50 years
Equipment	5 to 20 years

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 positions that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in the category. Net Pension Related Deferrals, RHIA Deferrals and Total OPEB Related Deferrals related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.

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 inflow of resources (revenue) until that time. The item unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government has three types of items, which arises under full accrual accounting in the Statement of Net Position. The Statement of Net Position reports deferred inflows from a Net Deferred Pension Liability, RHIA Asset, and a Total OPEB related deferral resulting from actuarial valuations and contributions subsequent to measurement date.

COMPENSATED ABSENCES

Full-time employees are permitted to accumulate unused sick leave at the rate of one day per month over the working careers. The District does not compensate the employees for unused accumulations upon termination of employment. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when employees separate from service.

It is the policy to permit full-time twelve month employees to accumulate earned but unused vacation. All unused vacation pay is accrued, if material, when earned in the government-wide financial statements.

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.

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 pension 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 the benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 deferred and 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.

NET POSITION

Net position is comprised of 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. There is net position restricted for debt service.

Unrestricted net position – Consists of all other assets that are not included in the other categories previously mentioned.

It is the District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

FUND BALANCES

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. The nonspendable fund balance represents inventories and prepaid items.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCES (CONTINUED)

- 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.
- 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 District 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.

2. CASH AND INVESTMENTS

DEPOSITS

Deposits with financial institutions include bank demand deposits. The total bank balance per the bank statements on June 30, 2021 was \$47,114, all of which was covered by federal depository insurance. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

INVESTMENTS

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 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. The pool is comprised of a variety of investments.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. 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.

Cash and Investments at June 30, 2021 (recorded at fair value) consisted of:

Petty Cash	\$	1,060
Demand Deposits		(151,540)
LGIP		<u>2,075,346</u>
Total		<u>\$ 1,924,866</u>

There were the following investments and maturities at June 30, 2021

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-59
State Treasurer's Investment Pool	\$ 2,075,346	\$ 2,075,346	\$ -	\$ -
Total	\$ 2,075,346	\$ 2,075,346	\$ -	\$ -

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, deposits may not be returned. The District does not have a deposit policy for custodial credit risk.

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 beyond three months.

Credit Risk – Investments

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

At June 30, 2021, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

3. ACCOUNTS/GRANTS RECEIVABLE

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs. They also included a contract receivable in the past that the District used to sell property on September 11, 2003 for \$680,000. The contract was paid in full June 30, 2022. Property taxes are levied and become a lien on all taxable property as of July 1. Taxes unpaid and outstanding on May 16 are considered delinquent. No allowance for uncollectible accounts has been recorded because all receivables are considered by management to be collectible.

4. CAPITAL ASSETS

	<u>July 1, 2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2021</u>
Capital assets not being depreciated:				
Land	\$ 476,270	\$ -	\$ -	\$ 476,270
Total capital assets not being depreciated	<u>476,270</u>	<u>-</u>	<u>-</u>	<u>476,270</u>
Capital assets being depreciated				
Building and Improvements	14,864,071	-	-	14,864,071
Equipment	<u>3,798,602</u>	<u>163,583</u>	<u>(57,582)</u>	<u>3,904,603</u>
Total capital assets being depreciated	<u>18,662,673</u>	<u>163,583</u>	<u>(57,582)</u>	<u>18,768,674</u>
Less total accumulated depreciation for:				
Building and Improvements	(11,113,699)	(309,813)	-	(11,423,512)
Equipment	<u>(2,757,660)</u>	<u>(238,708)</u>	<u>57,582</u>	<u>(2,938,786)</u>
Total accumulated depreciation	<u>(13,871,359)</u>	<u>(548,521)</u>	<u>57,582</u>	<u>(14,362,298)</u>
Total capital assets being depreciated, net	<u>4,791,314</u>	<u>(384,938)</u>	<u>57,582</u>	<u>4,406,376</u>
Total capital assets, net	<u>\$ 5,267,584</u>	<u>\$ (384,938)</u>	<u>\$ 57,582</u>	<u>\$ 4,882,646</u>

Depreciation expense for the year was charged to the following programs:

Program:	
Instruction	\$ 331,197
Support Services	217,289
Enterprise and Community Services	35
	<u>\$ 548,521</u>

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. 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/2020-CAFR.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.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- 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:
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, 2017 actuarial valuation, which became effective July 1, 2019. 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, 2021 were \$1,386,368, excluding amounts to fund employer specific liabilities. In addition approximately \$40,250 in employee contributions were paid or picked up by the District in fiscal 2021. At June 30, 2021, the District reported a net pension liability of \$11,001,816 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2018. 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, 2020 and 2019, the District's proportion was .0504 percent and .0588 percent, respectively. Pension expense for the year ended June 30, 2021 was \$836,587.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

The rates in effect for the year ended June 30, 2021 were:

- (1) Tier 1/Tier 2 – 32.03%
- (2) OPSRP general services – 26.58%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 484,213	\$ -
Changes in assumptions	590,433	20,688
Net difference between projected and actual earnings on pension plan investments	1,293,671	-
Net changes in proportionate share	270,483	1,242,365
Differences between District contributions and proportionate share of contributions	215,256	-
Subtotal - Amortized Deferrals (below)	2,854,056	1,263,053
District contributions subsequent to measuring date	1,386,368	-
Deferred outflow (inflow) of resources	\$ 4,240,424	\$ 1,263,053

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, 2022.

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
2022	\$ 296,812
2023	557,890
2024	526,267
2025	262,910
2026	(52,875)
Thereafter	-
Total	\$ 1,591,003

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 5, 2021. Oregon PERS produces an independently audited CAFR which can be found at:

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

Actuarial Valuations

The employer contribution rates effective July 1, 2019 through June 30, 2021, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (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.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

Actuarial Methods and Assumptions:

Valuation date	December 31, 2018
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	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	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, 2018.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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%
Alternative Investments	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

(Source: June 30, 2020 PERS ACFR; p. 102)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-driven	38.00%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
<i>Assumed Inflation - Mean</i>		2.50%

(Source: June 30, 2020 PERS CAFR; p. 74)

Discount Rate

Discount Rate – The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. 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 7.20 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	\$ 16,336,788	\$ 11,001,816	\$ 6,528,194

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, 2020 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.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. 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 if 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. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2021.

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>

6. RETIREMENT HEALTH INSURANCE ACCOUNT - OPEB

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.

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

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. RETIREMENT HEALTH INSURANCE ACCOUNT – OPEB (CONTINUED)

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 0.53% of annual covered OPERF payroll and 0.45% of OPSRP payroll under a contractual requirement in effect until June 30, 2021. 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, 2019, 2020 and 2021 were \$19,693, \$2,429 and \$553, respectively, which equaled the required contributions each year.

At June 30, 2021, the District reported a net OPEB liability/(asset) of (\$69,305) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2020, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2018. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2019 and 2018, the District's proportion was .04 percent and .04 percent, respectively. OPEB (income) for the year ended June 30, 2021 was (\$8,268).

Employer's proportionate share of collective system OPEB Expense/(Income) \$	(11,147)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	3,166
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
	\$ (7,981)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 7,085
Changes in assumptions	-	3,684
Net difference between projected and actual earnings on pension plan investments	7,707	-
Net changes in proportionate share	6,078	49
Differences between District contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	13,785	10,818
District contributions subsequent to measuring date	553	-
Net Deferred Outflow/(Inflow) of Resources	\$ 14,338	\$ 10,818

CLATSKANIE SCHOOL DISTRICT NO. 6J
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NOTES TO BASIC FINANCIAL STATEMENTS

6. RETIREMENT HEALTH INSURANCE ACCOUNT – OPEB (CONTINUED)

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

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>
2022	\$ (3,664)
2023	1,352
2024	2,849
2025	2,431
2026	-
Thereafter	-
Total	\$ 2,967

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, 2020. That independently audited report was dated March 5, 2021 and can be found at:

https://www.oregon.gov/pers/EMP/Documents/GASB/2020/GASB_75_FYE_6.30.2020.pdf

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2018
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	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.

CLATSKANIE SCHOOL DISTRICT NO. 6J
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NOTES TO BASIC FINANCIAL STATEMENTS

6. RETIREMENT HEALTH INSURANCE ACCOUNT – OPEB (CONTINUED)

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, 2018.

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement date of June 30, 2020 was 7.20 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 May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. RETIREMENT HEALTH INSURANCE ACCOUNT – OPEB (CONTINUED)

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-driven	38.00%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
<i>Assumed Inflation - Mean</i>		<i>2.50%</i>

(Source: June 30, 2020 PERS CAFR; 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 7.20 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net OPEB liability (asset)	\$ (55,953)	\$ (69,305)	\$ (80,723)

Changes Subsequent to the Measurement Date:

There are no changes subsequent to the June 30, 2020 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) GASB 75

Plan Description: The District operates a single-employer retiree benefit plan that provides postemployment health, dental and vision insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. All classes of employee are eligible to continue coverage upon retirement. Qualified spouses, domestic partners, and children may qualify for coverage. Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible).

Benefits and eligibility for members are established through the collective bargaining agreements. The post-retirement healthcare plan is established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contribution. The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan

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

Actuarial Methods and Assumptions: The District engaged an actuary to perform an evaluation as of June 30, 2018 using entry age normal, level percent of salary Actuarial Cost Method. The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Discount Rate per year	2.21%
General Inflation Rate per year	2.50%
Salary Scale per year	3.50%

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) GASB 75 (CONTINUED)

Health Care Cost Trends:

Year	Trend	Year	Trend
2019	3.00 %	2038-49	5.75 %
2020	5.25	2050-55	5.50
2021	5.50	2056-63	5.25
2022-25	5.00	2064-66	5.00
2026-34	4.75	2067-69	4.75
2035-36	5.00	2070-72	4.50
2037	5.50	2073+	4.25

Mortality rates were based on Pub-2010 Teacher Employee and Healthy Retiree tables, sex distinct for members and dependents. Future mortality improvement is not projected as it would be immaterial to the valuation.

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

Disability rates were not used.

Retirement rates were based on Oregon PERS assumptions. Annual rates are based on age, Tier / OPSRP, and duration of service.

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

Changes in Medical Benefit OPEB Liability:

	2021	2020	2019
Total OPEB Liability - Beginning	\$ 414,444	\$ 513,970	\$ 536,244
Changes for the Year:			
Service Cost	60,180	56,112	55,286
Interest	16,259	20,843	19,647
Effects of economic/demographic gains or losses	-	(100,406)	-
Changes of Assumptions or Other Input	35,200	(12,465)	(10,993)
Benefit Payments	(20,323)	(63,610)	(86,214)
Net Changes for the Year	91,316	(99,526)	(22,274)
Total OPEB Liability - Ending	\$ 505,760	\$ 414,444	\$ 513,970

Sensitivity of the Net Other Post-Employment Benefit Liability to Changes in Discount and Trend Rates: The following presents the net other post-employment benefit liability (NOL), calculated using the discount rate of 2.21 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) GASB 75 (CONTINUED)

June 30, 2021	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 546,703	\$ 505,760	\$ 467,234

The following presents the net other post-employment benefit liability (NOL), calculated using trend rate of 6.5 percent graded down to 5.0 percent, as well as what the liability would be if it was calculated using a trend rate 1-percentage-point lower (5.5 percent graded down to 4.0 percent) or 1-percentage-point higher (7.5 percent graded down to 6.0 percent) than the current rate:

June 30, 2021	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 445,486	\$ 505,760	\$ 578,097

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ (73,984)
Changes in assumptions	30,568	(29,306)
Benefit Payments	33,007	-
Deferred outflow (inflow) of resources	\$ 63,575	\$ (103,290)

<u>Year ending June 30,</u>	<u>Annual Recognition</u>
2022	\$ (15,022)
2023	(15,022)
2024	(15,022)
2025	(14,682)
2026	(11,468)
Thereafter	(1,506)
Total	\$ (72,722)

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG-TERM OBLIGATIONS

Direct Borrowings and Placements

Installment Purchase Agreement

On June 15, 2017, the District entered into an Installment Purchase Agreement with U.S Bancorp in the amount of \$500,000 with an interest rate of 3.715%. As of June 30, 2018, \$500,000 in qualifying expenditures had been incurred and drawn down. The District agreed to repay the installment agreement in accordance with the terms of a payment schedule that begins on July 15, 2017 and concludes June 15, 2027, for the full amount of the agreement (\$500,000).

Upon the occurrence of any event of default the lender shall have the right, at its sole option without any further emend or notice, to take any action, at law or in equity, that is permitted by applicable law and that may appear necessary or desirable to enforce or to protect any of its rights under the Property Schedule and the Agreement.

The future requirements for amortization of this Installment Purchase Agreement are as follows:

Fiscal year	Installment Purchase Agreement		
	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2021-2022	\$ 48,804	\$ 11,133	\$ 59,937
2022-2023	50,648	9,289	59,937
2023-2024	52,562	7,375	59,937
2024-2025	54,548	9,905	64,453
2025-2026	56,609	3,328	59,937
2026-2027	58,748	1,189	59,937
Total	<u>\$ 321,918</u>	<u>\$ 42,219</u>	<u>\$ 364,137</u>

General Obligation Bonds

2017 GO Refunding Bond

General obligation bonds are direct obligations and pledge the full faith and credit of the District. The outstanding general obligation bonds were issued to provide funds for the acquisition and construction of school facilities.

On August 8, 2017 \$2,645,000 of the Series 2005 G.O Bonds was advanced refunded, and the new 2017 General Obligation Bond debt was established in the amount of \$2,703,000 and an interest rate of 1.776%. As a result, the refunded bonds are considered to be defeased, and the liability has been removed from the governmental activities column of the statement of net position. The refunding allowed for the district to realize present value debt service savings of \$96,432 and resulted in an economic gain of \$93,539. This Bond was paid off in the 2021 fiscal year.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG-TERM OBLIGATIONS (CONTINUED)

Other Debt

Early Retirement (Termination Benefits):

The District previously had an early retirement plan for certified personnel. This plan was, in substance, a single employer defined benefit pension plan. It ended June 30, 2005. The charge to expenditures for the fiscal year ending June 30, 2021 was \$28,800, all of which was paid by the General Fund.

Future payments of early retirement stipends are as follows:

<u>Payable in:</u>	<u>Amount</u>
2021-22	\$ 28,800
2022-23	13,200
2023-24	7,200
Thereafter	<u>14,400</u>
	<u>\$ 63,600</u>

Capital Lease Obligations

The District has various leases for school buses. Approximate future minimum rental commitments under these agreements are as follows:

<u>Payable in:</u>	<u>Amount</u>
2021-22	\$ 104,953
2022-23	84,159
2023-24	38,882
2024-25	<u>15,145</u>
	<u>\$ 243,139</u>

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG-TERM OBLIGATIONS (CONTINUED)

Changes in Long-Term Obligations:

During the year ended June 30, 2021, the following changes occurred in long-term obligations:

Issue Date	Interest Rates	Issue Amount	Outstanding July 1, 2020	Issued	Matured & Redeemed	Outstanding June 30, 2021	Due in One Year
Direct Borrowings and Placements							
	Installment Purchase Agreement		\$ 368,945	\$ -	\$ 47,027	\$ 321,918	\$ 48,804
General Obligations Bonds							
8/1/2017	3.85-5.00%	2,703,000	717,000	-	717,000	-	-
Other Debt							
	Leases Payable		285,943	73,854	116,658	243,139	104,953
	Accumulated Unpaid Vacation		41,483	5,063	-	46,546	46,546
	Early Retirement		92,400	-	28,800	63,600	28,800
	Total Long-Term Obligations		<u>\$ 1,505,772</u>	<u>\$ 78,917</u>	<u>\$ 909,485</u>	<u>\$ 675,204</u>	<u>\$ 229,103</u>

9. 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 carried for other risks of loss including excess liability, workers' compensation, boiler and machinery, public official bond and employee dishonesty and contractor's license bond coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

10. COMMITMENTS AND CONTINGENCIES

There is participation in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The federal audits for these programs for the year ended June 30, 2021 have not been conducted. Accordingly, 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.

11. PROPERTY TAX LIMITATION

The State of Oregon imposes a constitutional limit on property taxes for schools and nonschool government operations. 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 obligation bonded debt. The result of this requirement 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.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

11. PROPERTY TAX LIMITATION (CONTINUED)

The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling 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 State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

12. TAX ABATEMENTS

As of June 30, 2021, Columbia County and Clatsop County both provides tax abatements through one program: Strategic Investment.

Strategic Investment (ORS 285C.600):

- The purpose of the Strategic Investment program is to improve employment in areas where eligible projects are to be located and urges business firms that will benefit from an eligible project to hire employees from the region in which the eligible project is to be located whenever practicable.

In order to be eligible for the SIP exemption:

- 1) The project must be an eligible project
- 2) Benefit a traded sector industry as defined in ORS 285B.280, and
- 3) The total cost of the project equals or exceeds:
 - a. \$100 million; or
 - b. \$25 million, for rural areas

For the fiscal year ended June 30, 2021, the District had the following abated property taxes:

<u>Tax Abatement Program</u>	<u>Amount of taxes abated during the Fiscal Year</u>
Columbia County – Strategic Investment (ORS 285C.600)	\$ 704,373
Clatsop County – Strategic Investment (ORS 285C.600)	<u>1,339,690</u>
	<u>\$ 2,044,063</u>

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

13. INTERFUND BALANCES AND TRANSFERS

Interfund balances and transfers for the year ended June 30, 2021 on the budgetary basis of accounting, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Due To</u>	<u>Due From</u>
General	\$ 445,673	\$ 75,000	\$ 228,732	\$ -
Special Revenue	141,806	569,479	-	46,323
Debt Service	57,000	-	5,773	-
Capital Projects	-	-	-	188,182
	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,182</u>
Total	<u>\$ 644,479</u>	<u>\$ 644,479</u>	<u>\$ 234,505</u>	<u>\$ 234,505</u>

Interfund items are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All interfund balances are expected to be repaid within one year from June 30, 2021.

14. SUBSEQUENT EVENTS

On May 18, 2021, voters approved the issuance of \$10,000,000 of General Obligation Bonds by the District. On August 12, 2021 these bonds were sold at an interest rate of 4.0% with final payment due June 15, 2038. These bonds are for the purpose of renovations to school facilities owned by the District including Clatskanie Elementary School, Clatskanie Middle/High School and the Clatskanie Transportation Building.

The District entered into a design-build agreement with McKinstry Essention, LLC on August 9, 2021 to perform those services approved and agreed to by voters.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

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) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.05 %	\$ 11,001,816	\$ 4,724,463	232.9 %	75.8 %
2020	0.06	10,155,720	4,731,663	214.6	80.2
2019	0.05	8,329,017	4,687,509	177.7	82.1
2018	0.06	7,680,826	3,974,980	193.2	83.1
2017	0.06	9,484,115	3,705,226	256.0	80.5
2016	0.08	4,446,102	4,018,077	110.7	91.9
2015	0.08	(1,772,705)	4,066,082	(43.6)	103.6
2014	0.08	3,990,962	3,906,226	102.2	92.0

The amounts presented for each fiscal year were actuarial 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

Year	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
2021	\$ 1,386,368	\$ 1,386,368	\$ -	\$ 5,240,031	26.5 %
2020	1,313,226	1,313,226	-	4,724,463	27.8
2019	1,042,697	1,042,697	-	4,731,663	22.0
2018	1,028,688	1,028,688	-	4,687,509	21.9
2017	760,547	760,547	-	3,974,980	19.1
2016	675,234	675,234	-	675,234	100.0
2015	798,185	798,185	-	1,595,101	50.0
2014	728,364	728,364	-	4,066,082	17.9

The amounts presented for each fiscal year were actuarial 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.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

SCHEDULE OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY
For the Year Ended June 30, 2021

	2021	2020	2019	2018
Total OPEB Liability - Beginning	\$ 414,444	\$ 513,970	\$ 536,244	\$ 571,998
Changes for the year:				
Service Cost	60,180	56,112	55,286	57,133
Interest	16,259	20,843	19,647	16,760
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	-	(100,406)	-	-
Changes of Assumptions or Other Input	35,200	(12,465)	(10,993)	(26,948)
Benefit Payments	(20,323)	(63,610)	(86,214)	(82,699)
Net Changes for the Year	91,316	(99,526)	(22,274)	(35,754)
Total OPEB Liability - Ending	\$ 505,760	414,444	\$ 513,970	\$ 536,244
Covered Payroll	\$ 5,240,031	\$ 5,068,678	\$ 4,731,663	\$ 4,687,509
Net Single Employer Pension Plan as a Percentage of Covered Payroll	9.65%	8.18%	10.86%	11.44%

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 73 and GASB 75 in the fiscal year ending June 30, 2018.

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

SCHEDULE OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY
For the fiscal year ended June 30, 2021

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY - RHIA

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	Change in Employer Proportion	Employer Total Expense (Income)
2021	\$ -	\$ (7,085)	\$ (3,684)	\$ 7,707	\$ 553	\$ 6,029	\$ (7,981)
2020	-	(10,125)	(80)	(4,739)	(2,429)	293	(9,877)

SCHEDULE OF TOTAL OPEB AND RELATED RATIOS

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
2021	\$ (76,779)	\$ 7,474	\$ (69,305)	\$ 5,240,031	-1.32%	7.20%
2020	(45,313)	(31,466)	(76,779)	5,068,678	-1.51%	7.20%

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

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

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

SUPPLEMENTAL INFORMATION

CLATSKANIE SCHOOL DISTRICT No. 6J
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2021

DEBT SERVICE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Local Sources	\$ 749,619	\$ 749,619	\$ 725,016	\$ (24,603)
Total Revenue	<u>749,619</u>	<u>749,619</u>	<u>725,016</u>	<u>(24,603)</u>
EXPENDITURES				
Debt Service	<u>828,556</u>	<u>828,556 (1)</u>	<u>790,104</u>	<u>38,452</u>
Excess of Revenues Over (Under) Expenditures	(78,937)	(78,937)	(65,088)	13,849
OTHER FINANCING SOURCES (USES)				
Transfer In	<u>57,000</u>	<u>57,000</u>	<u>57,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>57,000</u>	<u>57,000</u>	<u>57,000</u>	<u>-</u>
Net Change in Fund Balance	(21,937)	(21,937)	(8,088)	13,849
Beginning Fund Balance	<u>21,937</u>	<u>21,937</u>	<u>25,460</u>	<u>3,523</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,372</u>	<u>\$ 17,372</u>

(1) Appropriation Level

CLATSKANIE SCHOOL DISTRICT No. 6J
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2021

CAPITAL PROJECTS FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Local Sources	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Supprt Services	138,182	138,182 (1)	-	138,182
Total Expenditures	138,182	138,182	-	138,182
Excess of Revenues Over (Under) Expenditures	(138,182)	(138,182)	-	-
OTHER FINANCING SOURUCES (USES)				
Proceeds from Sale of Fixed Assets	50,000	50,000	116,022	66,022
Total Other Financing Sources (Uses)	50,000	50,000	116,022	66,022
Net Change in Fund Balance	(88,182)	(88,182)	116,022	204,204
Beginning Fund Balance	88,182	88,182	138,182	50,000
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 254,204</u>	<u>\$ 254,204</u>

(1) Appropriation Level

CLATSKANIE SCHOOL DISTRICT No. 6J
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2021

SCHOLARSHIP FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Local Sources				
Interest	\$ 800	\$ 800	\$ 420	\$ (380)
EXPENDITURES				
Enterprise and Community Services	53,530	53,530 (1)	-	53,530
Net Change in Fund Balance	(52,730)	(52,730)	420	53,150
Beginning Fund Balance	52,730	52,730	52,607	(123)
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,027</u>	<u>\$ 53,027</u>

(1) Appropriation Level

CLATSKANIE SCHOOL DISTRICT No. 6J
COLUMBIA COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED
For the Year Ended June 30, 2021

ALL FUNDS - BOTH COUNTIES

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED JUNE 30, 2020	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED JUNE 30, 2021
Current:						
2020-2021	\$ 4,358,018	115,868	(2,444)	1,829	4,136,778	101,099
Prior Years:						
2019-2020	118,953	(1)	4,831	3,529	74,773	45,483
2018-2019	56,279	-	5,471	3,519	39,812	18,419
2017-2018	32,794	-	8,651	4,446	29,680	7,319
2016-2017	10,532	-	3,435	1,867	11,047	1,053
2015-2016	2,965	-	454	352	1,745	1,322
Prior	7,908	-	1,882	1,298	3,153	5,339
Total Prior	229,431	(1)	24,724	15,011	160,210	78,935
Total	\$ 4,587,449	\$ 115,867	\$ 22,280	\$ 16,840	\$ 4,296,988	\$ 180,034

RECEIVABLES REPORTED IN:

General Fund	\$ 150,228
Debt Service Fund	29,806
Total	\$ 180,034

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 4,296,988
Taxes in lieu	1,753
Accrual of Receivables:	
JUNE 30, 2021	22,919
JUNE 30, 2020	(27,439)
Total Property Tax Revenue	\$ 4,294,221

REVENUE REPORTED IN:

General Fund	\$ 3,569,205
Debt Service Fund	725,016
Total	\$ 4,294,221

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

OTHER INFORMATION

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

REVENUE SUMMARY - ALL FUNDS
For the Year Ended June 30, 2021

Revenue from Local Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 700	Total
1110 Ad Valorem Taxes Levied by District	\$ 3,568,601	\$ -	\$ 724,909	\$ -	\$ -	\$ 4,293,510
1190 Penalties and Interest on Taxes	604	-	107	-	-	711
1411 Transportation Fees - From Individuals	6,997	-	-	-	-	6,997
1500 Earnings on Investments	16,697	-	-	-	420	17,117
1600 Food Service	-	715	-	-	-	715
1700 Extracurricular Activities	283	9,535	-	-	-	9,818
1910 Rentals	5,000	-	-	-	-	5,000
1920 Contributions and Donations From Private Sources	6,225	444,303	-	-	-	450,528
1960 Recovery of Prior Years' Expenditure	98,249	40	-	-	-	98,289
1990 Miscellaneous	58,601	4,836	-	-	-	63,437
Total Revenue from Local Sources	3,761,257	459,429	725,016	-	420	4,946,122
Revenue from Intermediate Sources						
2101 County School Funds	12,545	-	-	-	-	12,545
2102 General ESD Revenue	53,193	74,177	-	-	-	127,370
2800 Revenue in Lieu of Taxes	495	-	-	-	-	495
Total Revenue from Intermediate Sources	66,233	74,177	-	-	-	140,410
Revenue from State Sources						
3101 State School Fund - General Support	5,071,939	-	-	-	-	5,071,939
3102 State School Fund - School Lunch Match	-	3,227	-	-	-	3,227
3103 Common School Fund	70,832	-	-	-	-	70,832
3104 State Managed County Timber	64,653	-	-	-	-	64,653
3222 State School Fund (SSF) Transportation Equipment	-	106,436	-	-	-	106,436
3299 Other Restricted Grants-in-Aid	-	474,392	-	-	-	474,392
Total Revenue from State Sources	5,207,424	584,055	-	-	-	5,791,479
Revenue from Federal Sources						
4201 Transportation Fees for Foster Children	-	2,639	-	-	-	2,639
4300 Restricted Revenue From the Federal Government	-	34,654	-	-	-	34,654
4500 Restricted Revenue From the Federal Government Through the State	-	1,029,445	-	-	-	1,029,445
4501 Medicaid Reimbursement for Eligible Early Intervention (EI) Services (Ages Birth to 3)	-	106,399	-	-	-	106,399
4900 Revenue for/on Behalf of the District	-	26,049	-	-	-	26,049
Total Revenue from Federal Sources	-	1,199,186	-	-	-	1,199,186
Revenue from Other Sources						
5100 Long Term Debt Financing Sources	-	73,854	-	-	-	73,854
5200 Interfund Transfers	445,673	141,806	57,000	-	-	644,479
5300 Sale of or Compensation for Loss of Fixed Assets	-	-	-	116,022	-	116,022
5400 Resources - Beginning Fund Balance	296,491	619,594	25,460	138,182	52,607	1,132,334
Total Revenue from Other Sources	742,164	835,254	82,460	254,204	52,607	1,966,689
Total	\$ 9,777,078	\$ 3,152,101	\$ 807,476	\$ 254,204	\$ 53,027	\$ 14,043,886

**CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON**

**GENERAL FUND
EXPENDITURE SUMMARY
For the Year Ended June 30, 2021**

Fund: 100 General Fund

		Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Totals
Instruction Expenditures									
1111	Elementary, K-5 or K-6	\$ 1,036,499	599,180	\$ 13,560	\$ 16,622	\$ -	\$ -	\$ -	1,665,861
1121	Middle/Junior High Programs	220,092	130,697	905	592	-	1,295	-	353,581
1122	Middle/Junior High School Extracurricular	5,951	1,604	-	-	-	2,752	-	10,307
1131	High School Programs	801,953	481,470	7,252	15,748	-	1,360	-	1,307,783
1210	Programs for the Talented and Gifted	-	-	-	54	-	-	-	54
1220	Restrictive Programs for Students with Disabilities	344,056	279,622	50,439	4,194	-	1,682	-	679,993
1250	Less Restrictive Programs for Students with Disabilities	457,257	417,940	-	1,840	-	6,505	-	883,542
1272	Title I	-	-	-	133	-	-	-	133
1280	Alternative Education	-	-	14,825	-	-	-	-	14,825
1299	Other Programs	70,706	33,467	-	-	-	-	-	104,173
1400	Summer School Programs	-	-	-	209	-	-	-	209
	Total Instruction Expenditures	3,012,675	1,965,772	108,290	45,626	-	30,053	-	5,162,416
Support Services Expenditures									
2110	Attendance and Social Work Services	-	-	-	262	-	-	-	262
2120	Guidance Services	63,817	43,473	-	869	-	-	-	108,159
2130	Health Services	46,654	32,491	1,424	3,034	-	3,213	-	86,816
2140	Psychological Services	-	-	80,000	340	-	-	-	80,340
2150	Speech Pathology and Audiology Services	-	-	164,696	698	-	-	-	165,394
2190	Service Direction, Student Support Services	143,225	101,810	316	913	-	-	-	246,264
2220	Educational Media Services	57,034	55,355	-	1,081	-	-	-	113,470
2240	Instructional Staff Development	323	10,409	1,179	-	-	-	-	11,911
2310	Board of Education Services	-	-	2,584	575	-	110,878	-	114,037
2320	Executive Administration Services	154,661	101,252	10,171	13,911	-	764	-	280,759
2410	Office of the Principal Services	310,557	232,336	23,273	7,390	-	2,141	-	575,697
2520	Fiscal Services	89,420	68,819	64,559	9,908	-	3,422	-	236,128
2540	Operation and Maintenance of Plant Services	227,374	120,040	296,477	44,994	-	9,507	-	698,392
2550	Student Transportation Services	459,604	320,522	9,594	64,550	-	24,994	-	879,264
2640	Staff Services	-	1,484	6,905	-	-	-	-	8,389
2660	Technology Services	50,419	43,354	2,297	689	-	150	-	96,909
2690	Other Support Services - Central	-	-	-	199	-	-	-	199
2700	Supplemental Retirement Program	28,800	11,555	-	-	-	-	-	40,355
	Total Support Services Expenditures	1,631,888	1,142,900	663,475	149,413	-	155,069	-	3,742,745
Other Uses Expenditures									
5200	Transfers of Funds	-	-	-	-	-	-	75,000	75,000
	Total Other Uses Expenditures	-	-	-	-	-	-	75,000	75,000
	Total 100 General Fund	\$ 4,644,563	\$ 3,108,672	\$ 771,765	\$ 195,039	\$ -	\$ 185,122	\$ 75,000	\$ 8,980,161

**CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON**

**SPECIAL REVENUE FUND
EXPENDITURE SUMMARY
For the Year Ended June 30, 2021**

Fund: 200 Special Revenue Fund

		Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Totals
Instruction Expenditures									
1111	Elementary, K-5 or K-6	\$ 3,308	\$ 1,142	\$ -	\$ 270,838	\$ -	\$ -	\$ -	275,288
1113	Elementary Extracurricular	2,898	1,006	17,825	2,638	-	-	-	24,367
1121	Middle/Junior High Programs	16,586	5,880	-	2,480	-	-	-	24,946
1122	Middle/Junior High School Extracurricular	-	-	-	1,631	-	-	-	1,631
1131	High School Programs	50,484	17,899	5,681	138,860	23,000	-	-	235,924
1132	High School Extracurricular	13,240	1,130	40,286	8,280	-	1,265	-	64,201
1220	Restrictive Programs for Students with Disabilities	110,891	97,764	-	-	-	-	-	208,655
1250	Less Restrictive Programs for Students with Disabilities	38,519	30,545	-	-	-	-	-	69,064
1272	Title I	89,591	65,590	-	-	-	-	-	155,181
1280	Alternative Education	37,348	15,168	-	-	-	-	-	52,516
1299	Other Programs	2,771	1,229	-	-	-	-	-	4,000
1300	Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400	Summer School Programs	8,141	2,845	-	1,355	-	-	-	12,341
	Total Instruction Expenditures	373,777	240,198	63,792	426,082	23,000	1,265	-	1,128,114
Support Services Expenditures									
2110	Attendance and Social Work Services	-	-	9,900	246	-	-	-	10,146
2120	Guidance Services	4,667	1,873	-	-	-	-	-	6,540
2130	Health Services	-	-	1,216	1,443	-	-	-	2,659
2210	Improvement of Instruction Services	746	61	15,000	-	-	-	-	15,807
2240	Instructional Staff Development	-	14,377	13,044	3,803	-	-	-	31,224
2410	Office of the Principal Services	53,272	19,426	-	810	-	-	-	73,508
2520	Fiscal Services	-	-	-	774	-	-	-	774
2540	Operation and Maintenance of Plant Services	23,598	5,225	-	20,108	-	-	-	48,931
2550	Student Transportation Services	643	250	-	5,874	140,583	126,065	-	273,415
2660	Technology Services	-	-	39,352	6,957	-	-	-	46,309
2690	Other Support Services - Central	-	-	-	456	-	-	-	456
	Total Support Services Expenditures	82,926	41,212	39,160	33,058	140,583	126,065	-	509,769
Enterprise and Community Services Expenditures									
3100	Food Services	141,387	144,691	194	103,405	-	3,316	-	392,993
	Total Enterprise and Community Services Expenditures	141,387	144,691	194	103,405	-	3,316	-	392,993
Facilities Acquisition and Construction Expenditures									
4120	Site Acquisition and Development Services	-	-	-	658	-	-	-	658
	Total Facilities Acquisition and Construction Expenditures	-	-	-	658	-	-	-	658
Other Uses Expenditures									
5200	Transfers of Funds	-	-	-	-	-	-	569,479	569,479
	Total Other Uses Expenditures	-	-	-	-	-	-	569,479	569,479
	Total 200 Special Revenue Fund	\$ 598,090	\$ 426,101	\$ 103,146	\$ 562,545	\$ 163,583	\$ 130,646	\$ 569,479	\$ 2,601,013

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

DEBT SERVICE FUND
 EXPENDITURE SUMMARY
 For the Year Ended June 30, 2021

Fund: 300 Debt Service Fund

	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>	<u>Totals</u>
Other Uses Expenditures								
5100 Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 790,104	\$ 790,104
Total Other Uses Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>790,104</u>	<u>790,104</u>
Total 300 Debt Service Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 790,104</u>	<u>\$ 790,104</u>

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

CAPITAL PROJECTS FUND
EXPENDITURE SUMMARY
For the Year Ended June 30, 2021

Fund: 400 Capital Projects Fund

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Totals
Support Services Expenditures								
2540 Operation and Maintenance of Plant Services	-	-	-	-	-	-	-	-
Total Support Services Expenditures	-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditures								
4150 Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures	-	-	-	-	-	-	-	-
Total 400 Capital Projects Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

FIDUCIARY FUND
 EXPENDITURE SUMMARY
 For the Year Ended June 30, 2021

Fund: 700 Fiduciary Fund

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Totals
Enterprise and Community Services Expenditures								
3390 Other Community Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures	-	-	-	-	-	-	-	-
Total 700 Fiduciary Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

SUPPLEMENTAL INFORMATION
As Required by The Oregon Department of Education - Form 3211-C
For the Year Ended June 30, 2021

A.	Energy bills for heating - all funds:			Objects 325 and 326
		Function 2540	\$	130,846
		Function 2550		2,864
B.	Replacement of equipment - General Fund: Include all General Fund expenditures in Object 542, except for the following exclusions: Exclude these functions:			Amount
	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			

Form 581-3211-C (Rev 9/05)

CLATSKANIE SCHOOL DISTRICT NO. 6J
COLUMBIA COUNTY, OREGON

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS



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June 21, 2022

Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of Clatskanie School District No. 6J as of and for the year ended June 30, 2021, and have issued our report thereon dated June 21, 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 Clatskanie School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 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.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **State school fund factors and calculation.**
- **Programs funded from outside sources.**

In connection with our testing nothing came to our attention that caused us to believe the Clatskanie School District No. 6J 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. Budget over-expenditures as noted on page 17 of the report
2. During our testing of the supplemental budget we noted the District did not create and sign a resolution appropriating the changes.
3. During our testing of the 2021-2022 budget, we noted that the detailed budget book only presented proposed budget and did not include the required columns for approved and adopted.

OAR 162-10-0230 Internal Control

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

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

This report is intended solely for the information and use of the Board of Directors, 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 cursive script that reads "Tara M Kamp, CPA".

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

GRANT COMPLIANCE REVIEW

**CLATSKANIE SCHOOL DISTRICT
COLUMBIA COUNTY, OREGON**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL AL NUMBER	PASS-THROUGH GRANTORS NUMBER	EXPENDITURES Amount	PASS THRU TO SUBRECIPIENTS
U.S. DEPARTMENT OF EDUCATION				
Passed Through State Department of Education				
Grants to Local Education Agencies				
Title 1 grants to LEAs	84.010		\$ 212,812	\$ -
Supporting Effective Instruction	84.367		26,575	-
Special Education Cluster	84.027		189,292	-
Education Stabilization Fund - COVID-19				
Elementary and Secondary School Emergency Relief Fund - COVID-19	84.425D		258,952	-
Elementary and Secondary School Emergency Relief Fund - COVID-19	84.425D		122,435	-
American Rescue Plan - Elementary and Secondary School Emergency Relief - COVID-19	84.425U		880	-
Total Education Stabilization Fund Cluster - COVID-19			382,267	-
Student support and Academic Enrichment Program				
Student support and academic enrichment program	84.424		2,748	-
Student support and academic enrichment program	84.424		4,942	-
Total Student Support and Academic Enrichment Program			7,690	-
Indian Education Formula Grant	84.060		4,000	-
Total Passed Through Oregon State Department of Education			822,636	-
TOTAL U.S. DEPARTMENT OF EDUCATION			822,636	-
U.S. DEPARTMENT OF AGRICULTURE				
Child Nutrition Cluster				
Food Distribution/USDA Commodities - Noncash assistance	10.555		26,049	-
School Breakfast Program	10.553		113,406	-
School Breakfast Program COVID-19	10.553		7,649	-
National School Lunch Program	10.555		183,983	-
National School Lunch Progr COVID-19	10.555		12,170	-
Total Child Nutrition Cluster			343,257	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			343,257	-
U.S. DEPARTMENT OF HOMELAND SECURITY				
Disaster Grants-Public Assistance	97.036		30,654	-
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			30,654	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Foster Care-Title IV-E	93.658		2,639	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			2,639	-
TOTAL FEDERAL ASSISTANCE			\$ 1,199,186	\$ -



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June 21, 2022

To the Board of Directors
Clatskanie School District
Columbia County, Oregon

INDEPENDENT AUDITORS' 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 Clatskanie School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated June 21, 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items FS-2021-01, FS-2021-02 and FS-2021-03 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items FS-2021-04 and FS-2021-05 to be significant deficiencies.

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 certain deficiencies in internal control we consider to be material weaknesses as items FS-2021-01, FS-2021-02, and FS-2021-03.

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*.

Response to Finding

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

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.



June 21, 2022

To the Board of Directors
Clatskanie School District
Columbia County, Oregon

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

Report on Compliance for Each Major Federal Program

We have audited Clatskanie School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2021. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Major Federal Program

In our opinion, Clatskanie School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items SA-2021-01 and SA-2021-02. Our opinion on the major federal programs are not modified with respect to these matters.

The District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each of the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item SA-2021-01 and SA-2021-02 that we consider to be significant deficiencies.

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.



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

CLATSKANIE SCHOOL DISTRICT
COLUMBIA COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
Significant deficiency(s) identified that are not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> none reported
Noncompliance material to the financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Any GAGAS findings disclosed that are required to be reported in accordance with section 515(d)(2) of the Uniform Guidance?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no

FEDERAL AWARDS

Internal control over major programs:		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(s) identified that are not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> 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 section 200.516(a) of the Uniform Guidance?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

IDENTIFICATION OF MAJOR PROGRAMS

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM CLUSTER</u>
10.553, 10.555	Child Nutrition Cluster – School Breakfast Program and National School Lunch Program
84.425	Education and Secondary School Emergency Relief Fund

CLATSKANIE SCHOOL DISTRICT
COLUMBIA COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

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

Auditee qualified as low-risk auditee? yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

FS-2021-01 – Material Weakness

Condition: During the course of the audit we encountered significant delays in obtaining documentation required for completion of the audit in compliance with professional standards. The audited financial statements were due to the State Audits Division and the Oregon Department of Education by December 31, 2021.

Criteria: Adequate resources and qualified employees should be available to complete the audit in accordance with the legal time frame or consultants hired to assist as soon as delays start occurring.

Effect: Without adequate resources and qualified staffing, material misstatements to the financial statements could be made and audits will be filed late.

Cause: The District finance office experienced significant hardships due to the Covid-19 pandemic and employee turnover.

Recommendation: We recommend the District adopt practices to ensure audits can be completed in a timely manner in accordance with professional standards.

This is a repeated comment from the prior year.

District Management Response: The District is now in a position to ensure timely completion of audits in accordance with professional standards.

FS-2021-02 – Material Weakness

Condition: The District's books were not closed, balanced and reconciled in accordance with generally accepted accounting principles until 10 months after fiscal year end of 6/30.

Criteria: Management is solely responsible for producing accurate financial statement information for the audit. The finance office should be able to produce accurate financial information in a timely manner.

Effect: Without proper controls over the accuracy of the financial statement information and working trial balances, there exists the likelihood of material misstatements to the financial statements.

CLATSKANIE SCHOOL DISTRICT
COLUMBIA COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

Cause: The District finance office experienced significant hardships due to the Covid-19 pandemic and employee turnover.

Recommendation: We recommend the District adopt practices to ensure accurate financial information can be prepared in a timely manner.

This is a repeated comment from the prior year.

District Management Response: The District is now in a position to ensure that accurate financial information can be prepared in a timely manner.

FS-2021-03 – Material Weakness

Condition: During our testing of bank reconciliations we noted that the majority of the bank reconciliations for the fiscal year were completed after the fiscal year.

Criteria: Bank Reconciliations are considered a key control and should be completed monthly.

Effect: Without proper controls over bank reconciliations and cash accounts the likelihood of misstatement due to errors or fraud exist.

Cause: The District finance office experienced significant hardships due to the Covid-19 pandemic and employee turnover.

Recommendation: We recommend the District adopt practices to ensure bank reconciliations can be completed within a month after the bank statement date.

This is a repeated comment from the prior year.

District Management Response: Bank reconciliations have been completed in less than thirty days after the end of the month since June 2021.

FS-2021-04 – Significant Deficiency

Condition: During our testing of manual adjusting journal entries we noted that the manual adjusting journal entries are not always reviewed by a independent individual who did not prepare the entry.

Criteria: All journal entries should be reviewed by an independent person prior to the entries being posted to the general ledger. The review should be documented with a signature and date.

Effect: Without controls or procedures in place to monitor the journal entry process, the likelihood of an unintentional error or irregularity existing and not being detected could result in a misstatement of the financial statements.

CLATSKANIE SCHOOL DISTRICT
COLUMBIA COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

Cause: Insufficient resources appeared to be allocated to the monitoring of the journal entry process.

Recommendation: A control structure should be implemented where all journal entries must be reviewed and approved by a second party; furthermore, this review and approval should be evidenced prior to posting.

This is a repeated comment from the prior year.

District Management Response: All manual journal entries that are not approved through the Ivisions approval process will be reviewed, signed, and dated prior to posting.

FS-2021-05 – Significant Deficiency

Condition: During our testing of bank reconciliations we noted that the review was not being dated for the majority of the bank reconciliations. For the bank reconciliation reviews that were dated, they were not conducted in a timely manner.

Criteria: Bank reconciliations should be reviewed in a timely manner in order to ensure the safeguard of assets. The review should be dated in order to determine when the review took place.

Effect: Without controls or procedures in place to monitor the bank accounts and reconciliations, the likelihood of an intentional error or irregularity existing and not being detected could result in a material misstatement of the financial statements.

Cause: Insufficient resources appeared to be allocated to the monitoring of the bank reconciliation process.

Recommendation: We recommend that all bank reconciliations be reviewed within 30 days of receipt of the bank statement and the review is documented with a signature and date.

District Management Response: Bank reconciliations have been and will continue to be completed, reviewed, and documented with a signature and date within thirty days of month end since June 2021.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SA-2021-01 – Significant Deficiency

Federal Program: Elementary and Secondary School Emergency Relief Fund

Specific Requirement: Expenditures being reimbursed through major program are made in accordance within grant compliance.

Condition: It was noted during our testing of grant reimbursements that there was no evidence of review and approval of the reimbursement request.

CLATSKANIE SCHOOL DISTRICT
COLUMBIA COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

Questioned Costs: None

Context: The finding is limited to this major program and the context noted in the condition.

Effect: Without adequate controls or procedures in place to review reimbursement claims for accuracy, the possibility exists that expenditures may be improperly charged to a federal grant program.

Cause: The District did not document the review of the grant reimbursements with a signature and date.

Recommendation: We recommend the District implement review procedures for federal awards to ensure proper usage and ensure compliance with federal award provisions.

District Management Response: The District will ensure that all future claims for reimbursement will be reviewed and approved prior to submittal.

SA-2021-02 – Significant Deficiency

Federal Program: Child Nutrition Cluster

Specific Requirement: Expenditures being reimbursed through major program are made in accordance within grant compliance.

Condition: It was noted during our testing of grant reimbursements that there was no evidence of review and approval of the reimbursement request.

Questioned Costs: None

Context: The finding is limited to this major program and the context noted in the condition.

Effect: Without adequate controls or procedures in place to review reimbursement claims for accuracy, the possibility exists that expenditures may be improperly charged to a federal grant program.

Cause: The District did not document the review of the grant reimbursements with a signature and date.

Recommendation: We recommend the District implement review procedures for federal awards to ensure proper usage and ensure compliance with federal award provisions.

District Management Response: The District will ensure that all future claims for reimbursement will be reviewed and approved prior to submittal.

CLATSKANIE SCHOOL DISTRICT
COLUMBIA COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

SECTION III – PRIOR YEAR FINDINGS

1. The District's books were not fully finalized and reconciled until several months after fiscal year end. Management had insufficient understanding of the processes that take place at year end to finalize the District's trial balance and other government wide schedules. Many errors were found by the auditors during testing. We recommend the District consider using a consultant at year end to help finalize the trial balance and avoid any financial discrepancies. We also recommend the Business Manager receive training from a qualified consultant to improve skills and knowledge around governmental accounting and the associated use of the software Infinite Visions.

Status: This has not been corrected by the District and are noted as current year findings above.

2. During our testing of bank reconciliations, we noted the majority of the bank reconciliations for the fiscal year were completed after the fiscal year end. Bank reconciliations are considered a key control and should be prepared and reviewed within one month of the bank statement being received.

Status: This has not been corrected by the District and are noted as current year findings above.

3. During the audit, interim and final fieldwork had to be rescheduled several times due to minimal work being completed by the District at the agreed upon time. Per the engagement letter, the District must have the prep list items ready including accounts reconciled for the auditors to test accurately. We recommend the District schedule future audits when they can ensure the items on the prep list will be fully prepared and available for testing.

Status: This has not been corrected by the District and are noted as current year findings above.

4. When testing general journal entries, we noted there is no review of the Business Managers general journal entries. All journal entries should have a separate preparer and reviewer. We recommend someone review the Business Managers journal entries for reasonableness and accuracy and that the review be documented.

Status: This has not been corrected by the District and are noted as current year findings above.

5. When testing bank reconciliations, we noted that no review took place for any bank reconciliation for the fiscal year. Bank reconciliations should be reviewed in a timely manner after preparation for internal control purposes. We recommend that someone other than the preparer review the bank reconciliations and document when that occurs.

Status: This has been partially corrected with a signature but no date and reviews are not occurring in a timely manner as noted in finding FS-2021-05 above.

CLATSKANIE SCHOOL DISTRICT
COLUMBIA COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL EXPENDITURES

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. 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 are not allowed to use the de minimus rate.