



**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

**ANNUAL FINANCIAL REPORT**

June 30, 2021



**Accuity**  
*Where accuracy meets integrity*

**CERTIFIED PUBLIC ACCOUNTANTS**

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Albany, Oregon 97321 • (541) 223-5555

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

DISTRICT OFFICIALS

June 30, 2021

**BOARD MEMBERS**

Ron Koetz, Chair  
PO Box 155  
Alsea, OR 97324

Jeff Davis, Vice Chair  
PO Box 131  
Alsea, Oregon 97324

Risteen Follett  
20141 Alsea Highway  
Alsea, Oregon 97324

Debra Lindberg  
PO Box 68  
Alsea, OR 97324

Linda Montanez  
15743 Lobster Valley Road  
Alsea, OR 97324

**ADMINISTRATION**

Marc Thielman  
Superintendent

Katie Sapp  
Business Manager

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Alsea School District  
Alsea, Oregon 97324

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Alsea School District, Benton County, Oregon, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## **Basis for Modified Opinion**

Management has not obtained an actuarial valuation for the District's post-employment benefit obligations. Accounting principles generally accepted in the United States of America require that actuarially determined annual required contributions related to post-employment benefits, attributable to employee services already rendered, be recorded as expenses as employees earn the benefits, which, if not funded, would increase the liabilities, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect net position, liabilities, and expenses of the government-wide financial statements is not reasonably determinable.

## **Modified Opinion**

In our opinion, based on our audit, except for the effects of the matter described in the "Basis for Modified Opinion" paragraph, the basic 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 Alsea School District, Benton County, Oregon as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter – Change in Accounting Principle**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of the District's proportionate share of the net pension liability/asset – PERS and OPEB RHIA and District contributions on pages 4 through 9 and 50 through 51, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the aforementioned required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alsea School District's basic financial statements. The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The aforementioned information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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

**Report on Other Legal and Regulatory Requirements**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 23, 2021, 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.

Accuity, LLC

By:   
\_\_\_\_\_

Glen O. Kearns, CPA

Albany, Oregon  
December 23, 2021



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**INTRODUCTION**

As management of Alsea School District, Benton County, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. It should be read in conjunction with the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- At June 30, 2021, total net position of Alsea School District amounted to \$1,142,417. Of this amount, \$1,114,648 was invested in capital assets, net of related debt. The remaining balance included \$23,075 restricted for grant programs, \$35,944 restricted for student activities and memorials, \$2,100,00 restricted for bond projects, and (\$2,131,250) of unrestricted net position.
- At June 30, 2021, the District's governmental funds reported combined ending fund balances of \$4,046,154.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to Alsea School District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

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

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government-wide financial statements can be found on pages 10 through 11 of this report.

**Fund Financial Statements**

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All the funds of Alsea School District can be divided into two categories: governmental funds and fiduciary funds.

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

□ **Governmental Funds**

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

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

The District maintains five individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Funds, Federal Lunch Program Fund, Student Body Fund, and Capital Projects Fund, all of which are considered to be major governmental funds.

Alsea School District adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets but are not a required part of the basic financial statements.

The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 16 through 49 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information, which includes the schedules of the District's proportionate share of the net pension liability/asset - PERS and OPEB RHIA and District contributions. This other information can be found on pages 50 through 51 of this report.

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2021, the District's assets exceeded liabilities by \$1,142,417.

A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment). The District uses these capital assets for classrooms and supporting services for providing kindergarten through twelfth grade education; consequently, these assets are not available for future spending.

**District's Net Position**

The net position of the District decreased by \$96,721 during the current fiscal year. This decrease is primarily due to an increase in program expenses. Condensed statement of net position information is shown below.

**Condensed Statement of Net Position**

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current and other assets	\$ 2,738,707	\$ 2,527,786
Restricted assets	2,136,087	42,145
Net capital assets	<u>1,627,575</u>	<u>1,273,837</u>
Total assets	<u>6,502,369</u>	<u>3,843,768</u>
<b>Deferred outflows of resources</b>	<u>1,706,006</u>	<u>1,200,536</u>
<b>Liabilities</b>		
Current liabilities	941,547	349,520
Noncurrent liabilities	<u>5,802,406</u>	<u>3,298,423</u>
Total liabilities	<u>6,743,953</u>	<u>3,647,943</u>
<b>Deferred inflows of resources</b>	<u>322,005</u>	<u>157,223</u>
<b>Net position</b>		
Net investment in capital assets	1,114,648	940,070
Restricted for:		
Grant programs	23,075	-
Student activities	23,795	26,689
Memorials	12,149	12,149
Bond projects	2,100,000	-
Unrestricted	<u>(2,131,250)</u>	<u>260,230</u>
Total net position	<u>\$ 1,142,417</u>	<u>\$ 1,239,138</u>

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**District's Changes in Net Position**

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

**Changes in Net Position**

	<b>Governmental Activities</b>	
	<u>2021</u>	<u>2020</u>
<b>Program revenues</b>		
Charges for services	\$ 58,450	\$ 295,021
Operating grants and contributions	867,269	346,806
Capital grants and contributions	50,000	-
Total program revenues	<u>975,719</u>	<u>641,827</u>
<b>General revenues</b>		
Property taxes	443,107	427,802
State school fund – general support	7,667,488	4,914,426
Common and county school fund	28,794	32,719
Investment earnings	20,409	36,298
Miscellaneous	35,314	76,490
Sale of assets	5,927	-
Total general revenues	<u>8,201,039</u>	<u>5,487,735</u>
Total revenues	<u>9,176,758</u>	<u>6,129,562</u>
<b>Program expenses</b>		
Instruction	5,249,786	2,916,703
Support services	3,688,441	1,985,064
Food services	149,412	99,176
Enterprise and community	20,097	-
Facilities acquisition and construction	24,999	25,000
Interest on long-term debt	14,161	15,411
Unallocated depreciation expense	126,583	105,861
Total program expenses	<u>9,273,479</u>	<u>5,147,215</u>
<b>Change in net position</b>	(96,721)	982,347
<b>Net position - beginning of year</b>	<u>1,239,138</u>	<u>256,791</u>
<b>Net position - end of year</b>	<u>\$ 1,142,417</u>	<u>\$ 1,239,138</u>

**Revenues**

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

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Property taxes and state school funding combined for 99% of general revenues and 89% of total revenues.

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

• Extracurricular activities	\$ 10,185
• Services provided to other districts	47,950
• Food services	<u>315</u>
Total charges for services	<u>\$ 58,450</u>

Operating grants and contributions represent fewer than 10% of total revenues. Included in this category \$862,029 for regular programs, and \$5,240 for grants and contributions to support various educational activities.

**Expenses**

Expenses related to governmental activities are presented in several broad functional categories. Costs of direct classroom instruction activities account for 57% of the total expenses of \$9,273,479.

In addition, approximately 40% of the costs in supporting services relate to students, instructional staff, and school administration.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

**Governmental Funds**

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

At the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$4,046,154. Of this amount, \$23,075 was restricted for grant programs, \$23,795 was restricted for student activities, \$12,149 was restricted for memorials, \$2,100,000 was restricted for bond projects, \$26,310 was committed for bus replacement, and \$164,458 was committed for capital projects.

The remaining balance of \$1,696,367 constitutes unassigned fund balance, which is available for spending at the District's discretion. The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the General Fund was \$1,722,698, of which \$1,696,388 was unassigned fund balance.

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**BUDGETARY HIGHLIGHTS**

Budget amounts shown in the financial statements reflect the original budget amounts.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The District's investment in capital assets for its governmental activities as of June 30, 2021 amounted to \$1,627,575, net of accumulated depreciation. This investment in capital assets includes buildings and improvements, equipment, and vehicles. The total depreciation related to the District's investment in capital assets for the current fiscal year was \$126,583. Additional information on the District's capital assets can be found on pages 26 through 27 of this report.

**Long-Term Debt**

At the end of the current fiscal year, the District had total debt outstanding of \$2,612,927. This amount consists of general obligation bonds with a related premium and five bus leases/loans. The District's total long-term debt increased by \$2,279,160 during the year primarily due to the issuance of general obligation bonds. Additional information on the District's long-term debt can be found on pages 28 through 30 of this report.

**KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE**

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

- The budget for the 2021-2022 school year is \$12,019,014, which represents a \$5,083,760 increase from the previous year's total of \$6,935,254. While the district enrollment continues to grow moderately, the increase in revenue is primarily due to the large growth of a dedicated online school. State School Fund revenues continue to grow at a slow pace. This budget is a reflection of the current economic realities of the State of Oregon. The district will continue to manage the funds available in a conservative manner while at the same time realizing the changes that are required for education the future students of Alsea.

The ending unassigned General Fund balance of \$1,696,388 will be available for program resources in the 2021-2022 fiscal year.

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

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Business Manager at the following address: P.O. Box B, Alsea, Oregon 97324.

## **BASIC FINANCIAL STATEMENTS**



**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**  
**STATEMENT OF NET POSITION**

June 30, 2021

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 2,417,303
Accounts receivable	35,022
Grants receivable	244,009
Property taxes receivable	10,415
Total current assets	<u>2,706,749</u>
Restricted assets	
Cash and cash equivalents	2,136,087
Net OPEB RHIA asset	31,958
Capital assets not being depreciated	308,488
Capital assets being depreciated, net	1,319,087
Total assets	<u>6,502,369</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,706,006</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	411,270
Accrued liabilities	379,429
Compensated absences	34,731
Long-term liabilities, current portion	116,117
Total current liabilities	<u>941,547</u>
Noncurrent liabilities	
Net pension liability - PERS	3,305,596
Long-term liabilities, less current portion	2,496,810
Total noncurrent liabilities	<u>5,802,406</u>
Total liabilities	<u>6,743,953</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>322,005</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,114,648
Restricted for:	
Grant programs	23,075
Student activities	23,795
Memorials	12,149
Bond projects	2,100,000
Unrestricted	(2,131,250)
Total net position	<u>\$ 1,142,417</u>

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

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities					
Instruction	\$ 5,249,786	\$ 58,135	\$ 862,029	\$ -	\$ (4,329,622)
Support services	3,688,441	-	5,240	50,000	(3,633,201)
Food services	149,412	315	-	-	(149,097)
Enterprise and community	20,097	-	-	-	(20,097)
Facilities acquisition and construction	24,999	-	-	-	(24,999)
Interest on long-term debt	14,161	-	-	-	(14,161)
Unallocated depreciation expense	126,583	-	-	-	(126,583)
Total governmental activities	<u>\$ 9,273,479</u>	<u>\$ 58,450</u>	<u>\$ 867,269</u>	<u>\$ 50,000</u>	<u>(8,297,760)</u>
General revenues					
Property taxes					443,107
State school fund - general support					7,667,488
Common school fund					25,344
County school fund					3,450
Investment earnings					20,409
Miscellaneous					35,314
Sale of assets					5,927
Total general revenues					<u>8,201,039</u>
Change in net position					(96,721)
Net position - beginning					<u>1,239,138</u>
Net position - ending					<u>\$ 1,142,417</u>

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

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2021

	General Fund	Special Revenue Funds	Federal Lunch Program Fund	Student Body Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,460,976	\$ -	\$ 51	36,036	\$ 2,264,458	\$ 4,761,521
Accounts receivable	35,022	-	-	-	-	35,022
Grants receivable	12,672	231,337	-	-	-	244,009
Property taxes receivable	10,415	-	-	-	-	10,415
Total assets	<u>\$ 2,519,085</u>	<u>\$ 231,337</u>	<u>\$ 51</u>	<u>\$ 36,036</u>	<u>\$ 2,264,458</u>	<u>\$ 5,050,967</u>
<b>LIABILITIES</b>						
Book overdraft	\$ -	\$ 208,131	\$ -	\$ -	\$ -	\$ 208,131
Accounts payable	410,975	131	72	92	-	411,270
Accrued liabilities	379,429	-	-	-	-	379,429
Total liabilities	<u>790,404</u>	<u>208,262</u>	<u>72</u>	<u>92</u>	<u>-</u>	<u>998,830</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	5,983	-	-	-	-	5,983
<b>FUND BALANCES (DEFICITS)</b>						
Restricted	-	23,075	-	35,944	2,100,000	2,159,019
Committed	26,310	-	-	-	164,458	190,768
Unassigned	1,696,388	-	(21)	-	-	1,696,367
Total fund balances (deficits)	<u>1,722,698</u>	<u>23,075</u>	<u>(21)</u>	<u>35,944</u>	<u>2,264,458</u>	<u>4,046,154</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,519,085</u>	<u>\$ 231,337</u>	<u>\$ 51</u>	<u>\$ 36,036</u>	<u>\$ 2,264,458</u>	<u>\$ 5,050,967</u>

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

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

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

June 30, 2021

<b>Total fund balances</b>		\$	4,046,154
Capital assets are not financial resources and are therefore not reported in the governmental funds:			
Cost	2,940,311		
Accumulated depreciation	<u>(1,312,736)</u>		1,627,575
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 60 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.			
			5,983
Amounts relating to the District's proportionate share of the net pension liability or assets for the Oregon Public Employees Retirement System (PERS) are not reported in governmental fund statements. In the governmental fund statements, pension expense is recognized as an expenditure when due. The amounts consist of:			
Net OPEB RHIA asset	31,958		
Deferred outflows of resources relating to pension expense	1,706,006		
Deferred inflows of resources relating to the return on plan assets	(322,005)		
Net pension liability - PERS	<u>(3,305,596)</u>		(1,889,637)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:			
Compensated absences	(34,731)		
Bonds payable	(2,100,000)		
Leases payable	<u>(512,927)</u>		<u>(2,647,658)</u>
<b>Net position of governmental activities</b>		<b>\$</b>	<b><u>1,142,417</u></b>

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

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	General Fund	Special Revenue Funds	Federal Lunch Program Fund	Student Body Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>						
Local revenue	\$ 546,594	\$ -	\$ 315	\$ 15,173	\$ -	\$ 562,082
Intermediate revenue	15,005	38,942	-	-	-	53,947
State revenue	7,704,753	471,343	-	-	-	8,176,096
Federal revenue	-	379,981	-	-	-	379,981
Total revenues	8,266,352	890,266	315	15,173	-	9,172,106
<b>EXPENDITURES</b>						
Current						
Instruction	4,915,009	498,181	-	18,072	-	5,431,262
Support services	3,711,459	249,814	-	-	-	3,961,273
Food services	-	-	59,252	-	-	59,252
Debt service	141,278	-	-	-	-	141,278
Facilities acquisition and construction	-	28,855	-	-	203,143	231,998
Total expenditures	8,767,746	776,850	59,252	18,072	203,143	9,825,063
Excess (deficiency) of revenues over (under) expenditures	(501,394)	113,416	(58,937)	(2,899)	(203,143)	(652,957)
<b>OTHER FINANCING</b>						
<b>SOURCE (USES)</b>						
Sale of assets	5,927	-	-	-	-	5,927
Loan proceeds	116,800	-	-	-	2,289,477	2,406,277
Transfers in	-	4,940	55,756	-	159,304	220,000
Transfers out	(220,000)	-	-	-	-	(220,000)
Total other financing sources (uses)	(97,273)	4,940	55,756	-	2,448,781	2,412,204
Net change in fund balances	(598,667)	118,356	(3,181)	(2,899)	2,245,638	1,759,247
Fund balances - beginning	2,321,365	(95,281)	3,160	38,843	18,820	2,286,907
Fund balances (deficit) - ending	\$ 1,722,698	\$ 23,075	\$ (21)	\$ 35,944	\$ 2,264,458	\$ 4,046,154

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

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

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

For the Year Ended June 30, 2021

**Net change in fund balances** \$ 1,759,247

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

Governmental funds report expenditures for capital assets; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and are reported net of depreciation expense. This is the amount by which capital outlay exceeded depreciation in this current period.

Expenditures for capital assets	480,321	
Depreciation expense recorded in the current year	<u>(126,583)</u>	353,738

Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. These amounts consist of:

Change in compensated absences	(16,666)	
Long-term debt proceeds	(2,406,337)	
Debt principal paid	<u>127,177</u>	(2,295,826)

Pension expense or credits that do not meet the measurable and available criteria are not recognized as revenue or expense in the current year in the governmental funds. In the statement of activities, pension expense or credit is recognized when determined to have been accrued.

Net pension liability		87,395
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Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the statement of activities, property taxes are recognized as revenue when levied

		<u>(1,275)</u>
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<b>Change in net position</b>		<u>\$ (96,721)</u>
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The accompanying notes are an integral part of these financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Alsea School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting policies as described below.

**A. Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the District. Governmental Activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported by the District.

**B. Reporting Entity**

Alsea School District was previously organized under ORS Chapter 330 for the purpose of operating elementary and secondary schools. Effective July 1, 2017, the District has elected to be a single district charter school organization under ORS 338.065. The District is subject to ORS 338 in connection with the operation of public charter schools. The District is governed by a five-member board of directors.

**C. Basis of Presentation - Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from all of the District's funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**D. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds, if any, are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

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

Special Revenue Funds

*Special Revenue Fund* - The Special Revenue Fund accounts for program revenues and expenditures related to grant programs. The primary sources of revenue are federal and state grants.



**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

*Federal Lunch Program Fund* – The Federal Lunch Program Fund accounts for program revenues and expenditures related to the District’s lunch program. The primary source of revenue is federal grants and charges for services.

*Student Body Fund* – The Student Body Fund accounts for program revenues and expenditures related to the District’s student body activities and memorial funds. The primary source of revenue is fundraising.

Capital Projects Fund – The Capital Projects Fund accounts for the acquisition of temporary or permanent structures to be used to educate students. The primary source of revenue is transfers from the General Fund.

Additionally, the District reports the Bus Replacement Fund, as described below, which is presented in the General Fund for financial statement reporting purposes in accordance with GASB Statement No. 54. A budget and actual statement is presented for this fund for purposes of additional analysis.

Bus Replacement Fund – The Bus Replacement Fund accounts for resources to be used to purchase school buses. The primary source of revenue is transfers from the General Fund.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds.

While these balances are reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e. the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out.

While reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated.

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

The District did not implement the most current accounting guidance: GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which are GAAP departures. If the District reported in accordance with the most recent GASB requirements, reported results may differ from those currently presented.

**F. Budgetary Information**

**1. Budgetary Basis of Accounting**

The District is not subject to Oregon Budget Law. The District prepares an annual budget for management purposes, as required under the terms of its charter. Budgetary comparison schedules are included in this report for additional analysis. Annual budgets are adopted on the modified accrual basis of accounting.

Budget amounts shown in the financial statements reflect the original budget amounts.

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**G. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**2. Investments**

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

**3. Grants Receivable**

Receivables are recorded as revenue when earned. No allowance for uncollectible accounts has been established, as management deems all receivables collectible.

**4. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds are eliminated in the statement of net position.

**5. Capital Assets**

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

The reported value of capital assets excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life.

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Land and construction in progress, when applicable, are not depreciated. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	5-30
Vehicles	10
Buildings and improvements	10-50

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will therefore not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**7. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources.

In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**8. Fund Balance Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**9. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The school board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for the specific purposes but do not meet the criteria to be classified as committed. The school board has by resolution authorized the Business Manager to assign fund balance.

The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. Commitment of fund balance is accomplished through adoption of a resolution or ordinance by the board of directors. Further, commitments of fund balance may be modified or rescinded only through approval of the board of directors via resolution or ordinance. Authority to assign fund balances has been granted to the Business Manager.

The District reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

- Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts that District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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

**H. Revenues and Expenditures/Expenses**

**1. Program Revenues**

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

**2. Property Taxes**

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15. Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 60 days of fiscal year-end are recognized as revenue, while the remaining are recorded as deferred inflows of resources because they are not deemed available to finance operations of the current period.

**3. Compensated Absences**

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

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**4. Pensions**

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

**I. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**1. Deficit Fund Balance**

The Federal Lunch Program Fund had a deficit fund balance as of June 30, 2021. The District will remedy this with grant funds in the upcoming year.

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Cash Deposits with Financial Institutions**

Alsea School District maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances. Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. The District participates in an external investment pool (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company.

The State's investment policies are governed by the Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments.

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

The portion of the external investment pool which belongs to local government investment participants is reported in an Investment Trust Fund in the State’s Comprehensive Annual Financial Report (CAFR). A copy of the State’s CAFR may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- *Level 1* - Unadjusted quoted prices for identical investments in active markets.
- *Level 2* - Observable inputs other than quoted market prices; and,
- *Level 3* - Unobservable inputs.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2021.

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

	Level 2
Investments:	
Oregon Local Government Investment Pool	\$ 3,829,151

Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers’ acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor’s Corporation or P-1 by Moody’s Commercial Paper Record, and the Local Government Investment Pool. The board may authorize the investment or reinvestment of funds that are not immediately needed for operations of the District. Such investments will comply with state law and Oregon Administrative Rules.

Investments

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

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	\$ 3,829,151



**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Interest Rate Risk

The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

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

Custodial Credit Risk - Investments

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

Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned.

All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The District holds accounts at Citizens Bank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2021, the District had deposits of \$250,000 fully insured by the FDIC and \$517,033 collateralized by the PFCP.

Deposits

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

Checking accounts	\$ 724,239
Total investments	<u>3,829,151</u>
Total deposits and investments	<u><u>\$ 4,553,390</u></u>

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 2,460,976
Special Revenue Funds (book overdraft)	(208,131)
Capital Projects Fund	<u>164,458</u>
Total governmental activities - unrestricted	<u>2,417,303</u>
Governmental activities - restricted	
Federal Lunch Program Fund	51
Student Body Fund	36,036
Capital Projects Fund	<u>2,100,000</u>
Total governmental activities - restricted	<u>2,136,087</u>
Total cash and investments	<u><u>\$ 4,553,390</u></u>

Restricted cash is for future expenditures related to food service, student activities, and memorials.

**B. Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 82,678	\$ -	\$ -	\$ 82,678
Construction in progress	<u>-</u>	<u>225,810</u>	<u>-</u>	<u>225,810</u>
Total capital assets not being depreciated	<u>82,678</u>	<u>225,810</u>	<u>-</u>	<u>308,488</u>
Capital assets being depreciated				
Buildings and improvements	1,215,636	65,127	-	1,280,763
Equipment	258,351	60,394	-	318,745
Vehicles	<u>903,325</u>	<u>128,990</u>	<u>-</u>	<u>1,032,315</u>
Total capital assets being depreciated	<u>2,377,312</u>	<u>254,511</u>	<u>-</u>	<u>2,631,823</u>
Less accumulated depreciation for				
Buildings and improvements	(780,094)	(26,296)	-	(806,390)
Equipment	(101,055)	(21,685)	-	(122,740)
Vehicles	<u>(305,004)</u>	<u>(78,602)</u>	<u>-</u>	<u>(383,606)</u>
Total accumulated depreciation	<u>(1,186,153)</u>	<u>(126,583)</u>	<u>-</u>	<u>(1,312,736)</u>
Total capital assets being depreciated, net	<u>1,191,159</u>	<u>127,928</u>	<u>-</u>	<u>1,319,087</u>
Governmental activities capital assets, net	<u><u>\$ 1,273,837</u></u>	<u><u>\$ 353,738</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,627,575</u></u>

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	\$ 82,678	\$ -	\$ 82,678
Construction in Progress	225,810	-	225,810
Buildings and improvements	1,280,763	(806,390)	474,373
Equipment	318,745	(122,740)	196,005
Vehicles	1,032,315	(383,606)	648,709
Total governmental capital assets	\$ 2,940,311	\$ (1,312,736)	\$ 1,627,575

Depreciation was not charged to specific functions or programs of the District. Capital assets of the District are for the use of the entire District and are therefore unallocated. Depreciation expense is recorded on the statement of activities as follows:

Unallocated depreciation expense	\$ 126,583
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**C. Deferred Inflows/Outflows of Resources**

Deferred inflows/outflows of resources are summarized on the statement of net position as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net OPEB RHIA asset	\$ 4,073	\$ (9,302)
Net pension liability - PERS	1,701,933	(312,703)
Total	\$ 1,706,006	\$ (322,005)

**D. Compensated Absences**

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

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
Compensated absences	\$ 18,065	\$ 16,666	\$ -	\$ 34,731

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

**ALSEA SCHOOL DISTRICT**  
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**E. Interfund Transfers**

Operating transfers are reflected as other financing sources (uses) in the governmental funds. Interfund transfers during the year consisted of:

	Transfers in:			
	Federal Lunch Program Funds	Special Revenue Fund	Capital Projects Fund	Total
Transfers out:				
General Fund	\$ 55,756	\$ 4,940	\$ 159,304	\$ 220,000

The primary purpose of the interfund transfers in was to provide funds for food services and future capital outlay purchases.

**F. Long-Term Liabilities**

**1. Changes in Long-Term Liabilities**

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

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
GO Bond Series 2021	3.00%	\$ 2,100,000	\$ -	\$ 2,100,000	\$ -	\$ 2,100,000	\$ 10,000
Citizens Bank Loan	6.49%	83,000	68,287	-	15,563	52,724	16,573
Santander - 2019 Bus Loan	3.80%	109,951	87,682	-	20,711	66,971	21,498
Santander - 2019 Bus Loan	3.80%	111,995	89,312	-	21,096	68,216	21,898
Santander - 2020 Bus Loan	3.80%	111,530	88,486	-	20,901	67,585	21,695
Santander - 2021 Bus Loan	2.25%	116,800	-	116,800	48,906	67,894	24,453
GO Bond Series 2021 Premium	3.00%	189,477	-	189,537	-	189,537	-
Total governmental activities		\$ 2,822,753	\$ 333,767	\$ 2,406,337	\$ 127,177	\$ 2,612,927	\$ 116,117

**2. Interest Expense**

The District's interest expense for the year ended June 30, 2021 was \$14,161.

**3. General Obligation Bonds, Series 2021**

On April 13, 2021, the District issued general obligation bonds in the amount of \$2,100,000, with a related issuance premium of \$189,477, for the purpose of funding various construction projects within the District, which are pledged as collateral. The interest rate is fixed at 3.00% and is due semiannually on June 15 and December 15. The new Debt Service Fund will traditionally be used to liquidate the related debt.

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**4. Citizens Bank Loan**

The Citizens Bank Loan was issued on September 12, 2018 in the amount of \$83,000. Interest rate is fixed as 6.49%. The District used the proceeds to finance the purchase of a house, which is pledged as collateral. If the District is unable to make payments, the obligation contains an event of default; the lender may declare the entire unpaid principal and unpaid accrued interest immediately due. The General Fund has traditionally been used to liquidate the related debt.

**5. Santander - 2019 Bus Loans (2)**

The Santander - 2019 Bus Loans were issued on February 10, 2019 in the amount of \$109,951 and \$111,995, respectively. Interest rates are fixed as 3.8%. The District used the proceeds to finance the purchase of two 2019 Blue Bird buses, which are pledged as collateral. If the District is unable to make payments, the obligations contain an event of default; the lender may declare the entire unpaid principal and unpaid accrued interest immediately due. The General Fund has traditionally been used to liquidate the related debt.

**6. Santander - 2020 Bus Loan**

The Santander - 2020 Bus Loan was issued on April 1, 2019 in the amount of \$111,530. Interest rate is fixed as 3.8%. The District used the proceeds to finance the purchase of a 2020 Blue Bird bus, which is pledged as collateral. If the District is unable to make payments, the obligation contains an event of default; the lender may declare the entire unpaid principal and unpaid accrued interest immediately due. The General Fund has traditionally been used to liquidate the related debt.

**7. Santander - 2021 Bus Loan**

The Santander - 2021 Bus Loan was issued on February 15, 2021 in the amount of \$116,800. Interest rate is fixed as 2.25%. The District used the proceeds to finance the purchase of a 2021 Blue Bird bus, which is pledged as collateral. If the District is unable to make payments, the obligation contains an event of default; the lender may declare the entire unpaid principal and unpaid accrued interest immediately due. The General Fund has traditionally been used to liquidate the related debt.

**8. General Obligation Debt Capacity**

ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Kindergarten through twelfth grade school districts may issue an aggregate principal amount up to 7.95% of the Real Market Value of all taxable properties within the district. At June 30, 2021, the maximum allowable bonded debt amounted to \$7,319,800.

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**9. Future Maturities of Long-Term Liabilities**

Year Ending June 30	Total			GO Bond Series 2021		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 116,117	\$ 86,556	\$ 202,673	\$ 10,000	\$ 73,850	\$ 83,850
2023	134,666	70,892	205,558	25,000	62,700	87,700
2024	137,607	66,368	203,975	30,000	61,950	91,950
2025	35,000	61,050	96,050	35,000	61,050	96,050
2026	40,000	60,000	100,000	40,000	60,000	100,000
2027-2031	275,000	279,000	554,000	275,000	279,000	554,000
2032-2036	415,000	229,800	644,800	415,000	229,800	644,800
2037-2041	610,000	156,450	766,450	610,000	156,450	766,450
2042-2045	660,000	51,000	711,000	660,000	51,000	711,000
	<u>\$ 2,423,390</u>	<u>\$ 1,061,116</u>	<u>\$ 3,484,506</u>	<u>\$ 2,100,000</u>	<u>\$ 1,035,800</u>	<u>\$ 3,135,800</u>

Year Ending June 30	Citizens Bank Loan			Santander - 2019 Bus Loan		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 16,573	\$ 3,422	\$ 19,995	\$ 21,498	\$ 2,545	\$ 24,043
2023	17,649	2,346	19,995	22,315	1,278	23,593
2024	18,502	1,201	19,703	23,158	885	24,043
	<u>\$ 52,724</u>	<u>\$ 6,969</u>	<u>\$ 59,693</u>	<u>\$ 66,971</u>	<u>\$ 4,708</u>	<u>\$ 71,679</u>

Year Ending June 30	Santander - 2019 Bus Loan			Santander - 2020 Bus Loan		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 21,898	\$ 2,592	\$ 24,490	\$ 21,695	\$ 2,568	\$ 24,263
2023	22,730	1,760	24,490	22,519	1,744	24,263
2024	23,588	902	24,490	23,371	892	24,263
	<u>\$ 68,216</u>	<u>\$ 5,254</u>	<u>\$ 73,470</u>	<u>\$ 67,585</u>	<u>\$ 5,204</u>	<u>\$ 72,789</u>

Year Ending June 30	Santander - 2021 Bus Loan		
	Principal	Interest	Total
2022	\$ 24,453	\$ 1,579	\$ 26,032
2023	24,453	1,064	25,517
2024	18,988	538	19,526
	<u>\$ 67,894</u>	<u>\$ 3,181</u>	<u>\$ 71,075</u>

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**G. Constraints on Fund Balances**

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

	General Fund	Special Revenue Fund	Federal Lunch Program Fund	Student Body Fund	Capital Projects Fund	Total Governmental Funds
Fund balances (deficit)						
Restricted for:						
Grant programs	\$ -	\$ 23,075	\$ -	\$ -	\$ -	\$ 23,075
Student activities	-	-	-	23,795	-	23,795
Memorials	-	-	-	12,149	-	12,149
Bond projects	-	-	-	-	2,100,000	2,100,000
Committed for:						
Bus replacement	26,310	-	-	-	-	26,310
Capital projects	-	-	-	-	164,458	164,458
Unassigned	<u>1,696,388</u>	<u>-</u>	<u>(21)</u>	<u>-</u>	<u>-</u>	<u>1,696,367</u>
Total fund balances	<u>\$ 1,722,698</u>	<u>\$ 23,075</u>	<u>\$ (21)</u>	<u>\$ 35,944</u>	<u>\$ 2,264,458</u>	<u>\$ 4,046,154</u>

**IV. OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

**B. Retirement Plans**

**1. Oregon Public Employees Retirement System**

*General Information about the Pension Plan*

The Oregon Public Employees Retirement System (OPERS) consists of a cost-sharing, multiple-employer defined benefit plan for units of state governmental, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2020, there were 901 participating employers.

*Plan Membership*

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

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

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

*Plan Benefits*

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

**Tier One/Tier Two Retirement Benefit (Chapter 238)** - OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living-adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. This defined benefit pension plan is closed to new members hired on or after August 29, 2003.

*Pension Benefits*

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

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

*Death Benefits*

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



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In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

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

*Disability Benefits*

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for a either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining monthly benefit.

*Benefit Changes after Retirement*

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

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

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

*Pension Benefits*

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

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

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

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

*Death Benefits*

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

*Disability Benefits*

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

*Benefit Changes After Retirement*

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

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

*Pension Benefits*

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP Individual Account Program (IAP), may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

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*Death Benefits*

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

*Contributions*

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2018 actuarial valuation, which became effective July 1, 2019. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced.

Member contributions are set by statute at six percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf. As permitted, the District has opted to pick-up the contributions on behalf of its employees.

Employer contributions for the year ended June 30, 2021 were \$1,116,947.

Pension Plan Comprehensive Annual Financial Report (CAFR)

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

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

Actuarial Valuations

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

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For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study	2018, published July 24, 2019
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.50 percent
Long-term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent
Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><b>Health retirees and beneficiaries:</b> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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	<b>Disabled retirees:</b> 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.
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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are on the 2018 Experience Study, which reviewed experience for the four-year period ended December 31, 2018. There were no differences between the assumptions and plan provisions used for June 30, 2020 measurement date calculations compared to those shown above.

*Actuarial Methods and Assumptions*

Assets are valued at their market value. Gains and losses between odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 years from the odd-year valuation in which they are first recognized.

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

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Depletion Date Projection*

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses.

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A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

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

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

Long-Term Expected Rate of Return

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

Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

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

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

<u>Asset Class/Strategy</u>	<u>OIC Policy Low Range</u>	<u>OIC Policy High Range</u>	<u>OIC Target Allocation</u>	<u>Actual Allocation<sup>3</sup></u>
Debt Securities	15.0%	25.0%	20.0%	20.0%
Public Equity	27.5%	37.5%	32.5%	31.8%
Real Estate	9.5%	15.5%	12.5%	11.4%
Private Equity	14.0%	21.0%	17.5%	22.9%
Alternatives Portfolio	7.5%	17.5%	15.0%	10.5%
Opportunity Portfolio <sup>1</sup>	0.0%	3.0%	0.0%	2.1%
Risk Parity <sup>2</sup>	0.0%	2.5%	2.5%	1.3%
Total			100.0%	100.0%

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

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

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

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

At June 30, 2021, the District reported a liability of \$3,305,596 for its proportionate share of the net pension liability.

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

At June 30, 2021, the District's proportion was 0.01514700%. For the year ended June 30, 2021, the District recognized pension expense of \$724,269.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 145,486	\$ -
Changes of assumptions	177,401	(6,216)
Net difference between projected and actual earnings on investments	388,695	-
Changes in proportionate share	117,485	(304,395)
Differences between employer contributions and employer's proportionate share of system contributions	58,598	(2,092)
Total (prior to post-MD contributions)	887,665	(312,703)
Contributions after measurement date	814,268	-
Total (subsequent to post-MD contributions)	\$ 1,701,933	\$ (312,703)

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

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st fiscal year	\$ 152,331
2nd fiscal year	206,873
3rd fiscal year	151,497
4th fiscal year	78,954
5th fiscal year	(14,693)

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

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



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

1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
\$ 4,908,538	\$ 3,305,596	\$ 1,961,456

*Changes Subsequent to the Measurement Date*

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

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

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

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

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

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

*General Information about the OPEB Plan*

The Oregon PERS RHIA consists of a single cost-sharing multiple-employer defined benefit OPEB plan for units of state governmental, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2020, there were 811 participating employers.

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**Benton County, Oregon**

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*Plan Benefits – PERS RHIA (Chapter 238)*

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

*OPEB Membership*

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

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

Basis of Accounting

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

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

Contributions

Employer contributions for the year ended June 30, 2020 were \$515.

OPEB RHIA Plan Comprehensive Annual Financial Report (CAFR)

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

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

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Proportionate Share Allocation Methodology

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

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

Actuarial Methods and Assumptions:

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

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Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are on the 2018 Experience Study, which reviewed experience for the four-year period ended December 31, 2018. There were no differences between the assumptions and plan provisions used for June 30, 2020 measurement date calculations compared to those shown above, except as follows:

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

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2020 was 7.20. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

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

*Depletion Date Projection*

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method).

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses.

A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 75 (paragraph 82) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPEB Plan:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

There remains substantial uncertainty regarding the impact of COVID-19 on plan costs, including whether the pandemic will increase or decrease costs in the near and longer term. For example, health care expenditures unrelated to COVID-19 have decreased substantially since stay-at-home orders have been in place on account of physician practices closing for most visits and nonemergency surgeries being postponed.

Some services will be postponed until a later date while others may never occur, and the drop in utilization for services unrelated to COVID-19 may offset potential increases in health costs related to COVID-19.

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June 30, 2021

Therefore, we have deferred making an adjustment to expected plan costs until more information is known. It is possible that the COVID-19 pandemic could have a material impact on the projected costs.

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

At June 30, 2021, the District reported an asset of \$31,958 for its proportionate share of the OPEB asset. The OPEB asset was measured at June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date.

The District’s proportion of the net OPEB asset was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019 the District’s proportion was 0.0156843%. For the year ended June 30, 2021, the District recognized OPEB credit of \$7,497.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (3,267)
Changes of assumptions	-	(1,699)
Net differences between projected and actual earnings on investments	3,554	-
Changes in proportionate share	4	(4,336)
Total (prior to post-MD contributions)	3,558	(9,302)
Contributions subsequent to the MD	515	-
Total	\$ 4,073	\$ (9,302)

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

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

**ALSEA SCHOOL DISTRICT**  
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June 30, 2021

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

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st fiscal year	\$ (5,564)
2nd fiscal year	(2,615)
3rd fiscal year	1,314
4th fiscal year	1,121
5th fiscal year	-

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

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

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

1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
\$ (25,801)	\$ (31,958)	\$ (37,223)

*Changes Subsequent to the Measurement Date*

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

**2. Deferred Compensation Plan**

The District has authorized a deferred compensation plan to be made available to its employees wherein they may execute an individual agreement with the District for amounts earned by them not to be paid until a future date when they are terminated by reason of death, permanent disability, retirement, or separation. The deferred compensation plan is authorized under IRC Section 457 and has been approved by the Internal Revenue Service. Under the plan document, the District has a fiduciary responsibility to administer the plan in accordance with the requirements of IRC Section 457. The District has no liability for any losses that may be incurred under the plan.

**ALSEA SCHOOL DISTRICT**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**D. New Pronouncements**

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

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

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

The District will implement applicable new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements for implementing any of the following pronouncements:

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

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

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



**ALSEA SCHOOL DISTRICT**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**E. Concentrations**

**1. Collective Bargaining Agreements**

At June 30, 2021, the District had approximately 98 employees who were accounted for under the governmental activities of the District. Of this total, 30 are certified staff represented by a union and 55 are classified staff not covered by an agreement. The current certified agreement expires on June 30, 2023.

**2. Funding Sources**

The District received a significant portion of its revenue from the state school fund. For the year ended June 30, 2021, the District received approximately 88% of its total revenue from the state school fund and 10% from operating grants and contributions.

**F. Commitments**

The District reasonably expects that at least 85% of the net sale proceeds from the general obligation bond proceeds will be used to pay the costs of related capital projects within three years of the date of issuance.

**G. Subsequent Events**

Management has evaluated subsequent events through December 23, 2021, which was the date that the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

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

**OREGON PERS SYSTEM**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.01514700%	0.01759161%	0.01731840%	0.01506216%	0.01528724%	0.01860108%	0.01876236%
District's proportionate share of the net pension liability (asset)	\$ 3,305,596	\$ 3,042,927	\$ 2,623,509	\$ 2,030,385	\$ 2,294,970	\$ 1,067,974	\$ (425,289)
District's covered-employee payroll	\$ 1,289,120	\$ 1,313,324	\$ 1,263,943	\$ 1,011,533	\$ 895,464	\$ 913,994	\$ 893,771
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	256%	232%	208%	201%	256%	117%	-48%
Plan fiduciary net position as a percentage of the total pension liability	75.79%	80.20%	82.07%	83.12%	80.53%	91.88%	103.59%

**Schedule of District Contributions**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,116,947	\$ 529,762	\$ 374,710	\$ 367,844	\$ 289,838	\$ 203,154	\$ 192,355
Contributions in relation to the contractually required contribution	<u>(1,116,947)</u>	<u>(529,762)</u>	<u>(374,710)</u>	<u>(367,844)</u>	<u>(289,838)</u>	<u>(203,154)</u>	<u>(192,355)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,168,867	\$ 1,527,017	\$ 1,336,643	\$ 1,805,222	\$ 1,194,310	\$ 1,057,538	\$ 966,773
Contributions as a percentage of covered-employee payroll	35%	35%	28%	20%	24%	19%	20%

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
OPEB LIABILITY (ASSET) AND DISTRICT CONTRIBUTIONS

**OREGON PERS SYSTEM**

**Schedule of the District's Proportionate Share of the OPEB Liability (Asset)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the OPEB liability (asset)	0.015684300%	0.011686400%	0.010781240%	0.010920150%	0.010633950%
District's proportionate share of the OPEB liability (asset)	\$ (31,958)	\$ (22,582)	\$ (12,035)	\$ (4,557)	\$ 2,888
District's covered-employee payroll (from actuarial exhibits)	\$ 1,289,120	\$ 1,313,324	\$ 1,263,943	\$ 1,011,533	\$ 895,464
District's proportionate share of the OPEB liability (asset) as a percentage of its covered-employee payroll	-2.48%	-1.72%	-0.95%	-0.45%	0.32%
Plan fiduciary net position as a percentage of the total OPEB liability	150.07%	144.40%	123.99%	108.88%	94.15%

**Schedule of District Contributions**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 515	\$ 1,120	\$ 6,683	\$ 7,541	\$ 5,972
Contributions in relation to the contractually required contribution	<u>515</u>	<u>1,120</u>	<u>6,683</u>	<u>7,541</u>	<u>5,972</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,168,867	\$ 1,527,017	\$ 1,336,643	\$ 1,508,222	\$ 1,194,310
Contributions as a percentage of covered-employee payroll	0.02%	0.07%	0.5%	0.5%	0.5%

**OTHER SUPPLEMENTARY INFORMATION**

**INDIVIDUAL FUND SCHEDULES**

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

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

GENERAL FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
				Budget Basis	Adjustments	
<b>REVENUES</b>						
Local revenue	\$ 748,363	\$ 748,363	\$ (201,769)	\$ 546,594	\$ -	\$ 546,594
Intermediate revenue	20,000	20,000	(4,995)	15,005	-	15,005
State revenue	<u>3,907,470</u>	<u>7,701,470</u>	<u>3,283</u>	<u>7,704,753</u>	<u>-</u>	<u>7,704,753</u>
Total revenues	<u>4,675,833</u>	<u>8,469,833</u>	<u>(203,481)</u>	<u>8,266,352</u>	<u>-</u>	<u>8,266,352</u>
<b>EXPENDITURES</b>						
Current						
Instruction	2,876,558	5,326,558	(411,549)	4,915,009	-	4,915,009
Support services	2,242,775	4,152,775	(441,316)	3,711,459	-	3,711,459
Debt service	151,500	151,500	(10,222)	141,278	-	141,278
Contingency	<u>280,000</u>	<u>1,214,000</u>	<u>(1,214,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>5,550,833</u>	<u>10,844,833</u>	<u>(2,077,087)</u>	<u>8,767,746</u>	<u>-</u>	<u>8,767,746</u>
Excess (deficiency) of revenues over (under) expenditures	(875,000)	(2,375,000)	1,873,606	(501,394)	-	(501,394)
<b>OTHER FINANCING SOURCES (USES)</b>						
Loan proceeds	-	-	116,800	116,800	-	116,800
Sale of assets	-	-	5,927	5,927	-	5,927
Transfers out	<u>(225,000)</u>	<u>(225,000)</u>	<u>-</u>	<u>(225,000)</u>	<u>5,000</u>	<u>(220,000)</u>
Total other financing sources (uses)	<u>(225,000)</u>	<u>(225,000)</u>	<u>122,727</u>	<u>(102,273)</u>	<u>5,000</u>	<u>(97,273)</u>
Net change in fund balance	(1,100,000)	(2,600,000)	1,996,333	(603,667)	5,000	(598,667)
Fund balance - beginning	<u>1,100,000</u>	<u>2,600,000</u>	<u>(299,945)</u>	<u>2,300,055</u>	<u>21,310</u>	<u>2,321,365</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,696,388</u>	<u>\$ 1,696,388</u>	<u>\$ 26,310</u>	<u>\$ 1,722,698</u>

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

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

SPECIAL REVENUE FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Budget Basis	Actual Adjustments	GAAP Basis
<b>REVENUES</b>						
Intermediate revenue	\$ -	\$ 26,310	\$ 12,632	\$ 38,942	\$ -	\$ 38,942
State revenue	515,973	515,973	(44,630)	471,343	-	471,343
Federal revenue	211,018	416,659	(36,678)	379,981	-	379,981
Total revenues	<u>726,991</u>	<u>958,942</u>	<u>(68,676)</u>	<u>890,266</u>	<u>-</u>	<u>890,266</u>
<b>EXPENDITURES</b>						
Current						
Instruction	542,578	542,578	(44,397)	498,181	-	498,181
Support services	184,413	416,364	(166,550)	249,814	-	249,814
Facilities acquisition	-	-	28,855	28,855	-	28,855
Total expenditures	<u>726,991</u>	<u>958,942</u>	<u>(182,092)</u>	<u>776,850</u>	<u>-</u>	<u>776,850</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	113,416	113,416	-	113,416
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	(4,940)	4,940	-	4,940
Net change in fund balance	-	-	(118,356)	118,356	-	118,356
Fund balance - beginning	-	-	(95,281)	(95,281)	-	(95,281)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (213,637)</u>	<u>\$ 23,075</u>	<u>\$ -</u>	<u>\$ 23,075</u>

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

FEDERAL LUNCH PROGRAM FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
				Budget Basis	Adjustments	
<b>REVENUES</b>						
Local revenue	\$ 7,500	\$ 7,500	\$ (7,185)	\$ 315	\$ -	\$ 315
State revenue	1,800	1,800	(1,800)	-	-	-
Federal revenue	<u>59,000</u>	<u>59,000</u>	<u>(59,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>68,300</u>	<u>68,300</u>	<u>(67,985)</u>	<u>315</u>	<u>-</u>	<u>315</u>
<b>EXPENDITURES</b>						
Current						
Enterprise and community services	<u>96,500</u>	<u>108,500</u>	<u>(49,248)</u>	<u>59,252</u>	<u>-</u>	<u>59,252</u>
Excess (deficiency) of revenues over (under) expenditures	(28,200)	(40,200)	(18,737)	(58,937)	-	(58,937)
<b>OTHER FINANCING</b>						
<b>SOURCES (USES)</b>						
Transfers in	<u>20,000</u>	<u>32,000</u>	<u>23,756</u>	<u>55,756</u>	<u>-</u>	<u>55,756</u>
Net change in fund balance	(8,200)	(8,200)	5,019	(3,181)	-	(3,181)
Fund balance - beginning	<u>8,200</u>	<u>8,200</u>	<u>(5,040)</u>	<u>3,160</u>	<u>-</u>	<u>3,160</u>
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21)</u>	<u>\$ (21)</u>	<u>\$ -</u>	<u>\$ (21)</u>



**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

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

STUDENT BODY FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual	
			Budget Basis	GAAP Basis
<b>REVENUES</b>				
Local revenue	\$ 55,800	\$ (40,627)	\$ 15,173	\$ 15,173
<b>EXPENDITURES</b>				
Current				
Instruction	90,800	(72,728)	18,072	18,072
Net change in fund balance	(35,000)	32,101	(2,899)	(2,899)
Fund balance - beginning	35,000	3,843	38,843	38,843
Fund balance - ending	\$ -	\$ 35,944	\$ 35,944	\$ 35,944

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

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

BUS REPLACEMENT FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
<b>REVENUES</b>	\$ -	-	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>					
Current					
Support services	26,310	(26,310)	-	-	-
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>26,310</u>	<u>(26,310)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(26,310)	26,310	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
Net change in fund balance	(21,310)	(26,310)	5,000	(5,000)	-
Fund balance - beginning	<u>21,310</u>	<u>-</u>	<u>21,310</u>	<u>(21,310)</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ (26,310)</u>	<u>\$ 26,310</u>	<u>\$ (26,310)</u>	<u>\$ -</u>

**ALSEA SCHOOL DISTRICT**  
**Benton County, Oregon**

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

CAPITAL PROJECTS FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Budget Basis	Actual Adjustments	GAAP Basis
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>						
Facilities acquisition and construction	<u>218,820</u>	<u>468,520</u>	<u>(15,677)</u>	<u>203,143</u>	<u>-</u>	<u>203,143</u>
Excess (deficiency) of revenues over (under) expenditures	(218,820)	(468,520)	15,677	(203,143)	-	(203,143)
<b>OTHER FINANCING</b>						
<b>SOURCES (USES)</b>						
Bond proceeds	-	2,195,136	94,341	2,289,477	-	2,289,477
Transfers in	<u>200,000</u>	<u>200,000</u>	<u>(40,696)</u>	<u>159,304</u>	<u>-</u>	<u>159,304</u>
Total other financing sources (uses)	<u>200,000</u>	<u>2,395,136</u>	<u>53,645</u>	<u>2,448,781</u>	<u>-</u>	<u>2,448,781</u>
Net change in fund balance	(18,820)	1,926,616	69,322	2,245,638	-	2,245,638
Fund balance - beginning	<u>18,820</u>	<u>18,820</u>	<u>-</u>	<u>18,820</u>	<u>-</u>	<u>18,820</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 1,945,436</u>	<u>\$ 2,264,458</u>	<u>\$ 2,264,458</u>	<u>\$ -</u>	<u>\$ 2,264,458</u>

## **OTHER FINANCIAL SCHEDULES**

**ALSEA SCHOOL DISTRICT 7J**  
**Benton County, Oregon**

REVENUE SUMMARY - ALL FUNDS

For the Year Ended June 30, 2021

**Revenue from Local Sources**

	Fund 100	Fund 200	Fund 400
1110 Ad Valorem Taxes Levied by District	\$ 443,048.31	\$ -	\$ -
1190 Penalties and Interest on Taxes	1,333.15	-	-
1500 Earnings on Investments	20,400.58	7.64	-
1600 Food Service	-	315.45	-
1700 Extracurricular Activities	-	10,185.02	-
1920 Contributions and Donations From Private Sources	-	3,053.10	-
1940 Services Provided to Other Local Education Agencies	45,802.02	-	-
1960 Recovery of Prior Years Expenditures	423.50	50.48	-
1980 Fees Charged to Grants	2,147.68	-	-
1990 Miscellaneous	33,436.77	1,876.51	-
<b>Total Revenue from Local Sources</b>	<b>\$ 546,592.01</b>	<b>\$ 15,488.20</b>	<b>\$ -</b>

**Revenue from Intermediate Sources**

	Fund 100	Fund 200	Fund 400
2101 County School Funds	\$ 3,450.49	\$ -	\$ -
2102 General Education Service District Funds	11,538.00	-	-
2199 Other Intermediate Sources	17.07	-	-
2200 Restricted Revenue	-	38,942.35	-
<b>Total Revenue from Intermediate Sources</b>	<b>\$ 15,005.56</b>	<b>\$ 38,942.35</b>	<b>\$ -</b>

**Revenue from State Sources**

	Fund 100	Fund 200	Fund 400
3101 State School Fund - General Support	\$ 7,667,487.99	\$ -	\$ -
3103 Common School Fund	25,344.16	-	-
3203 Special Education	11,921.28	-	-
3299 Other Restricted Grants-in-aid	-	471,342.48	-
<b>Total Revenue from State Sources</b>	<b>\$ 7,704,753.43</b>	<b>\$ 471,342.48</b>	<b>\$ -</b>

**Revenue from Federal Sources**

	Fund 100	Fund 200	Fund 400
4100 Unrestricted Revenue From the Federal Government	\$ -	\$ 26,808.00	\$ -
4500 Restricted Revenue From the Federal Government Through the State	-	353,173.19	-
<b>Total Revenue from Federal Sources</b>	<b>\$ -</b>	<b>\$ 379,981.19</b>	<b>\$ -</b>

**Revenue from Other Sources**

	Fund 100	Fund 200	Fund 400
5100 Long-term debt proceeds	\$ 116,800.00	\$ -	\$ 2,289,477.00
5200 Interfund Transfers	-	\$ 65,695.69	\$ 159,304.31
5300 Sale of Fixed Assets	5,927.11	-	-
5400 Resources - Beginning Fund Balance	2,300,054.82	(31,971.13)	18,819.53
<b>Total Revenue from Other Sources</b>	<b>\$ 2,422,781.93</b>	<b>\$ 33,724.56</b>	<b>\$ 2,467,600.84</b>

**Grand Totals**

<b>Grand Totals</b>	<b>\$ 10,689,132.93</b>	<b>\$ 939,478.78</b>	<b>\$ 2,467,600.84</b>
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**ALSEA SCHOOL DISTRICT 7J**  
**Benton County, Oregon**

EXPENDITURE SUMMARY - GENERAL FUND

For the Year Ended June 30, 2021

**Instruction Expenditures**

	Totals	Object 100	Object 200
1111 Elementary, K-5 or K-6	\$ 1,567,742.12	\$ 928,311.84	\$ 524,189.01
1113 Elementary Extracurricular	413.10	-	-
1121 Middle/Junior High School Programs	504,520.20	301,087.27	176,614.26
1122 Middle/Junior High School Extracurricular	19,311.17	14,284.31	4,163.47
1131 High School Programs	493,652.79	294,236.00	165,483.53
1132 High School Extracurricular	104,951.53	51,437.14	23,401.84
1140 Pre-kindergarten Programs	3,779.52	2,500.00	1,082.56
1250 Less Restrictive Programs for Students with Disabilities	667,373.77	405,585.17	226,807.27
1280 Alternative Education	6,008.44	-	-
1288 Charter School Payments	1,547,252.97	-	-
<b>Total Instruction Expenditures</b>	<b>\$ 4,915,005.61</b>	<b>\$ 1,997,441.73</b>	<b>\$ 1,121,741.94</b>

**Support Services Expenditures**

	Totals	Object 100	Object 200
2110 Attendance and Social Work Services	\$ 83,172.54	\$ 13,992.68	\$ 2,848.71
2150 Speech Pathology and Audiology Services	63,454.00	-	-
2190 Service Direction, Student Support Services	25,562.92	17,500.00	8,062.92
2240 Instructional Staff Development	3,785.00	-	3,785.00
2310 Board of Education Services	174,641.32	-	17,110.60
2320 Executive Administration Services	113,014.41	73,356.94	30,915.92
2410 Office of the Principal Services	1,024,032.19	646,705.63	348,959.33
2520 Fiscal Services	314,707.64	130,239.67	74,154.00
2540 Operation and Maintenance of Plant Services	484,632.75	114,818.42	57,711.05
2550 Student Transportation Services	1,021,996.31	485,202.09	256,731.68
2570 Internal Services	15,466.40	11,000.01	4,466.39
2660 Technology Services	386,996.51	21,664.60	7,897.05
<b>Total Support Services Expenditures</b>	<b>\$ 3,711,461.99</b>	<b>\$ 1,514,480.04</b>	<b>\$ 812,642.65</b>

**Other Uses Expenditures**

	Totals	Object 100	Object 200
5100 Debt Service	\$ 141,277.80	\$ -	\$ -
5200 Transfers of Funds	225,000.00	-	-
<b>Total Other Uses Expenditures</b>	<b>\$ 366,277.80</b>	<b>\$ -</b>	<b>\$ -</b>

**Grand Total**

<b>\$ 8,992,745.40</b>	<b>\$ 3,511,921.77</b>	<b>\$ 1,934,384.59</b>
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Object 300	Object 400	Object 500	Object 600	Object 700
\$ 6,231.21	\$ 108,230.56	\$ 779.50	\$ -	\$ -
-	413.10	-	-	-
2,583.90	24,234.77	-	-	-
167.63	606.76	-	89.00	-
291.06	33,642.20	-	-	-
12,522.29	14,571.26	-	3,019.00	-
90.00	106.96	-	-	-
22,826.48	10,534.85	-	1,620.00	-
5,422.97	585.47	-	-	-
786,517.97	760,735.00	-	-	-
<b>\$ 836,653.51</b>	<b>\$ 953,660.93</b>	<b>\$ 779.50</b>	<b>\$ 4,728.00</b>	<b>\$ -</b>

Object 300	Object 400	Object 500	Object 600	Object 700
\$ 66,272.15	\$ -	\$ -	\$ 59.00	\$ -
63,454.00	-	-	-	-
-	-	-	-	-
-	-	-	-	-
148,656.29	3,944.10	-	4,930.33	-
3,303.57	2,869.68	-	2,568.30	-
2,664.73	24,301.50	-	1,401.00	-
101,700.00	6,453.75	-	2,160.22	-
170,163.10	102,618.98	-	39,321.20	-
97,397.14	30,023.50	128,990.40	23,651.50	-
-	-	-	-	-
48,905.83	308,529.03	-	-	-
<b>\$ 702,516.81</b>	<b>\$ 478,740.54</b>	<b>\$ 128,990.40</b>	<b>\$ 74,091.55</b>	<b>\$ -</b>

Object 300	Object 400	Object 500	Object 600	Object 700
\$ -	\$ -	\$ -	\$ 141,277.80	\$ -
-	-	-	-	225,000.00
<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 141,277.80</b>	<b>\$ 225,000.00</b>
<b>\$ 1,539,170.32</b>	<b>\$ 1,432,401.47</b>	<b>\$ 129,769.90</b>	<b>\$ 220,097.35</b>	<b>\$ 225,000.00</b>

**ALSEA SCHOOL DISTRICT 7J**  
**Benton County, Oregon**

EXPENDITURE SUMMARY - SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2021

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600
1111 Elementary, K-5 or K-6	\$ 99,567.96	\$ 60,901.59	\$ 38,666.37	\$ -	\$ -	\$ -	\$ -
1113 Elementary Extracurricular	1,910.03	-	-	1,163.72	746.31	-	-
1131 High School Programs	194,430.00	56,090.92	35,142.87	6,064.90	60,937.31	36,194.00	-
1132 High School Extracurricular	16,158.67	-	-	8,600.17	7,438.80	-	119.70
1140 Pre-kindergarten Programs	16,919.61	7,960.87	3,974.76	2,836.30	-	-	2,147.68
1250 Less Restrictive Programs for Students with Disabilities	57,244.85	31,820.79	25,424.06	-	-	-	-
1272 Title I	63,097.29	41,706.21	21,391.08	-	-	-	-
1280 Alternative Education	61,760.46	38,271.90	23,488.56	-	-	-	-
1400 Summer School Programs	5,164.74	-	-	4,400.00	764.74	-	-
<b>Total Instruction</b>	<b>\$ 516,253.61</b>	<b>\$ 236,752.28</b>	<b>\$ 148,087.70</b>	<b>\$ 23,065.09</b>	<b>\$ 69,887.16</b>	<b>\$ 36,194.00</b>	<b>\$ 2,267.38</b>
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600
2130 Health Services	\$ 1,129.60	\$ -	\$ -	\$ 1,129.60	\$ -	\$ -	\$ -
2540 Operation and Maintenance of Plant Services	77,201.96	-	-	25,000.00	52,201.96	-	-
2623 Evaluation Services	10,000.00	-	-	10,000.00	-	-	-
2624 Planning Services	59,137.81	32,182.50	26,955.31	-	-	-	-
2660 Technology Services	102,344.33	-	-	-	102,344.33	-	-
<b>Total Support Services</b>	<b>\$ 249,813.70</b>	<b>\$ 32,182.50</b>	<b>\$ 26,955.31</b>	<b>\$ 36,129.60</b>	<b>\$ 154,546.29</b>	<b>\$ -</b>	<b>\$ -</b>
Enterprise and Community Services	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600
3100 Food Services	\$ 59,251.54	\$ 36,774.37	\$ 21,604.06	\$ 653.00	\$ 220.11	\$ -	\$ -
<b>Total Enterprise and Community</b>	<b>\$ 59,251.54</b>	<b>\$ 36,774.37</b>	<b>\$ 21,604.06</b>	<b>\$ 653.00</b>	<b>\$ 220.11</b>	<b>\$ -</b>	<b>\$ -</b>
Facilities Acquisition and Construction	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600
4150 Building Acquisition, Construction and	\$ 28,855.42	\$ -	\$ -	\$ -	\$ -	\$ 28,855.42	\$ -
<b>Total Facilities Acquisition and Construction</b>	<b>\$ 28,855.42</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,855.42</b>	<b>\$ -</b>
<b>Grand Total</b>	<b>\$ 854,174.27</b>	<b>\$ 305,709.15</b>	<b>\$ 196,647.07</b>	<b>\$ 59,847.69</b>	<b>\$ 224,653.56</b>	<b>\$ 65,049.42</b>	<b>\$ 2,267.38</b>



**ALSEA SCHOOL DISTRICT 7J**  
**Benton County, Oregon**

EXPENDITURE SUMMARY - CAPITAL PROJECTS FUND

For the Year Ended June 30, 2021

<b>Facilities Acquisition and Construction</b>	<b>Totals</b>	<b>Object 300</b>	<b>Object 500</b>
4150 Building Acquisition, Construction and Improvement Services	\$ 203,143.74	\$ 171,255.74	\$ 31,888.00
<b>Total Facilities Acquisition and Construction</b>	<b>\$ 203,143.74</b>	<b>\$ 171,255.74</b>	<b>\$ 31,888.00</b>
<b>Grand Total</b>	<b>\$ 203,143.74</b>	<b>\$ 171,255.74</b>	<b>\$ 31,888.00</b>

**ALSEA SCHOOL DISTRICT 7J**  
**Benton County, Oregon**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

Federal Grantor, Pass through Grantor, Program Title	CFDA	Expenditures
<b><u>U.S. Department of Education</u></b>		
Rural Education	84.358	\$ <u>26,808</u>
Passed through Oregon State Department of Education		
Title 1, Part A Cluster		
Title 1 Grants to Local Educational Agencies	84.010	90,912
Title 1A/D - ESSA	84.377	37,703
Title IV A - Student Support and Academic Enrichment		
Elementary and Secondary School Emergency Relief Fund	84.424 84.425	10,405 152,798
Special Education (IDEA) Cluster		
IDEA Special Education Grants to States	84.027	57,245
Title IIA Improving Teaching Quality State Grants	84.367	<u>4,110</u>
Total passed through Oregon State Department of Education		<u>353,173</u>
Total U.S. Department of Education		<u>379,981</u>
Total federal expenditures		<u>\$ 379,981</u>

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



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

Board of Directors  
Alsea School District  
Alsea, Oregon 97324

We have audited the basic financial statements of Alsea School District as of and for the year ended June 30, 2021 and have issued our report thereon dated December 23, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Compliance**

As part of obtaining reasonable assurance about whether Alsea 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 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

**Insurance and fidelity bonds in force or required by law**

**Programs funded from outside sources**

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

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

**Public charter school requirements**

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

**OAR 162-010-0230 Internal Control**

In planning and performing our audit, we considered the District's internal control over financial reporting 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 Alsea School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Alsea School District's internal control over financial reporting. However, we noted certain matters that we have reported to management of the District in a separate letter dated December 23, 2021.

This report is intended solely for the information and use of the board of directors and management of Alsea School District and the Oregon Secretary of State, and is not intended to be, and should not be used by anyone other than these parties.

A handwritten signature in blue ink that reads "Accuity, LLC". The signature is written in a cursive, flowing style.

Accuity, LLC  
December 23, 2021

**ALSEA SCHOOL DISTRICT NO. 7J**  
**Benton County, Oregon**

SUPPLEMENTAL INFORMATION REQUIRED BY OREGON DEPARTMENT OF EDUCATION

For the Year Ended June 30, 2021

Part A is needed for computing Oregon's full allocation for ESEA, Title I, and other Federal Funds for Education.

- A. **Energy Bill for Heating - All Funds:**  
 Please enter your expenditures for electricity and heating fuel for these Functions and Objects.

	Objects 325 and 326
Function 2540	\$ 31,479.87
Function 2550	\$

- B. **Replacement of Equipment - General Fund:**  
 Include all General Fund expenditures in object 542, except for the following exclusions:

\$	-
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Exclude these functions:

1113, 1122, and 1132	Co-curricular Activities	4150	Construction
1140	Pre-Kindergarten	2550	Pupil Transportation
1300	Continuing Education	3100	Food Service
1400	Summer School	3300	Community Services