

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022



12700 SW 72nd Ave.
Tigard, OR 97223

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

2021-22

FINANCIAL REPORT

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

BOARD OF EDUCATION

TERM EXPIRES

Linda Montanez, Chair

June 30, 2023

Risteen Follett, Co-Chair

June 30, 2025

Debra Lindberg

June 30, 2025

Ryan Vanleuven

June 30, 2023

Robert Webb

June 30, 2023

All Board members receive mail at address below.

ADMINISTRATION

Sean Gallagher, Acting Superintendent
LaRae Sullivan, Business Manager

Alsea School District
301 South 3rd Street
Alsea, OR 97324

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

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ALSEA SCHOOL DISTRICT 7J
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, 2022. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2022, total net position of Alsea School District amounted to \$1,703,852 (pg.1).
- Of this amount, (\$258,012) was invested in capital assets. The remaining balance included (\$2,129,854) restricted for Special Revenues, Student Activities, Debt Service, Capital Projects, and (\$167,990) of unrestricted net position.
- At June 30, 2022, the District's governmental funds reported combined ending fund balances of \$3,891,334. (pg. 3)

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 3 through 6 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 7J
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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 3 through 6 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 7 through 31 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 32 through 33 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2022, the District's assets exceeded liabilities by \$1,703,852. (pg.1)

A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, buses 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.

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

District's Net Position

The net position of the District increased by \$561,435 (pg.2) during the current fiscal year. This increase is primarily due to an increase in state school fund revenues. Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Governmental Activities	
	2022	2021
<u>Assets</u>		
Current and other assets	\$ 3,547,862	\$ 2,738,707
Restricted assets	\$ 343,472	\$ 2,136,087
Net OPEB Asset (RHIA)	\$ 66,063	\$ -
Net capital assets	\$ 2,314,586	\$ 1,627,575
Total assets	\$ 6,271,983	\$ 6,502,369
Deferred outflows of resources	<u>\$ 2,876,402</u>	<u>\$ 1,706,006</u>
<u>Liabilities</u>		
Current liabilities	\$ 1,200,175	\$ 941,547
Noncurrent liabilities	\$ 4,530,450	\$ 5,802,406
Total liabilities	\$ 5,730,625	\$ 6,743,953
Deferred inflows of resources	<u>\$ 1,713,908</u>	<u>\$ 322,005</u>
<u>Net position</u>		
Net investment in capital assets	\$ (258,012)	\$ 1,114,648
Restricted for:		
Grant Programs	\$ -	\$ 23,075
Student activities	\$ 32,575	\$ 23,795
Memorials	\$ -	\$ 12,149
Debt Service	\$ 29,259	
Bond Projects	\$ 2,001,957	\$ 2,100,000
Restricted for Net OPEB Asset - RHIA	\$ 66,063	
Unrestricted	\$ (167,990)	\$ (2,131,250)
Total net position	\$ 1,703,852	\$ 1,142,417

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

	Governmental Activities	
	<u>2022</u>	<u>2021</u>
Program revenues		
Charges for services	64,341	58,450
Operating grants and contributions	992,620	867,269
Capital grants and contributions	-	50,000
Total program revenues	<u>1,056,961</u>	<u>975,719</u>
General revenues		
Property taxes - General	467,188	443,107
Property taxes - Debt Service	112,913	-
State school fund – general support	10,794,094	7,696,282
Investment earnings	26,578	20,409
Miscellaneous	168,923	35,314
Sale of assets	-	5,927
Total general revenues	<u>11,569,696</u>	<u>8,201,039</u>
Total revenues	<u>12,626,657</u>	<u>9,176,758</u>
Program expenses		
Instruction	6,586,323	5,249,786
Support services	5,128,329	3,688,441
Food services/ Enterprise and community	280,847	169,509
Facilities acquisition and construction	(36,837)	24,999
Interest on long-term debt	219,243	14,161
Unallocated depreciation expense	-	126,583
Total program expenses	<u>12,177,905</u>	<u>9,273,479</u>
Change in net position	561,435	(96,721)
Net position - beginning of year	<u>1,142,417</u>	<u>1,239,138</u>
Net position - end of year	<u><u>1,703,852</u></u>	<u><u>1,142,417</u></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 92% of the funding required for governmental programs. Property taxes and state school funding combined for 97% of general revenues and 89% of total revenues.

ALSEA SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

- Regular programs \$ 64,167

Operating grants and contributions represent fewer than 8% of total revenues. Included in this category \$713,905 for regular programs, \$273,438 of federal and state reimbursements for special education programs, and \$5,277 for grants and contributions to support various other educational activities.

Expenses

Expenses related to governmental activities are presented in several broad functional categories. Costs of direct classroom instruction activities account for 54% of the total expenses of \$12,177,905.

In addition, approximately 42% 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 \$2,957,421. Of this amount, (\$92,439) and \$32,575 was restricted for federal lunch program and student activities respectively, (\$192,811) was committed in Special Revenues, \$29,259 was committed for Debt Service, and \$2,001,957 was committed for capital projects.

The remaining balance of \$2,957,421 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 \$1,181,880, of which \$1,181,880 was unassigned fund balance.

BUDGETARY HIGHLIGHTS

Budget amounts shown in the financial statements reflect the original budget amounts and two approved appropriation changes.

ALSEA SCHOOL DISTRICT
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District's investment in capital assets for its governmental activities as of June 30, 2022 amounted to \$2,314,586, 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 \$157,196. Additional information on the District's capital assets can be found on page 16 of this report.

Long-Term Debt

At the end of the current fiscal year, the District had total debt outstanding of \$2,572,598. This amount consists of seven bus leases/loans, GO Bond Series 2021, and a house loan. The District's total long-term debt decreased by \$135,995 during the year due to principal payments made. Additional information on the District's long-term debt can be found on pages 28 and 29 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 2022-2023 school year is \$12,907,799, which represents a \$537,793 decrease from the previous year's total of \$13,445,592. While the district enrollment continues to decline moderately, the decrease in revenue is primarily due to the decrease enrollment of a dedicated online school. State School Fund revenues continue to grow at a slowly. 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 \$1,181,880 will be available for program resources in the 2022-2023 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.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON
STATEMENT OF NET POSITION
June 30, 2022

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 3,459,144
Taxes receivable	10,912
Accounts receivable	77,806
Grants receivable	343,472
Net OPEB Asset - RHIA	66,063
Capital assets, net of depreciation	<u>2,314,586</u>
Total Assets	6,271,983
Deferred Outflows of Resources	
Deferred Outflows - RHIA	1,300
Net Pension Related Deferrals - PERS	<u>2,875,102</u>
Total Assets and Deferred Outflows of Resources	<u>9,148,385</u>
Liabilities	
Accounts payable	398,995
Payroll liabilities	522,703
Accrued Interest	12,070
Accrued compensated absences	65,813
Current Portion, Long-term Obligations:	
Due within one year	197,089
Long-term Obligations:	
Due in more than one year	2,375,509
Premium on Bond	181,582
Proportionate Share of Net Pension Liability- PERS	<u>1,973,359</u>
Total liabilities	5,730,625
Deferred Inflows of Resources	
Deferred Inflows - RHIA	24,834
Net Pension Related Deferrals - PERS	<u>1,689,074</u>
Total Liabilities and Deferred Inflows of Resources	<u>7,444,533</u>
Net Position	
Net Investment in Capital Assets	(258,012)
Restricted for:	
Special Revenue	-
Student Body	32,575
Debt Service	29,259
Capital Projects	2,001,957
Restricted for Net OPEB Asset - RHIA	66,063
Unrestricted	<u>(167,990)</u>
Total Net Position	<u><u>\$ 1,703,852</u></u>

See accompanying notes to basic financial statements.

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

**STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense) Revenue and Changes in Net Position
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Instruction	\$ 6,586,323	\$ 64,167	\$ 713,905	\$ (5,808,251)
Support Services	5,128,329	-	273,438	(4,854,891)
Community Services	280,847	174	5,277	(275,396)
Facilities Acquisitions & Construction	(36,837)	-	-	36,837
Interest on long-term debt	219,243	-	-	(219,243)
Total governmental activities	<u>\$ 12,177,905</u>	<u>\$ 64,341</u>	<u>\$ 992,620</u>	<u>\$ (11,120,944)</u>
General Revenues				
Property taxes - General				467,188
Property taxes - Debt service				112,913
State support				10,794,094
Unrestricted intermediate and local sources				168,923
Earnings on Investments				<u>26,578</u>
Total general revenues				<u>11,682,379</u>
Change in Net Position				561,435
Net Position Beginning				<u>1,142,417</u>
Net Position end of year				<u>\$ 1,703,852</u>

See accompanying notes to basic financial statements.

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

**BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022**

	GENERAL FUND	SPECIAL REVENUE FUND	FEDERAL LUNCH PROGRAM FUND	STUDENT BODY FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
ASSETS:							
Cash and Investments	\$ 1,989,508	\$ (520,819)	\$ (73,236)	\$ 32,793	\$ 28,941	\$ 2,001,957	3,459,144
Receivables:							
Accounts	65,644	-	12,162	-	-	-	77,806
Grants Receivable	-	343,472	-	-	-	-	343,472
Property Taxes	8,300	-	-	-	2,612	-	10,912
Total Assets	<u>\$ 2,063,452</u>	<u>\$ (177,347)</u>	<u>\$ (61,074)</u>	<u>\$ 32,793</u>	<u>\$ 31,553</u>	<u>\$ 2,001,957</u>	<u>\$ 3,891,334</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:							
Liabilities:							
Accounts Payable	352,453	14,959	31,365	218	-	-	398,995
Payroll Liabilities	522,703	-	-	-	-	-	522,703
Total Liabilities	<u>875,156</u>	<u>14,959</u>	<u>31,365</u>	<u>218</u>	<u>-</u>	<u>-</u>	<u>921,698</u>
Deferred Inflows of Resources:							
Deferred Revenue	-	3,505	-	-	-	-	3,505
Unavailable Revenue - Property Taxes	6,416	-	-	-	2,294	-	8,710
Fund Balance							
Restricted	-	-	-	32,575	29,259	2,001,957	2,063,791
Committed	-	-	-	-	-	-	-
Assigned	-	(195,811)	(92,439)	-	-	-	(288,250)
Unassigned	1,181,880	-	-	-	-	-	1,181,880
Total Fund Balance	<u>1,181,880</u>	<u>(195,811)</u>	<u>(92,439)</u>	<u>32,575</u>	<u>29,259</u>	<u>2,001,957</u>	<u>2,957,421</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,063,452</u>	<u>\$ (177,347)</u>	<u>\$ (61,074)</u>	<u>\$ 32,793</u>	<u>\$ 31,553</u>	<u>\$ 2,001,957</u>	<u>\$ 3,891,334</u>

See accompanying notes to basic financial statements.

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

**Reconciliation of Governmental Funds
Balance Sheet to Statement of Net Position**

June 30, 2022

Total Fund Balances	\$	2,957,421
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital Assets, net of depreciation		2,314,586
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Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		8,710
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Deferred Inflows and Outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.

Deferred Outflows - PERS	\$ 2,875,102		
Deferred Outflows - RHIA	1,300		
Deferred Inflows - PERS	(1,689,074)		
Deferred Inflows - RHIA	(24,834)		
			1,162,494

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

Long-Term Obligations	\$ (2,572,598)		
Bond Premium	(181,582)		
Accrued Interest Payable	(12,070)		
Accrued compensated absences	(65,813)		
			(2,832,063)

The Net PERS Pension Asset (Liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.		(1,973,359)
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The actuarially determined value of the OPEB Liabilities is not recognized in the governmental funds.

OPEB Asset (Liability) - RHIA		66,063
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Total Net Position	\$	1,703,852
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See accompanying notes to basic financial statements.

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2022**

	GENERAL FUND	SPECIAL REVENUE FUND	FEDERAL LUNCH PROGRAM	STUDENT BODY FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
REVENUES:							
From Local Sources	\$ 595,497	\$ 10,996	\$ 1,956	\$ 18,242	\$ 113,096	\$ -	\$ 739,787
From Intermediate Sources	8,874	24,375	-	-	13	-	33,262
From State Sources	10,794,094	792,085	-	-	-	-	11,586,179
From Federal Sources	-	200,535	176,850	-	-	-	377,385
Total Revenues	11,398,465	1,027,991	178,806	18,242	113,109	-	12,736,613
EXPENDITURES:							
Instruction	6,237,397	877,838	-	21,611	-	-	7,136,846
Support Services	5,359,961	336,228	-	-	-	-	5,696,189
Enterprise and Community Service	-	32,811	271,871	-	-	-	304,682
Facilities Acquisitions & Construction	-	-	-	-	-	462,501	462,501
Debt Service	141,278	-	-	-	83,850	-	225,128
Total Expenditures	11,738,636	1,246,877	271,871	21,611	83,850	462,501	13,825,346
Excess of Revenues Over, (Under) Expenditures	(340,171)	(218,886)	(93,065)	(3,369)	29,259	(462,501)	(1,088,733)
Other Financing Sources (Uses)							
Transfers In	80,853	-	647	-	-	200,000	281,500
Transfers Out	(281,500)	-	-	-	-	-	(281,500)
Total Other Financing Sources (Uses)	(200,647)	-	647	-	-	200,000	-
Net Change in Fund Balance	(540,818)	(218,886)	(92,418)	(3,369)	29,259	(262,501)	(1,088,733)
Beginning Fund Balance	1,722,698	23,075	(21)	35,944	-	2,264,458	4,046,154
Ending Fund Balance	<u>\$ 1,181,880</u>	<u>\$ (195,811)</u>	<u>\$ (92,439)</u>	<u>\$ 32,575</u>	<u>\$ 29,259</u>	<u>\$ 2,001,957</u>	<u>\$ 2,957,421</u>

See accompanying notes to basic 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, 2022

Net Change in Fund Balance	\$	(1,088,733)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Asset Additions	\$ 576,097		
Depreciation expense	<u>(149,117)</u>		426,980

Adjustments made to Long-term obligations	\$ (25,172)		
Change in Compensated absence balance	<u>(31,082)</u>		(56,254)

The PERS Pension Expense represents the changes in Net Pension Asset (Liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.		1,128,520
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The PERS Pension - RHIA Expense represents the changes in Net Pension Asset (Liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.		16,315
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Repayment of long term & short term obligations is an expenditure in the governmental funds, but the repayment reduces debt obligations in the government-wide statements.

Amortization of Bond Premium	\$ 7,955		
Change in Interest Payable	(12,070)		
Decrease in long term obligations	<u>135,995</u>		131,880

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds, and are instead recorded as deferred revenue. They are, however, recorded as revenues in the Statement of Activities.		<u>2,727</u>
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Change in Net Position	\$	<u><u>561,435</u></u>
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See accompanying notes to basic financial statements.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

REPORTING ENTITY

The Alsea School District No. 7J is a municipal corporation governed by an elected board, organized under provisions of Oregon Statutes Chapter 332 for the purpose of operating elementary and secondary schools. Accounting principles generally accepted in the United States of America require that these financial statements present the District (the primary government) and all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate organizations that are included in the reporting entity because of the significance of their operational or financial relationships with the District. There are no component units.

BASIS OF PRESENTATION - FUND ACCOUNTING

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

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

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

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

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest of general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

FUND FINANCIAL STATEMENTS

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

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental funds are used to account for general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period, which is 60 days.

GOVERNMENTAL FUND TYPES

Expenditures are recorded when the liability is incurred, except for un-matured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences and claims and judgments which are recognized as expenditures because they will be liquidated with expendable financial resources. Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following major governmental funds are reported:

GENERAL FUND

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

SPECIAL REVENUE FUNDS

This fund consists of all special revenue funds established to account for revenues and expenditures related to grants, student activities and other special revenues. Primary revenue sources are restricted, committed or assigned.

FEDERAL LUNCH PROGRAM FUND

This fund accounts for program revenues and expenditures related to the District’s lunch program. The primary source of revenue is from federal funding.

STUDENT BODY FUND

This fund accounts for programs revenues and expenditures related to the District’s student body activities and memorial funds. The primary source of revenue is fundraising.

DEBT SERVICE FUND

This fund accounts for the accumulation of resources for, and the repayment of, general long-term debt, principal and interest. The principal revenue source is property taxes.

CAPITAL PROJECTS FUND

This fund accounts for the acquisition of temporary or permanent structures to be used to educate students. The primary source of revenue is transfer from the General Fund and Bond Proceeds.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District reports the Bus Replacement fund 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

This fund accounts for resources to be used to purchase school buses. The primary source of revenue is transfer from the General Fund.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

BUDGETS

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting in the main program categories required by Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles except that property taxes received after year-end are not considered budgetary resources in the funds, capital assets are expensed when purchased, inventory is expensed when purchased, long term debt is expensed when paid. Other post-employment benefits are expensed when paid rather than when incurred, and depreciation expense is not reported.

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

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Budget amounts shown in the basic financial statements reflect the original budgeted appropriation amounts. Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2022, with the exception of Special Revenue Fund – Support Services in the amount of \$25,838 and Special Revenue – Enterprise and Community Services in the amount of \$32,811.

CASH AND CASH EQUIVALENTS

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

FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

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

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

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

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

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

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY TAXES RECEIVABLE

Uncollected real and personal property taxes are reflected on the statement of net position and the balance sheet as receivables. Uncollected taxes are deemed to be substantially collectible or recoverable through liens. All property taxes receivable are due from property owners within the District.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are payable in three installments due on November 15, February 15 and May 15. Property tax collections are distributed monthly except for November, when such distributions are made weekly.

GRANTS

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

SUPPLY INVENTORIES

Supply inventories purchased are valued at cost (first-in, first-out method). Any donated inventories are valued at their estimated fair market value. Inventories purchased have been charged as expenditures when purchased. Inventories are offset by a fund balance reserve and are not available expendable resources. Supply inventories were considered by management to be immaterial at year end and have not been recorded in the basic financial statements.

CAPITAL ASSETS

Capital assets are recorded at original cost or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Interest incurred during construction is not capitalized. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives: Buildings and Improvements 10 to 50 years, Equipment 5 to 30 years and Vehicles – 10 years.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the basic financial statements 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 future periods and so will *not* be recognized as an outflow of resources. At June 30, 2022 there were deferred outflows representing PERS and RHIA pension related deferrals reported in the Statement of Net Position.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the basic financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2022 there were deferred inflows reported in the governmental funds balance sheet representing unavailable revenue from property tax. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. At June 30, 2022, there were also deferred inflows reported in the Statement of Net Position representing PERS and RHIA pension related deferrals.

USE OF ESTIMATES

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

LONG-TERM OBLIGATIONS

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

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

As of June 30, 2022, the District had long-term debt obligations from a 2021 General Obligation Bond, a note payable for the purchase of a home and the purchase of school buses.

RETIREMENT PLAN

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

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION

Net position is comprised of the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

Net Investment in Capital Assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

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

FUND EQUITY

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions is followed. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned.

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

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

To preserve a sound financial system and to provide a stable financial base, the governing body has adopted a minimum fund balance policy of six percent of expenditures.

2. CASH AND INVESTMENTS

DEPOSITS

Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. The total bank balance per the bank statements is \$1,004,467, \$250,000 of which was covered by federal depository insurance and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP).

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

Deposits with Financial Institutions:

Demand Deposits	\$ 948,052
Investments	<u>2,511,092</u>
Total	<u><u>\$ 3,459,144</u></u>

INVESTMENTS

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2022. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it materially approximates fair value.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2022, the fair value of the position in the ***LGIP is 98.98%*** of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

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

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

Investment Type	Investment Maturities (in months)			
	Fair Value	Less than 3	3 - 18	18 - 59
State Treasurer's Investment Pool	\$ 2,511,092	\$ 2,511,092	\$ -	\$ -
Total	<u>\$ 2,511,092</u>	<u>\$ 2,511,092</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk - Investments

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

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial risk. As of June 30, 2022, none of the bank balances were exposed to custodial credit risk.

Credit Risk – Investments

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

Concentration of Credit Risk

At June 30, 2022, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in either of these instruments. Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2022, investments appeared to be in compliance with all percentage restrictions.

3. ACCOUNTS/GRANTS RECEIVABLE

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs. Property taxes are levied and become a lien on all taxable property as of July 1. Taxes unpaid and outstanding on May 16 are considered delinquent. No allowance for uncollectible accounts has been recorded because all receivables are considered to be collectible.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS

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

	Balance Beginning of Year	Adjustments	Additions	Deletions	Balance End of Year
Non-Depreciable Capital Assets					
Land and Land Improvements	\$ 82,678	\$ -	\$ -	\$ -	\$ 82,678
Construction in Process	225,810	-	391,011	-	616,821
Total Non-Depreciable	308,488	-	391,011	-	699,499
Depreciable Capital Assets					
Buildings and Improvements	1,280,763	-	6,450	-	1,287,213
Equipment	318,745	(66,030)	119,068	-	371,783
Vehicles	1,032,315	-	385,629	(66,499)	1,351,445
Total Capital Assets	2,631,823	(66,030)	511,147	(66,499)	3,010,441
Accumulated Depreciation					
Buildings and Improvements	806,390	-	28,960	-	835,350
Furniture & Equipment	122,740	(8,079)	22,197	-	136,858
Vehicles	383,606	-	106,039	(66,499)	423,146
Total Accumulated Depreciation	1,312,736	-	157,196	(66,499)	1,395,354
Total Net Capital Assets	<u>\$ 1,627,575</u>				<u>\$ 2,314,586</u>

The adjustment to the capital assets is due to the cost of a Gym heater was improperly recorded as well the accumulated depreciation. The deletion is a result of disposing of a 2004 Thomas school bus.

Depreciation expense for the year ended June 30, 2022 was allocated to the functions as follows:

Instruction	\$ 82,958
Support Services	65,387
Community Services	3,474
Facilities Acquisition and Construction	<u>5,377</u>
Total	<u>\$ 157,196</u>

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Annual Comprehensive Financial Report which can be found at:
<https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

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

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2022 were \$1,290,962, excluding amounts to fund employer specific liabilities. In addition approximately \$230,982 in employee contributions were paid or picked up by the District in fiscal 2022.

Pension Asset or Liability – At June 30, 2022, the District reported a net pension liability of \$1,973,359 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2021 and 2020, the District's proportion was .016 percent and .015 percent, respectively. Pension expense for the year ended June 30, 2022 was \$1,128,520.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 184,719	\$ -
Changes in assumptions	493,991	5,193
Net difference between projected and actual earnings on pension plan investments	-	1,460,862
Net changes in proportionate share	254,851	221,581
Differences between District contributions and proportionate share of contributions	419,597	1,438
Subtotal - Amortized Deferrals (below)	1,353,158	1,689,074
District contributions subsequent to measuring date	1,521,944	-
Deferred outflow (inflow) of resources	<u>\$ 2,875,102</u>	<u>\$ 1,689,074</u>

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

Subtotal amounts related to pension as deferred outflows of resources \$1,353,158, or deferred inflows of resources, (\$1,689,074), net to \$(335,916) and will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ (398)
2024	(57,089)
2025	(134,830)
2026	(240,361)
2027	96,762
Thereafter	-
Total	<u>\$ (335,916)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 1, 2022. Oregon PERS produces an independently audited ACFR which can be found at:

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

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Valuations – The employer contribution rates effective July 1, 2021 through June 30, 2023, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions:

Valuation date	December 31, 2019
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.40 percent (reduced from 2.50 percent)
Investment rate of return	6.90 percent (reduced from 7.20 percent)
Discount rate	6.90 percent (reduced from 7.20 percent)
Projected salary increase	3.40 percent (reduced from 3.50 percent)
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2018.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumed Asset Allocation:

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

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

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

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

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2021 and 2020 was 6.90 and 7.20 percent, respectively, for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 3,875,204	\$ 1,973,359	\$ 382,204

Changes Subsequent to the Measurement Date

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

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

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

Employees of the District are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Benefits:

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

Death Benefits:

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

Contributions:

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

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

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

6. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA)

Plan Description:

As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA) (CONTINUED)

Funding Policy:

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

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.05% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2022. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers.

At June 30, 2022, the District reported a net OPEB asset of \$66,063 for its proportionate share of the net OPEB asset. The OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB asset is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2021 and 2020, the District's proportion was .019 percent and .016 percent, respectively.

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income	\$	(10,805)
Net amortization of employer-specific deferred amounts from:		
- Changes in proportionate share (per paragraph 64 of GASB 75)		(4,940)
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)		-
Employer's Total OPEB Expense/(Income)	\$	<u>(15,745)</u>

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA) (CONTINUED)

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 1,838
Changes in assumptions	1,300	983
Net difference between projected and actual earnings on pension plan investments	-	15,700
Net changes in proportionate share	-	6,313
Differences between District contributions and proportionate share of contributions	-	-
Subtotal - Amortized deferrals (below)	1,300	24,834
District contributions subsequent to measurement date	-	-
Deferred outflow (inflow) of resources	<u>\$ 1,300</u>	<u>\$ 24,834</u>

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

Subtotal amounts related to OPEB as deferred outflows of resources, \$1,300, and deferred inflows of resources, (\$24,834), net to (\$23,534) and will be recognized in OPEB expense as follows:

Year ending June 30,	Amount
2023	\$ (10,028)
2024	(4,962)
2025	(3,584)
2026	(4,960)
2027	-
Thereafter	-
Total	<u>\$ (23,534)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2021. That independently audited report was dated March 1, 2022 and can be found at:

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

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA) (CONTINUED)

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2019
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent (reduced from 2.50 percent)
Investment rate of return	6.90 percent (reduced from 7.20 percent)
Discount rate	6.90 percent (reduced from 7.20 percent)
Projected salary increase	3.40 percent (reduced from 3.50 percent)
Retiree healthcare participation	Healthy retirees: 32%; Disabled retirees: 20%
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2018.

Discount Rate:

The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2021 and 2020 was 6.90 and 7.20 percent, respectively, for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB asset.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA) (CONTINUED)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

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

Sensitivity of the District's proportionate share of the net OPEB liability/(asset) to changes in the discount rate – The following presents the District's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net OPEB liability (asset)	\$ (58,423)	\$ (66,063)	\$ (72,590)

Changes Subsequent to the Measurement Date

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

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG TERM DEBT OBLIGATIONS

Go Bond Obligation

General Obligation bonds were issued to provide funds for the purpose of funding various construction projects within the District. On April 13, 2021, the District issued \$2,100,000 of Series 2021 General Obligation bonds to finance various construction projects. The bond issued a related premium in the amount of \$189,477. This interest rate is fixed at 3.00% and is due semiannually on June 15 and December. A new Debt Service fund has been established to be used to liquidate the related debt.

Citizen Bank Loan

The Citizens Bank loan was issued on September 12, 2018 in the amount of \$83,000. The interest rate is fixed at 6.49%. The loan was obtained to finance the purchase a house and is pledged as collateral. In the event of default on the bank loan, the obligation contains a remedy clause. If the District is unable to make payments, 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.

Santander – 2019 Bus Loans

The District purchased two 2019 Blue Bird Buses on February 10, 2019 in the amount of \$109,951 and \$111,995, respectively. Interest rates are 3.80% fixed and are pledged as collateral. In the event of default on the bank loan, the obligation contains a remedy clause. If the District is unable to make payments, the lender may declare the entire unpaid principal and unpaid accrued interest immediately due. The General Fund has traditionally been used to liquid the related debt.

Santander – 2020 Bus Loan

The District purchased one 2020 Blue Bird Bus on April 1, 2019 in the amount of \$111,530. Interest rates are 3.80% fixed and are pledged as collateral. In the event of default on the bank loan, the obligation contains a remedy clause. If the District is unable to make payments, the lender may declare the entire unpaid principal and unpaid accrued interest immediately due. The General Fund has traditionally been used to liquid the related debt.

Santander – 2021 Bus Loan

The District purchased two 2021 Blue Bird Buses on February 15, 2021 in the amount of \$116,800 each. Interest rates are 2.25% fixed and are pledged as collateral. In the event of default on the bank loan, the obligation contains a remedy clause. If the District is unable to make payments, the lender may declare the entire unpaid principal and unpaid accrued interest immediately due. The General Fund has traditionally been used to liquid the related debt.

Santander – 2023 Bus Loan

The District purchased two 2023 Blue Bird Buses on April 29, 2022 in the amount of \$119,629 each and applied a down payment to each purchase in the amount of \$35,888. The District financed \$83,741 for each bus. Interest rates are 2.25% fixed and are pledged as collateral. In the event of default on the bank loan, the obligation contains a remedy clause. If the District is unable to make payments, the lender may declare the entire unpaid principal and unpaid accrued interest immediately due. The General Fund has traditionally been used to liquid the related debt.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG TERM DEBT OBLIGATIONS (CONTINUED)

Santander – 2023 Bus Loan

The District purchased one 2023 Blue Bird Buses on April 29, 2022 in the amount of \$119,629 each and applied a down payment to each purchase in the amount of \$35,888. The District financed \$83,741 for each bus. Interest rates are 2.25% fixed and are pledged as collateral. In the event of default on the bank loan, the obligation contains a remedy clause. If the District is unable to make payments, the lender may declare the entire unpaid principal and unpaid accrued interest immediately due. The General Fund has traditionally been used to liquid the related debt.

There are no significant default clauses noted in any of the long-term obligation agreements that would impact the financial statements or require disclosure under GASB 88.

The following table shows changes in general obligation bonds and other long-term obligations for the fiscal year ended June 30, 2022.

Issue Date	Interest Rates	Outstanding July 1, 2021	Adjustments & Additions	Matured and Redeemed	Outstanding June 30, 2022	Due Within One Year
Bonds payable:						
GO Bonds Series 2021	3.00%	\$ 2,100,000	\$ -	\$ 10,000	\$ 2,090,000	\$ 25,000
Direct Borrowing						
Citizen Bank	6.49%	52,724	155	16,525	36,354	17,616
Santander - 2019 Bus #4	3.80%	66,971	361	20,350	46,982	22,322
Santander - 2019 Bus #76	3.80%	68,216	-	22,683	45,533	22,322
Santander - 2020 Bus #5	3.80%	67,585	1	21,695	45,891	22,519
Santander - 2021 Bus #55	2.25%	67,894	24,655	22,371	70,178	22,874
Santander - 2021 Bus #58	2.25%	92,549	-	22,371	70,178	22,874
Santander - 2023 Bus #66	2.97%	-	83,741	-	83,741	20,781
Santander - 2023 Bus #7	2.97%	-	83,741	-	83,741	20,781
		2,515,939	192,654	135,995	2,572,598	197,089
Premium Related to Bond						
2021 Original Issue Premium		189,477	-	7,895	181,582	-
Total Long-Term Obligations		<u>\$ 2,705,416</u>	<u>\$ 192,654</u>	<u>\$ 143,890</u>	<u>\$ 2,754,180</u>	<u>\$ 197,089</u>

Santander – 2023 Bus Loan

The District purchased one 2023 Blue Bird Buses on September 5, 2022 in the amount of \$147,945 and applied a down payment to the purchase in the amount of \$44,282. The District financed \$109,470 for the bus. Interest rate is 2.97% fixed and are pledged as collateral. The first payment for the bus loan is due on October 5, 2022 and the payment is \$27,114. The term of the loan is 4 years.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. INTERFUND TRANSFERS

Interfund transfers are comprised of the following at June 30, 2022:

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General	\$ 281,500	\$ -
Special Revenue	-	80,853
Federal Lunch Program	-	647
Capital Projects	-	200,000
	<u>\$ 281,500</u>	<u>\$ 281,500</u>

Transfers were made to fund operations.

9. PROPERTY TAX LIMITATIONS

The State of Oregon voters imposed a constitutional limit on property taxes for schools and non-school government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this requirement has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue.

The State of Oregon voters further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

10. TAX ABATEMENTS

As of June 30, 2022, the District potentially had tax abatements through various state allowed programs that impacted levied taxes. Based on the information available from the county as of the date of issuance of these basic financial statements, there were not material abatements disclosed by the county for the year ended June 30, 2022 for any program covered under GASB 77.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

11. COMMITMENTS AND CONTINGENCIES

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

There is participation in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representative. The deferral audits for these programs for the year ended June 30, 2022 have not been conducted. Accordingly, compliance with grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although such amounts, if any, are expected by management to be immaterial.

The COVID-19 outbreak in the United States has caused substantial disruption to business and local governments due to mandated and voluntary suspension of operation and stay at home orders. There is considerable uncertainty around the duration of the outbreak and the long-term impact to the overall economy. However, the impact of the reduction of economic activity is not determinable.

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

ALSEA SCHOOL DISTRICT
BENTON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.016 %	\$ 1,973,359	\$ 3,254,560	60.6 %	87.6 %
2021	0.015	3,305,596	1,527,017	216.5	75.8
2020	0.018	3,042,927	1,336,643	227.7	80.2
2019	0.017	2,623,509	1,805,222	145.3	82.1
2018	0.015	2,030,385	1,194,310	170.0	83.1
2017	0.015	2,294,970	1,057,538	217.0	80.5
2016	0.019	1,067,974	966,773	110.5	91.9
2015	0.019	(425,289)	893,771	(47.6)	103.6
2014	0.019	957,471	913,672	104.8	92.0

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2022	\$ 1,521,944	\$ 1,521,944	\$ -	\$ 5,173,658	29.4 %
2021	1,092,208	1,092,208	-	3,254,560	33.6
2020	529,762	529,762	-	1,527,017	34.7
2019	374,710	374,710	-	1,336,643	28.0
2018	367,844	367,844	-	1,805,222	20.4
2017	289,838	289,838	-	1,194,310	24.3
2016	203,154	203,154	-	1,057,538	19.2
2015	192,355	192,355	-	966,773	19.9
2014	235,696	235,696	-	893,771	26.4

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

OPEB - RHIA

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB ASSET/(LIABILITY) FOR RHIA

Year Ended June 30,	(a) District's Proportion of the net OPEB asset/(liability) (NOA/(L))	(b) District's proportionate share of the net OPEB asset/(liability)(NOA/(L))	(c) District's covered payroll	(b/c) NOA/(L) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.01920 % \$	66,063	\$ 3,254,560	2.03 %	183.9 %
2021	0.01570	31,958	1,527,017	2.09	150.1
2020	0.01170	22,582	1,336,643	1.69	144.4
2019	0.01078	12,035	1,508,222	0.80	124.0
2018	0.01092	4,557	1,194,310	0.38	108.9
2017	0.01060	(2,888)	1,057,538	(0.27)	90.0

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

Amounts for covered payroll (c) use the prior year's data to match the measurement date used by the OPEB plan for each year.

SCHEDULE OF CONTRIBUTIONS FOR RHIA

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percent of covered payroll
2022	N/A	\$ N/A	\$ N/A	\$ 5,173,658	N/A %
2021	N/A	N/A	N/A	3,254,560	N/A
2020	N/A	N/A	N/A	1,527,017	N/A
2019	N/A	N/A	N/A	1,336,643	N/A
2018	N/A	N/A	N/A	1,508,222	N/A
2017	N/A	N/A	N/A	1,194,310	N/A

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date of 6/30 for each year presented.

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

All statutorily required contributions were made and are included within PERS contributions (See p. 32)

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For The Year Ended June 30, 2022**

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ 723,600	723,600	\$ 595,497	\$ (128,103)
Intermediate Sources	42,400	42,400	8,874	(33,526)
State Sources	7,574,592	10,574,592	10,794,094	219,502
Total Revenues	8,340,592	11,340,592	11,398,465	57,873
EXPENDITURES:				
Instruction	5,044,745	6,544,745 (1)	6,237,397	307,348
Support Services	3,874,093	5,374,093 (1)	5,288,185	85,908
Debt Service	151,499	151,499 (1)	141,278	10,221
Contingency	93,755	93,755 (1)	-	93,755
Total Expenditures	9,164,092	12,164,092	11,666,860	497,232
Excess of Revenues Over (Under) Expenditures	(823,500)	(823,500)	(268,395)	555,105
Other Financing Sources (Uses)				
Sale of or compensation for loss of fix	5,000	5,000	-	5,000
Transfers Out	(281,500)	(281,500) (1)	(281,500)	-
Total Other Financing Sources (Uses)	(276,500)	(276,500)	(281,500)	-
Net Change in Fund Balance	(1,100,000)	(1,100,000)	(549,895)	550,105
Beginning Fund Balance	2,100,000	2,100,000	1,696,388	(403,612)
Ending Fund Balance	\$ 1,000,000	\$ 1,000,000	\$ 1,146,493	\$ 146,493

(1) Appropriation level

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For The Year Ended June 30, 2022**

SPECIAL REVENUE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ -	\$ -	\$ 10,996	\$ 10,996
Intermediate Sources	-	-	24,375	24,375
State Sources	619,506	847,506	792,085	(55,421)
Federal Sources	371,265	371,265	200,535	(170,730)
Total Revenues	990,771	1,218,771	1,027,991	(190,780)
EXPENDITURES:				
Instruction	911,573	911,573 (1)	877,838	33,735
Support Services	82,390	310,390 (1)	336,228	(25,838)
Enterprise and Community Services	-	- (1)	32,811	(32,811)
Total Expenditures	993,963	1,221,963	1,246,877	(24,914)
Net Change in Fund Balance	(3,192)	(3,192)	(218,886)	(215,694)
Beginning Fund Balance	3,192	3,192	23,075	19,883
Ending Fund Balance	\$ -	\$ -	\$ (195,811)	\$ (195,811)

(1) Appropriation level

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For The Year Ended June 30, 2022**

FEDERAL LUNCH PROGRAM FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ 2,000	\$ 2,000	\$ 1,956	\$ (44)
Federal Sources	-	250,000	176,850	(73,150)
Total Revenues	2,000	252,000	178,806	(73,194)
EXPENDITURES:				
Enterprise and Community Services	78,500	328,500 (1)	271,871	56,629
Total Expenditures	78,500	328,500	271,871	56,629
Excess of Revenues Over (Under) Expenditures	(76,500)	(76,500)	(93,065)	(16,565)
Other Financing Sources (Uses)				
Transfers In	76,500	76,500	647 (2)	(75,853)
Total Other Financing Sources (Uses)	76,500	76,500	647	(35,789)
Net Change in Fund Balance	-	-	(92,418)	(92,418)
Beginning Fund Balance	-	-	(21)	(21)
Ending Fund Balance	\$ -	\$ -	\$ (92,439)	\$ (92,439)

(1) Appropriation Level

(2) Included in this transfer from the General Fund is the required state revenue match of \$647 the District must transfer to the Services Fund for National School Lunch Support in order to meet the general cash assistance match.

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

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

For The Year Ended June 30, 2022

STUDENT BODY FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ 55,800	\$ 55,800	\$ 18,242	\$ (37,558)
Total Revenues	55,800	55,800	18,242	(37,558)
EXPENDITURES:				
Instruction	90,800	90,800 (1)	21,611	69,189
Total Expenditures	90,800	90,800	21,611	69,189
Net Change in Fund Balance	(35,000)	(35,000)	(3,369)	31,631
Beginning Fund Balance	35,000	35,000	35,944	944
Ending Fund Balance	\$ -	\$ -	\$ 32,575	\$ 32,575

(1) Appropriation Level

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

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

DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ 120,000	\$ 120,000	\$ 113,096	\$ (6,904)
Intermediate Sources	-	-	13	13
Total Revenues	120,000	120,000	113,109	(6,891)
EXPENDITURES:				
Debt Service	83,850	83,850 (1)	83,850	-
Total Expenditures	83,850	83,850	83,850	-
Net Change in Fund Balance	36,150	36,150	29,259	(6,891)
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ 36,150	\$ 36,150	\$ 29,259	\$ (6,891)

(1) Appropriation level

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

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

CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ 32,000	\$ 32,000	\$ -	\$ (32,000)
State Sources	1,740,000	1,740,000	-	(1,740,000)
Total Revenues	1,772,000	1,772,000	-	(1,772,000)
EXPENDITURES:				
Facilities Acquisitions & Construction	1,300,000	1,300,000 (1)	462,501	837,499
Total Expenditures	1,300,000	1,300,000	462,501	837,499
Excess of Revenues Over (Under) Expenditures	472,000	472,000	(462,501)	(934,501)
Other Financing Sources (Uses)				
Transfers In	200,000	200,000	200,000	-
Total Other Financing Sources (Uses)	200,000	200,000	200,000	-
Net Change in Fund Balance	672,000	672,000	(262,501)	(934,501)
Beginning Fund Balance	1,950,000	1,950,000	2,264,458	314,458
Ending Fund Balance	\$ 2,622,000	\$ 2,622,000	\$ 2,001,957	\$ (620,043)

(1) Appropriation level

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

SUPPLEMENTARY INFORMATION

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For The Year Ended June 30, 2022**

BUS REPLACEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
State Sources	\$ 72,000	\$ 72,000	\$ -	\$ (72,000)
Total Revenues	72,000	72,000	-	(72,000)
EXPENDITURES:				
Support Services	72,000	72,000 (1)	71,776	224
Total Expenditures	72,000	72,000	71,776	224
Excess of Revenues Over (Under) Expenditures	-	-	(71,776)	(71,776)
Other Financing Sources (Uses)				
Transfers In	5,000	5,000	80,853	75,853
Total Other Financing Sources (Uses)	5,000	5,000	80,853	4,301
Net Change in Fund Balance	5,000	5,000	9,077	4,077
Beginning Fund Balance	21,309	21,309	26,310	5,001
Ending Fund Balance	\$ 26,309	\$ 26,309	\$ 35,387	\$ 9,078

(1) Appropriation Level

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 due to its financing resources being derived primarily from General Fund transfers.

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED - GENERAL FUND
For The Year Ended June 30, 2022**

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/21	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/22
Current:						
2021-22	\$ 475,929	13,007	(1,084)	288	456,637	\$ 5,489
Prior Years:						
2020-21	3,742	(1)	(618)	223	1,898	1,450
2019-20	1,716	(1)	(331)	258	882	762
2018-19	850	(1)	(284)	235	508	294
2017-18	377	-	(166)	162	300	73
Prior	293	-	(51)	48	58	232
Total Prior	6,978	(3)	(1,450)	926	3,646	2,811
Total General Fund	\$ 482,907	\$ 13,004	\$ (2,534)	\$ 1,214	\$ 460,283	\$ 8,300

RECONCILIATION TO REVENUE:	GENERAL FUND
Cash Collections by County Treasurers Above	\$ 460,283
Accrual of Receivables:	
June 30, 2021	(239)
June 30, 2022	1,884
Taxes in Lieu	5,260
Total Revenue	\$ 467,188

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED - DEBT SERVICE FUND
For The Year Ended June 30, 2022**

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/21	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/22
Current:						
2021-22	\$ 119,991	3,280	-	73	115,127	\$ 1,384
Prior Years:						
2020-21	1,691	(1)	-	103	869	641
2019-20	717	-	-	112	378	309
2018-19	391	(1)	-	110	235	133
2017-18	185	-	-	82	149	34
Prior Years:	142	-	-	24	30	111
Total Prior	3,126	(2)	-	431	1,661	1,228
Total General Fund	\$ 123,117	\$ 3,278	\$ -	\$ 504	\$ 116,788	\$ 2,612

	DEBT SERVICE FUND
RECONCILIATION TO REVENUE:	
Cash Collections by County Treasurers Above	\$ 116,788
Accrual of Receivables:	
June 30, 2021	(4,193)
June 30, 2022	318
Total Revenue	\$ 112,913

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
As required by the Oregon Department of Education
For The Year Ended June 30, 2022

Federal Grantor/Pass Through Grantor/ Program Title	Pass Through Organization	Federal CFDA Number	Pass Through Entity Number	Grant Period	Expenditures
US. DEPARTMENT OF EDUCATION					
Title IA	Oregon Department of Education	84.010	58202	2020-22	\$ 6,260
Title IA	Oregon Department of Education	84.010	66912	2021-22	24,279
Title IA	Oregon Department of Education	84.010	60351	2020-22	\$ 17,130
Title IA	Oregon Department of Education	84.010	67934	2021-23	35,648
Total Title I Cluster					83,317
Title IIA - Teacher Quality	Oregon Department of Education	84.367	66912	2021-22	5,785
Total Title IIA-Teacher Quality					5,785
Title IV-A-Student Support and Academic Enrichment	Oregon Department of Education	84.424	66701	2021-22	10,000
Total Title IV					10,000
Special Education cluster (IDEA)	Oregon Department of Education	84.027	68562	2020-23	47,473
	Oregon Department of Education	84.027	68313	2021-23	11,735
	Oregon Department of Education	84.027	68853	2021-23	1,313
	Oregon Department of Education	84.027	69097	2021-23	
Total Special Education Cluster					60,521
ESSER III	Oregon Department of Education	84.425	64824	2020-24	1,071
Total ESSER III					1,071
Total U.S. Department of Education					160,694
U.S. DEPARTMENT OF AGRICULTURE					
School Breakfast Program	Oregon Department of Education	10.553/555		2021-22	5,880
National School Lunch Program	Oregon Department of Education	10.553		2021-22	58,803
National School Lunch Program	Oregon Department of Education	10.555		2021-22	101,935
National School Lunch Program-CNC CARES	Oregon Department of Education	10.555		2021-22	9,619
CNP-NSLP Equipment Grant	Oregon Department of Education	10.579		2019-22	12,878
SNAP State and Local Grant	Oregon Department of Education	10.649		2021-22	614
Summer Food	Oregon Department of Education	10.559		2021-22	367
Total CNC Cluster					190,096
Federal Forest Fees	Benton and Lane Counties	10.665		2021-22	-
Passed through U.S. Department of Education Small, Rural School Achievement Program	Federal Government G5	84.358A		2021-22	26,962
Total U.S. Department of Agriculture					217,058
Total Grants Expended or Passed Through to Sub Recipients					377,752
TOTAL FEDERAL AWARDS EXPENDED					\$ 377,752
Reconciliation to Federal Revenue:					
Federal Revenue Reported:					377,752
Accruals/Deferrals:					(14,905)
Federal Awards:					362,847

ALSEA SCHOOL DISTRICT
LANE COUNTY, OREGON

OTHER INFORMATION

**ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON**

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

A. Energy bills for heating - all funds:				<u>Objects 325 and 326 and 327</u>
		Function 2540		\$ 70,061
		Function 2550		-
B. Replacement of equipment - General Fund:				
Include all General Fund expenditures in Object 542, except for the following exclusions:				<u>Amount</u>
Exclude these functions:				
1113, 1122 & 1132	Co-curricular activities	4150	Construction	\$ -
1140	Pre-kindergarten	2550	Pupil transportation	
1300	Continuing education	3100	Food service	
1400	Summer school	3300	Community services	

ALSEA SCHOOL DISTRICT
BENTON COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY
OREGON STATE REGULATIONS



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December 30, 2022

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of Alsea School District 7J (the District) as of and for the year ended June 30, 2022, and have issued our report thereon dated December 30, 2022. 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 the basic financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of basic financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

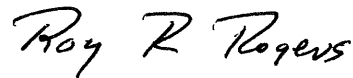
In connection with our testing nothing came to our attention that caused us to believe Alsea School District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative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

- Expenditures of all the various funds were within authorized appropriations, except as noted on page 10 of the report

OAR 162-10-0230 Internal Control

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

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

A handwritten signature in cursive script that reads "Roy R Rogers".

Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.