

**SCIO SCHOOL DISTRICT**  
**SCIO, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2021**

**SCIO SCHOOL DISTRICT  
SCIO, OREGON 97374**

**FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2021**

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SCIO SCHOOL DISTRICT NO. 95C

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SCIO SCHOOL DISTRICT NO. 95C  
Scio, Oregon

PRINCIPAL OFFICIALS

BOARD OF DIRECTORS

TERM EXPIRES

Doug Parazoo  
39024 Ridge Dr.  
Scio, OR 97374

2021

Michael Ennis  
PO Box 705  
Scio, OR 97374

2021

Nicole Buganski  
38243 Richardson Gap Rd  
Scio, OR 97374

2021

Kerri Hyde  
PO Box 330  
Scio, OR 97374

2023

Hank McDonald  
43277 Rodgers Mountain Loop  
Scio, OR 97374

2023

ADMINISTRATION

Steve Martinelli, Superintendent  
Tracy Porter, Business Manager

The Board members receive mail at the following address:  
SCIO SCHOOL DISTRICT NO. 95C  
38875 N.W. First Avenue  
Scio, Oregon 97374

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**PAULY, ROGERS AND Co., P.C.**  
12700 SW 72<sup>nd</sup> Ave. ♦ Tigard, OR 97223  
(503) 620-2632 ♦ (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

December 21, 2021

To the Board of Directors  
Scio School District  
Scio, Oregon

## **INDEPENDENT AUDITORS' REPORT**

### **Report on Financial Statements**

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

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

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

### **Auditors' Responsibility**

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

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

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



## **Opinions**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Scio School District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information, as listed in the table of contents, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

The pension schedule and budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents and the schedule of expenditures of federal expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

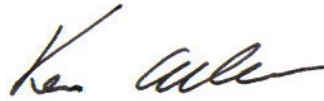
procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents and the schedule of federal expenditures, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The listing of principal officials, presented after the table of contents and other information, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Reports on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2021 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 18, 2021, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Kenneth Allen, CPA  
Municipal Auditor

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SCIO SCHOOL DISTRICT NO. 95C  
SCIO, OREGON

BASIC FINANCIAL STATEMENTS

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SCIO SCHOOL DISTRICT 95-C  
SCIO, OREGON

STATEMENT OF NET POSITION  
June 30, 2021

<b>ASSETS</b>	
Cash and Investments	\$ 9,157,401
Property Taxes Receivable	63,772
Accounts receivable	663,751
Net Pension Asset - RHIA	92,888
Capital Assets, Net of Depreciation	<u>8,832,508</u>
Total Assets	<u>\$ 18,810,320</u>
<b>DEFERRED OUTFLOWS</b>	
Pension Related Deferrals	5,052,570
OPEB Related Deferrals - Implicit	39,400
OPEB Related Deferrals - RHIA	<u>11,439</u>
Total Deferred Outflows	<u>5,103,409</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	888,948
Payroll Liabilities	503,583
Compensated Absences Payable	<u>19,166</u>
Total Current Liabilities	<u>1,411,697</u>
Non-Current Liabilities:	
Net Pension Liability	8,230,815
OPEB Liability	<u>247,156</u>
Total Non-Current Liabilities	<u>8,477,971</u>
Total Liabilities	<u>9,889,668</u>
<b>DEFERRED INFLOWS</b>	
Pension Related Deferrals	1,283,331
OPEB Related Deferrals - RHIA	<u>30,799</u>
Total Deferred Inflows	<u>1,314,130</u>
<b>NET POSITION:</b>	
Net Investment In Capital Assets	8,832,508
Restricted	
Student activities	138,737
Energy	118,834
Food Service	108,498
Unrestricted	<u>3,511,354</u>
Total Net Position	<u><u>\$ 12,709,931</u></u>

The accompanying notes are an integral part of this statement.

SCIO SCHOOL DISTRICT 95-C  
SCIO, OREGON

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021

FUNCTIONS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Instruction	\$ 23,024,874	\$ 11,970	\$ 1,043,302	\$ 2,116,451	\$ (19,853,151)
Support Services	4,309,913	-	139,163	-	(4,170,750)
Enterprise & Community Services	380,896	1,437	443,189	-	63,730
<b>Total Governmental Activities</b>	<b>\$ 27,715,683</b>	<b>\$ 13,407</b>	<b>\$ 1,625,654</b>	<b>\$ 2,116,451</b>	<b>\$ (23,960,171)</b>
General Revenues					
Property Taxes, Levied for General Purposes					1,515,202
State School Fund - General Support					25,143,323
Common School Fund					104,486
Earnings on Investments					79,312
Intermediate Sources					4,285
Miscellaneous					311,807
<b>Total General Revenues</b>					<b>27,158,415</b>
Changes in Net Position					3,198,244
Net Position - Beginning of Year					9,511,687
Net Position - Ending					<b>\$ 12,709,931</b>

The accompanying notes are an integral part of this statement.

SCIO SCHOOL DISTRICT 95-C  
SCIO, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2021

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
<b>ASSETS:</b>				
Current Assets:				
Cash and Investments	\$ 3,908,419	\$ 1,420,585	\$ 3,828,397	\$ 9,157,401
Property Taxes Receivable	63,772	-	-	63,772
Accounts Receivable	63,811	429,577	170,363	663,751
<b>Total Assets</b>	<b>\$ 4,036,002</b>	<b>\$ 1,850,162</b>	<b>\$ 3,998,760</b>	<b>\$ 9,884,924</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 836,966	\$ 38,686	\$ 13,296	\$ 888,948
Payroll Liabilities	497,008	6,575	-	503,583
<b>Total Current Liabilities</b>	<b>1,333,974</b>	<b>45,261</b>	<b>13,296</b>	<b>1,392,531</b>
<b>DEFERRED INFLOWS</b>				
Uncollected Property Taxes	63,772	-	-	63,772
<b>FUND BALANCES (DEFICITS):</b>				
Restricted	-	366,069	-	366,069
Committed	-	1,614,684	-	1,614,684
Assigned	-	-	3,985,464	3,985,464
Unassigned	2,638,256	(175,852)	-	2,462,404
<b>Total Fund Balances (Deficit)</b>	<b>2,638,256</b>	<b>1,804,901</b>	<b>3,985,464</b>	<b>\$ 8,428,621</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 4,036,002</b>	<b>\$ 1,850,162</b>	<b>\$ 3,998,760</b>	<b>\$ 9,884,924</b>

The accompanying notes are an integral part of this statement.



SCIO SCHOOL DISTRICT 95-C  
SCIO, OREGON

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

Total Fund Balances - Governmental Funds	\$	8,428,621
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The Net Pension Asset (Liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.

Net Pension Liability	\$	(8,230,815)	
Net Pension Asset - RHIA		92,888	
			(8,137,927)

Deferred Inflows and Outflows of resources related to the pension and OPEB plan's include differences between expected and actual experience, changes of assumptions, differences between projected and actual earnings, and contributions subsequent to the measurement date.

Net Pension Related Deferrals		3,769,239	
Net OPEB Related Deferrals - Implicit.		39,400	
Net OPEB Related Deferrals - RHIA		(19,360)	
			3,789,279

The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in the governmental fund. The Statement of Net Position includes those capital assets among the assets of the School as a whole.

Net Capital Assets		8,832,508
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Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:

Compensated Absences		(19,166)	
OPEB Liability		(247,156)	
			(266,322)

Uncollected Property Taxes are deferred in the governmental fund financial statements. In the government-wide statements, however, they are fully recognized as an asset and revenue as soon as the taxes are initially levied.

Net Position	\$	12,709,931
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SCIO SCHOOL DISTRICT 95-C  
SCIO, OREGON

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

REVENUES:	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
Local Sources				
Property Taxes	\$ 1,521,048	\$ -	\$ -	\$ 1,521,048
Other Local Sources	406,706	91,657	-	498,363
Total Local Sources	<u>1,927,754</u>	<u>91,657</u>	<u>-</u>	<u>2,019,411</u>
Total Intermediate Sources	<u>42,747</u>	<u>31,967</u>	<u>-</u>	<u>74,714</u>
State Sources				
State School Fund	25,143,323	-	-	25,143,323
Other State Sources	116,566	330,835	2,116,451	2,563,852
Total State Sources	<u>25,259,889</u>	<u>330,835</u>	<u>2,116,451</u>	<u>27,707,175</u>
Total Federal Sources	<u>2,641</u>	<u>1,136,362</u>	<u>-</u>	<u>1,139,003</u>
Total Revenues	<u>27,233,031</u>	<u>1,590,821</u>	<u>2,116,451</u>	<u>30,940,303</u>
EXPENDITURES:				
Current:				
Instruction	21,806,800	801,585	-	22,608,385
Support Services	3,774,319	453,864	-	4,228,183
Enterprise and Community Service	-	373,673	-	373,673
Facilities Acquisition and Construction	2,299	-	-	2,299
Capital Outlay	<u>447,796</u>	<u>29,689</u>	<u>2,214,359</u>	<u>2,691,844</u>
Total Expenditures	<u>26,031,214</u>	<u>1,658,811</u>	<u>2,214,359</u>	<u>29,904,384</u>
Revenues over (under) Expenditures	<u>1,201,817</u>	<u>(67,990)</u>	<u>(97,908)</u>	<u>1,035,919</u>
Other Financing Sources, (uses):				
PERS UAL Payments	-	(1,604,736)	-	(1,604,736)
Transfers In	-	482,214	88,017	570,231
Transfers Out	<u>(570,231)</u>	<u>-</u>	<u>-</u>	<u>(570,231)</u>
Total other Financing Sources (uses)	<u>(570,231)</u>	<u>(1,122,522)</u>	<u>88,017</u>	<u>(1,604,736)</u>
Net Change in Fund Balance	631,586	(1,190,512)	(9,891)	(568,817)
Beginning Fund Balance	<u>2,006,670</u>	<u>2,995,413</u>	<u>3,995,355</u>	<u>8,997,438</u>
Ending Fund Balance	<u>\$ 2,638,256</u>	<u>\$ 1,804,901</u>	<u>\$ 3,985,464</u>	<u>\$ 8,428,621</u>

The accompanying notes are an integral part of this statement.

SCIO SCHOOL DISTRICT  
LINCOLN COUNTY, OREGON

Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
to the Statement of Activities  
For the Year Ended June 30, 2021

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Total Net Changes in Fund Balances - Governmental Funds	\$	(568,817)
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Capital Outlays are reported in the governmental fund as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized expenditures exceeds depreciation.

Capitalized Expenditures	\$ 2,687,661		
Depreciation Expense	<u>(502,295)</u>		2,185,366

The current year net change in pension related assets, deferred outflows, liabilities and deferred inflows affects total income on the statement of activities

Pension Expense	(424,267)		
Lump-Sum Payment, PERS UAL	<u>1,604,736</u>		1,180,469

The change in Other Post-Employment Benefit obligations is not reflected in the fund financial statements, but is a component of expenditures on the Statement of Activities

OPEB Income	(2,053)		
RHIA Income	<u>12,547</u>		10,494

Compensated absences are only expensed as paid in the governmental funds. On the Statement of Activities they are expensed as earned

Compensated Absences			(4,606)
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Property tax revenues that are not immediately collectable are deferred in the governmental fund financial statements, but fully recognized in the government wide statements. This is the change in deferred taxes year over year

		<u>(5,846)</u>
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Change in Net Position of Governmental Activities	\$	<u><u>2,797,060</u></u>
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See accompanying notes to the basic financial statement.

SCIO SCHOOL DISTRICT NO. 95C  
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

Scio School District No. 95C (the District) is a municipal corporation established in 1895 and governed by an elected five-member Board of Directors. The Board approves administration officials. The daily functioning of the District is under the supervision of the Superintendent-Clerk. As required by generally accepted accounting principles, all activities of the District have been included in these basic financial statements.

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

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from 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 the District's general revenues.

The District reports all direct expenses 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.

SCIO SCHOOL DISTRICT NO. 95C  
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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FUND FINANCIAL STATEMENTS

The accounts of the District 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.

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for the District's 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. Property tax revenue and proceeds from sale of property are not considered available and, therefore, are not recognized until received. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences and claims and judgments which are recognized as expenditures because they will be liquidated with expendable financial resources.

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

The District reports the following major governmental funds:

GENERAL FUND

This fund accounts for the financial operations of the District not accounted for in any other fund. Principal sources of revenues are property taxes and distributions for the State of Oregon. Expenditures in the fund are made for instructional purposes and related support services.

SPECIAL REVENUE FUND

The Special Revenue Fund accounts for revenues and expenditures restricted for specific educational projects or programs. Principal revenue sources are federal, state, and local grants, extracurricular activities, the supplemental retirement program for certified teaching staff, and energy savings projects.

CAPITAL PROJECTS FUND

This fund is used to account for resources set aside for the purpose of capital improvements and major equipment replacement. The principal sources of revenues are transfers from the General Fund and state transportation funding.

SCIO SCHOOL DISTRICT NO. 95C  
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

FUND EQUITY

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

- Nonspendable fund balance represents amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.
- 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

SCIO SCHOOL DISTRICT NO. 95C  
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND EQUITY (Continued)

- committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The 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

NET POSITION

Net position comprises the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is classified in the following 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 Net Position – consists of external constraints placed on net asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – consists of all other net position items that are not included in the “restricted” category previously mentioned.

When both restricted and unrestricted net position is available for use, restricted net position is utilized first.

CASH, CASH EQUIVALENTS AND INVESTMENTS

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.

SCIO SCHOOL DISTRICT NO. 95C  
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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.

PROPERTY TAXES RECEIVABLE

Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Uncollected property taxes are recorded on the statement of net position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District.

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The receipt and payment of monies through one central checking account, as well as transfers between funds, result in inter-fund payables and receivables until cash is transferred from one fund to the other. These amounts represent current assets and liabilities and are reported as due to or due from other funds.

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. Grant monies received prior to the occurrence of qualifying expenditures are recorded as deferred revenue.



SCIO SCHOOL DISTRICT NO. 95C  
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SUPPLY INVENTORIES

The District elects to not report supply inventories based on their lack of significant value.

ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables are comprised primarily of State school support and claims for reimbursement of costs under various federal and state grants.

CAPITAL ASSETS

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are defined as assets with an initial cost of more than \$5,000 and an estimated life in excess of a single reporting period. Interest incurred during construction is not capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	20-50 years
Office, athletic, maintenance, tools, machinery and other equipment	5-30 years
Kitchen Service Equipment	15 years
Playground Equipment	20 years
Vehicles	15 years

RETIREMENT PLANS

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

COMPENSATED ABSENCES

The District has a policy which permits employees to earn sick leave at the rate of 10 to 12 days per year over their working careers. The District does not compensate the employees for accumulations upon termination of employment. Classified employees, considered 12 month employees, earn vacation as determined by their length of employment. Employees are not allowed to carryover any vacation days into the subsequent year.

SCIO SCHOOL DISTRICT NO. 95C  
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting. The budgetary basis of accounting is substantially the same as accounting principles generally accepted in the United States of America basis, except capital outlay expenditures are expensed when purchased, debt is recorded as an expense when paid, tax revenue is recorded when received, inventories are budgeted as expenditures when purchased, and depreciation is not recorded. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution.

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. Appropriations lapse at the end of each fiscal year.

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2021.

USE OF ESTIMATES

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Statement of Net Position reports deferred outflows related to pensions and OPEB.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report deferred inflows for unavailable property tax revenues. The Statement of Net Position reports deferred inflows related to pensions and OPEB.

SCIO SCHOOL DISTRICT NO. 95C  
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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3. CASH AND INVESTMENTS

The District maintains a pool of cash and investments that are available for use by all funds, except the Student Activities Fund. Each fund's portion of this pool is displayed on the financial statements as cash and investments. Additionally, the Student Activities Fund holds separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

The District maintains a pool of cash and investments that are available for use by all funds, except the Student Activities Fund. Each fund's portion of this pool is displayed on the financial statements as cash and investments. Additionally, the Student Activities Fund holds separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Statutes authorize the District to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool. According to District Procedures State statutes govern the District's cash management policies.

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, 2019. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. 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, 2021, the fair value of the position in the LGIP is 100.40% 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. The audited financial statements can be found at:

[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.

SCIO SCHOOL DISTRICT NO. 95C  
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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3. CASH AND INVESTMENTS (Continued)

Cash and Investments at June 30, 2021, consisted of:

		2021
Deposits with Financial Institutions:	\$	1,056,033
Investments		8,101,368
<u>Total</u>	\$	9,157,401

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-18	More than 18
State Treasurer's Investment Pool	\$ 8,101,368	\$ 8,101,368	\$ -	\$ -
Total	\$ 8,101,368	\$ 8,101,368	\$ -	\$ -

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. The District does not have any investments that exceed an 18 month maturity.

Credit Risk

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated. Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

Concentration of Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2021, the District had \$1,222,407 of deposits in accounts insured by the FDIC. \$250,000 of the balance is covered by FDIC insurance and the remainder is collateralized by the Oregon Public Funds Collateralization Program.

4. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage for any of the past three years.

SCIO SCHOOL DISTRICT NO. 95C  
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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5. RECEIVABLES

Receivables at June 30, 2021 consist of the following:

Property Taxes Receivable - represent delinquent amounts due to the District for property taxes levied by the District in current and prior years.

Grants Receivable - represent amounts due for claims for reimbursement of costs under various State and Federal grant programs.

State and Local Revenue Receivable – represents earned but not yet received revenue from State and Local sources.

District management believes that all receivables are collectible, and thus, no allowance for doubtful accounts is considered necessary.

6. INTERFUND TRANSFERS

Transfers are used to fund operations between the funds. Amounts are comprised of the following at June 30, 2021:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 570,231
Capital Projects	482,214	-
Special Revenue	88,017	-
	<u>\$ 570,231</u>	<u>\$ 570,231</u>

SCIO SCHOOL DISTRICT NO. 95C  
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2021 are as follows:

	Balance July 1, 2020	Reclass	Additions	Deletions	Balance June 30, 2021
Land	\$ 715,559	\$ -	\$ -	\$ -	\$ 715,559
Construction in Progress	639,056	(543,065)	298,106		394,098
Total Non-Depreciable Assets	<u>1,354,615</u>	<u>(543,065)</u>	<u>298,106</u>	<u>-</u>	<u>1,109,657</u>
Buildings & Improvements	5,276,360	543,065	2,263,885	-	8,083,310
Improvements	3,887,992	-	15,220	-	3,903,212
Machinery and Equipment	2,068,436	-	110,450	-	2,178,886
Total Depreciable Assets	<u>11,232,788</u>	<u>543,065</u>	<u>2,389,555</u>	<u>-</u>	<u>14,165,408</u>
Accumulated Depreciation					
Building & Improvements	2,569,632	-	170,258	-	2,739,890
Improvements	2,184,836	-	256,898	-	2,441,734
Equipment & Vehicles	1,185,793	-	75,140	-	1,260,933
Total Accumulated Depreciation	<u>5,940,261</u>	<u>\$ -</u>	<u>\$ 502,295</u>	<u>\$ -</u>	<u>6,442,557</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,647,142</u>				<u>\$ 8,832,508</u>

Depreciation was allocated to the functions as follows:

Instruction	\$ 417,346
Support Services	78,051
Community Services	<u>6,898</u>
Total Depreciation	<u>\$ 502,295</u>

SCIO SCHOOL DISTRICT NO. 95C  
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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**8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM**

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/2020-CAFR.pdf>

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

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
  - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.

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

SCIO SCHOOL DISTRICT NO. 95C  
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NOTES TO BASIC FINANCIAL STATEMENTS

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8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM

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, 2018 actuarial valuation, which became effective July 1, 2020. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2021 were \$1,116,241 excluding amounts to fund employer specific liabilities. In addition approximately \$229,450 in employee contributions were paid or picked up by the District in fiscal 2021. During 2020-2021, the District also made an additional lump sum payment towards the PERS UAL totaling \$1,604,736. At June 30, 2021, the District reported a net pension liability of \$8,230,815 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2020 and 2019, the District's proportion was .043 percent and .037 percent, respectively. Pension expense for the year ended June 30, 2021 was \$424,267.



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NOTES TO BASIC FINANCIAL STATEMENTS

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**8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM**

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

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 362,255	\$ -
Changes in assumptions	441,722	15,477
Net difference between projected and actual earnings on pension plan investments	967,837	-
Net changes in proportionate share	11,112	1,263,607
Differences between District contributions and proportionate share of contributions	<u>147,483</u>	<u>4,247</u>
Subtotal - Amortized Deferrals (below)	1,930,409	1,283,331
District contributions subsequent to measuring date	<u>3,122,161</u>	<u>-</u>
Deferred outflow (inflow) of resources	<u><u>\$ 5,052,570</u></u>	<u><u>\$ 1,283,331</u></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, 2022.

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

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ (9,975)
2023	248,108
2024	248,907
2025	190,787
2026	(30,750)
Thereafter	-
Total	<u><u>\$ 647,077</u></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 5, 2021. Oregon PERS produces an independently audited ACFR which can be found at:

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

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

SCIO SCHOOL DISTRICT NO. 95C  
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NOTES TO BASIC FINANCIAL STATEMENTS

**8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM**

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

**Actuarial Methods and Assumptions:**

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

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

**Assumed Asset Allocation:**

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Investments	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

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

SCIO SCHOOL DISTRICT NO. 95C  
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NOTES TO BASIC FINANCIAL STATEMENTS

**8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM**

**Long-Term Expected Rate of Return:**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

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

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

SCIO SCHOOL DISTRICT NO. 95C  
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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**8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM**

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate – the following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate.

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	\$ 12,222,080	\$ 8,230,815	\$ 4,883,954

**Changes Subsequent to the Measurement Date**

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

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

**Deferred Compensation Plan**

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

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

*Plan Description:*

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

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NOTES TO BASIC FINANCIAL STATEMENTS

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8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM

*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. The District picked up \$229,450 of contributions to member IAP accounts for the year ended June 30, 2021.

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

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

9. 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.

**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

SCIO SCHOOL DISTRICT NO. 95C  
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NOTES TO BASIC FINANCIAL STATEMENTS

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**9. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA)**

retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (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 District's are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.06% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2021. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The District's contributions to RHIA for the years ended June 30, 2019, 2020 and 2021 were \$14,639, 13,543 and \$594 respectively, which equaled the required contributions each year.

At June 30, 2021, the District reported a net OPEB liability/(asset) of (\$92,888) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2020, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2018. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2020 and 2019, the District's proportion was .029 percent and .045 percent, respectively. OPEB expense for the year ended June 30, 2021 was \$(22,596).

**Components of OPEB Expense/(Income):**

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (14,940)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	(7,656)
- 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>\$ (22,596)</u>

SCIO SCHOOL DISTRICT NO. 95C  
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

**9. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA)**

**Components of Deferred Outflows/Inflows of Resources:**

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 9,496
Changes in assumptions	-	4,937
Net difference between projected and actual earnings on pension plan investments	10,330	-
Net changes in proportionate share	515	16,366
Differences between District contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	10,845	30,799
District contributions subsequent to measuring date	594	-
Deferred outflow (inflow) of resources	\$ 11,439	\$ 30,799

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

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

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ (17,400)
2023	(9,631)
2024	3,819
2025	3,258
2026	-
Thereafter	-
Total	\$ (19,954)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2020. That independently audited report was dated March 5, 2021 and can be found at:

[https://www.oregon.gov/pers/EMP/Documents/GASB/2020/GASB\\_75\\_FYE\\_6.30.2020.pdf](https://www.oregon.gov/pers/EMP/Documents/GASB/2020/GASB_75_FYE_6.30.2020.pdf)

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SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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**9. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA)**

**Actuarial Methods and Assumptions:**

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

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

**Discount Rate:**

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

**Long-Term Expected Rate of Return:**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes



SCIO SCHOOL DISTRICT NO. 95C  
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NOTES TO BASIC FINANCIAL STATEMENTS

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**9. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA)**

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.

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

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

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SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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9. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA)

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net OPEB liability (asset)	\$ (74,991)	\$ (92,888)	\$ (108,190)

**Changes Subsequent to the Measurement Date**

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

10. OTHER POSTEMPLOYMENT BENEFIT PLAN

Plan Description

The District administers a single-employer defined benefit healthcare plan that covers both active and retired participants. The plan provides post-retirement healthcare benefits for eligible retirees and their dependents through the District's group health insurance plans. The District's post-retirement plan was established in accordance with Oregon Revised Statutes (ORS) 243.303 which states, in part, that for the purposes of establishing healthcare premiums, the calculated rate must be based on the cost of all plan members, including both active employees and retirees. Because claim costs are generally higher for retiree groups than for active members, the premium amount does not represent the full cost of coverage for retirees. The resulting additional cost, or implicit subsidy, is required to be valued under GASB Statement 75 related to Other Post-Employment Benefits (OPEB). Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective. The valuation date was July 1, 2019 and the measurement date was June 30, 2021.

Funding Policy

The District has not established a trust fund to finance the cost of post-employment health care benefits related to implicit rate subsidies. Premiums are paid by retirees based on the rates established for active employees. Additional costs related to an implicit subsidy are paid by the District on a pay-as-you-go basis. There is no obligation on the part of the District to fund these benefits in advance. The District considered the liability to be solely the responsibility of the District as a whole and it is allocated to the governmental statements.

Actuarial Methods and Assumptions

The District engaged an actuary to perform a valuation as of June 30, 2019 using the Entry Age Normal, level percent of salary Actuarial Cost Method. Mortality rates were based on the RP-2000 healthy white collar male and female mortality tables, set back one year for males. Mortality is projected on a generational basis using Scale BB for males and females. Demographic assumptions regarding retirement, mortality, and turnover are based on Oregon PERS valuation assumptions as of December 31, 2017. Election rate and lapse assumptions are based on experience implied by valuation data for this and other Oregon public employers.

SCIO SCHOOL DISTRICT NO. 95C  
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NOTES TO BASIC FINANCIAL STATEMENTS

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10. OTHER POSTEMPLOYMENT BENEFIT PLAN

Health Care Cost Trend Medical and vision:

<u>Year</u>	<u>Pre-65 Trend</u>
2018	6.75%
2019	7.00%
2020	5.50%
2021-2025	5.00%
2026-2029	4.75%
2030-2033	5.00%
2034	5.25%
2035	5.75%
2036-2038	6.00%
2039-2045	5.75%
2046-2050	5.50%
2051-2061	5.25%
2062-2065	5.00%
2066+	4.75%

Dental: 4.50% per year

Health care cost trend affects both the projected health care costs as well as the projected health care premiums.

General Inflation

2.50% per year, used to develop other economic assumptions

Annual Pay Increases

3.50% per year, based on general inflation and the likelihood of raises throughout participants' careers

Mortality

RP-2014 Healthy Annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back one year for males. Mortality is projected on a generational basis using the Unisex Social Security Data Scale.

Disability

Not used

Withdrawal

Based on Oregon PERS assumptions. Annual rates are based on employment classification, gender, and duration from hire date.

Retirement

Based on Oregon PERS assumptions. Annual rates are based on age, Tier/OPSRP, duration of service, and employment classification.

SCIO SCHOOL DISTRICT NO. 95C  
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NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POSTEMPLOYMENT BENEFIT PLAN

Changes in the Net OPEB Liability

<b>Total OPEB Liability at June 30, 2020</b>	\$ 223,619
<b>Changes for the year:</b>	
Service cost	13,964
Interest	8,002
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other input	19,487
Benefit payments	<u>(17,916)</u>
<b>Balance as of June 30, 2021</b>	<u><u>\$ 247,156</u></u>

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

The following analysis presents the net OPEB liability using a discount rate of 2.25%, as well as what the District's net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (1.25%) or one percentage point higher (3.25%) than the current rate, a similar sensitivity analysis is presented for the changes in the healthcare trend assumption:

	1% Decrease 1.25%	Current Discount Rate 2.25%	1% Increase 3.25%
Total OPEB Liability	\$ 263,998	\$ 247,156	\$ 231,425

	1% Decrease Healthcare	Current Trend Rate Healthcare	1% Increase Healthcare
Total OPEB Liability	\$ 222,027	\$ 247,156	\$ 277,218

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions or other input	17,051	-
Benefit Payments	22,349	-
Deferred outflow (inflow) of resources	<u><u>\$ 39,400</u></u>	<u><u>\$ -</u></u>

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

SCIO SCHOOL DISTRICT NO. 95C  
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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10. OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ 2,436
2023	2,436
2024	2,436
2025	2,436
2026	2,436
Thereafter	4,871
Total	<u>\$ 17,051</u>

11. DEFINED CONTRIBUTION PLAN

The District sponsors a VEBA plan for eligible employees. Contributions vary based upon the full-time equivalent (FTE) of an employee. The total paid during the 2020-21 fiscal year by the District was \$149,647. The plan is administered by HRA VEBA Trust.

12. RELATED PARTY TRANSACTIONS

Lourdes Charter School - During the year ended June 30, 2021, the District remitted State School Fund Support (SSF) in the amount of \$273,661 based upon the average daily membership of Lourdes Charter School.

Willamette Connections Academy – During the year ended June 30, 2021, the District remitted SSF in the amount of \$18,001,270 based upon the average daily membership of Oregon Virtual Education.

13. PROPERTY TAX LIMITATIONS

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

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

SCIO SCHOOL DISTRICT NO. 95C  
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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14. FUND BALANCE CONSTRAINTS

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

<b>Fund Balances:</b>	<b>General Fund</b>	<b>Revenue Fund</b>	<b>Projects Fund</b>	<b>Total</b>
<b><u>Restricted:</u></b>				
Student Activities	\$ -	\$ 138,737	\$ -	\$ 138,737
Food Service	-	108,498	-	108,498
Energy	-	118,834	-	118,834
	-	366,069	-	366,069
<b><u>Committed:</u></b>				
Stabalization	-	400,000	-	400,000
Supplemental Retirement	-	309,388	-	309,388
PERS	-	1,264	-	1,264
Sick Leave	-	500,000	-	500,000
Unemployment	-	200,000	-	200,000
Equipment Replacement	-	204,032	-	204,032
	-	1,614,684	-	1,614,684
<b><u>Assigned:</u></b>				
Capital Improvements	-	-	3,985,464	3,985,464
	-	-	3,985,464	3,985,464
<b><u>Unassigned</u></b>	<u>2,638,256</u>	<u>(175,852)</u>	<u>-</u>	<u>2,638,256</u>
<b>Total Fund Balances</b>	<b><u>\$2,638,256</u></b>	<b><u>\$ 1,804,901</u></b>	<b><u>\$3,985,464</u></b>	<b><u>\$ 8,428,621</u></b>

15. COMMITMENTS AND CONTINGENCIES

The District is involved in various claims and legal matters relating to its operations which have all been tendered to, and are either being adjusted by the District's liability carrier, or are being defended by attorneys retained by the District's liability carrier. The District does not believe that any of these matters will have a material impact on its June 30, 2021 financial statements.

SCIO SCHOOL DISTRICT NO. 95C  
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NOTES TO BASIC FINANCIAL STATEMENTS

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15. COMMITMENTS AND CONTINGENCIES (Continued)

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 the District to either have increases or decreases in revenues. Due to these future uncertainties at the state level, the future effect on operations cannot be determined.

The Covid-19 outbreak in the United States has caused disruption through mandated closure of both government and business activities. These developments are expected to impact District revenue. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the District expects this matter to negatively impact its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

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SCIO, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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SCIO SCHOOL DISTRICT 95-C  
SCIO, OREGON

REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2021

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.0377 %	\$ 8,230,815	\$ 3,759,920	218.9 %	75.8 %
2020	0.0432	7,468,544	3,252,208	229.6	80.2
2019	0.0482	7,302,212	3,265,732	223.6	82.1
2018	0.0479	6,463,266	3,410,384	189.5	83.1
2017	0.0597	8,956,485	3,306,689	270.9	80.5
2016	0.0643	3,689,903	3,705,211	99.6	91.9
2015	0.0684	(1,549,764)	3,385,204	(45.8)	103.6
2014	0.0684	3,489,046	3,413,184	102.2	92.0

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

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

**SCHEDULE OF CONTRIBUTIONS**

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2021	\$ 1,116,241	\$ 1,116,241	\$ -	\$ 3,831,623	29.1 %
2020	1,093,060	1,093,060	-	3,759,920	29.1
2019	763,695	763,695	-	3,252,208	23.5
2018	767,868	767,868	-	3,265,732	23.5
2017	651,753	651,753	-	3,410,384	19.1
2016	634,143	634,143	-	3,306,689	19.2
2015	761,107	761,107	-	3,705,211	20.5
2014	805,061	805,061	-	3,385,204	23.8

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

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

SCIO SCHOOL DISTRICT 95-C  
SCIO, OREGON

REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2021

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - OREGON RHIA**

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.04 %	\$ (92,888)	\$ 3,759,920	-2%	150.10 %
2020	0.03	(57,074)	3,252,208	-2%	144.4
2019	0.03	(34,619)	3,265,732	-1%	124.0
2018	0.04	(14,759)	3,410,384	0%	108.9

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

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

**SCHEDULE OF CONTRIBUTIONS - OREGON RHIA**

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2021	\$ 594	\$ 594	-	\$ 3,831,623	0.0002 %
2020	13,543	13,543	-	3,759,920	0.0036
2019	14,639	14,639	-	3,252,208	0.0045
2018	15,017	15,017	-	3,265,732	0.0046

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

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

SCIO SCHOOL DISTRICT 95-C  
SCIO, OREGON

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS

For the Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>
<b>Total Other Post Employment Benefits Liability, Beginning</b>	<b>\$ 223,619</b>	<b>\$ 219,340</b>
<u>Changes for the year:</u>		
Service Cost	13,964	13,492
Interest	8,002	7,851
Changes in Benefit Terms	-	-
Differences between expected and actual experience	-	-
Changes in assumptions or other input	19,487	-
Employer Contributions		
Benefit Payments	<u>(17,916)</u>	<u>(17,063)</u>
Net changes for the year	<u>23,537</u>	<u>4,279</u>
 <b>Total Other Post Employment Benefits Liability, Ending</b>	 <b><u>\$ 247,156</u></b>	 <b><u>\$ 223,619</u></b>
 <b>Fiduciary Net Position - Beginning</b>	 <b>\$ -</b>	 <b>\$ -</b>
Contributions - Employer	17,916	17,063
Net Investment Income	-	-
Benefit Payments	<u>(17,916)</u>	<u>(17,063)</u>
Administrative Expense		
Net changes for the year	<u>-</u>	<u>-</u>
<b>Fiduciary Net Position - Ending</b>	<u>-</u>	<u>-</u>
 <b>Net Liability for Other Post Employment Benefits - End of Year</b>	 <b><u>\$ 247,156</u></b>	 <b><u>\$ 223,619</u></b>
 Fiduciary Net Position as a percentage of the total Other Post Employment Benefits Liability	 0%	 0%
Covered Payroll	\$3,581,303	\$3,460,196
Net Other Post Employment Benefits Liability as a Percentage of Covered Payroll	6.90%	6.46%

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.

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SCIO SCHOOL DISTRICT 95-C  
SCIO, OREGON

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

<u>GENERAL FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>REVENUES:</b>				
<b>Local Sources:</b>				
Taxes	\$ 1,549,250	1,549,250	\$ 1,521,048	\$ (28,202)
Tuition Received	500	500	-	(500)
Earnings from Investments	150,000	150,000	79,302	(70,698)
Extracurricular Activities	14,000	14,000	3,070	(10,930)
Other Local Sources	127,012	127,012	324,334	197,322
<b>Total Local Revenues</b>	<u>1,840,762</u>	<u>1,840,762</u>	<u>1,927,754</u>	<u>86,992</u>
<b>Intermediate Sources</b>				
County School Funds	16,800	16,800	4,285	(12,515)
Restricted Sources	25,000	25,000	38,462	13,462
<b>Total Intermediate Revenues</b>	<u>41,800</u>	<u>41,800</u>	<u>42,747</u>	<u>947</u>
<b>State Sources:</b>				
School Support Fund	20,087,528	24,773,974	25,143,323	369,349
Common School Fund	110,674	110,674	76,162	(34,512)
State Managed Timber	80,000	80,000	38,404	(41,596)
Other State Sources	6,500	6,500	2,000	(4,500)
<b>Total State Revenues</b>	<u>20,284,702</u>	<u>24,971,148</u>	<u>25,259,889</u>	<u>288,741</u>
<b>Federal Sources:</b>				
Grants-in-Aid	500	500	-	(500)
Foster Transportation Reimbursement	5,000	5,000	2,641	(2,359)
Federal Forest Fees	150,000	150,000	-	(150,000)
Other Federal Sources	500	500	-	(500)
<b>Total Federal Revenues</b>	<u>156,000</u>	<u>156,000</u>	<u>2,641</u>	<u>(153,359)</u>
<b>Total Revenues</b>	<u>\$ 22,323,264</u>	<u>\$ 27,009,710</u>	<u>\$ 27,233,031</u>	<u>\$ 223,321</u>

Continued on pages 42 and 42A

SCIO SCHOOL DISTRICT 95-C  
SCIO, OREGON

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

	<u>GENERAL FUND</u>		<u>SALARIES</u>	<u>EMPLOYEE BENEFITS</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		
INSTRUCTION:				
1111 Elementary Programs			\$ 713,038	\$ 467,756
1121 Middle/Junior High Programs			364,186	208,628
1122 Middle/Junior High School Extracurricular			10,938	2,697
1131 High School Programs			650,881	408,776
1132 High School Extracurricular			76,743	24,356
1210 Programs for Talented and Gifted			-	-
1250 Less Restricted - Students w/ Disabilities			283,350	184,432
1271 Remediation			47,416	25,735
1280 Alternative Education			-	-
1288 Charter Schools			-	-
1292 Teen Parent Programs			-	-
Total Instruction	<u>18,571,328</u>	<u>23,257,774 (1)</u>	<u>2,146,552</u>	<u>1,322,380</u>
SUPPORT SERVICES:				
2112 Attendance Services			-	-
2120 Guidance Services			53,120	28,563
2130 Health Services			-	-
2150 Speech Pathology & Audiology Services			-	-
2190 Service Direction, Student Support Services			8,618	3,968
2210 Improvement of Instructional Services			-	25,407
2220 Educational Media Services			1,277	585
2222 Library & Media Center			43,040	31,267
2230 Assessment and Testing			2,822	1,298
2240 Instructional Staff Development			-	-
2310 Board of Education Services			11,789	26,149
2320 Executive Administration Services			190,408	128,554
2410 Office of the Principal Services			443,731	282,635
2520 Fiscal Services			142,172	84,174
2542 Care and Upkeep of Building Services			263,286	163,138
2543 Care and Upkeep of Grounds Services			36,001	26,797
2550 Student Transportation Services			241,303	162,766
2660 Technology Services			106,968	57,141
Total Support Services	<u>4,178,943</u>	<u>4,178,943 (1)</u>	<u>1,544,535</u>	<u>1,022,442</u>
4150 Building Acquisition and Construction	<u>560,600</u>	<u>560,600 (1)</u>	<u>-</u>	<u>-</u>
6110 Contingency	<u>1,012,000</u>	<u>1,012,000 (1)</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>24,322,871</u>	<u>29,009,317</u>	<u>3,691,087</u>	<u>2,344,822</u>
Excess of Revenues over, (under) Expenditures	<u>(1,999,607)</u>	<u>(1,999,607)</u>		
Other Financing Sources, (uses):				
5100 Loan Proceeds	500	500		
5200 Transfers In	10,000	10,000		
5300 Sale of Assets	3,000	3,000		
5100 Debt Service	(1,000)	(1,000) (1)		
5200 Transfers Out	<u>(638,017)</u>	<u>(638,017) (1)</u>		
Total other Financing Sources, (uses)	<u>(625,517)</u>	<u>(625,517)</u>		
Net Change in Fund Balance	(2,625,124)	(2,625,124)		
Beginning Fund Balance	<u>2,880,124</u>	<u>2,880,124</u>		
Ending Fund Balance	<u>\$ 255,000</u>	<u>\$ 255,000</u>		

(1) Appropriation Level



					VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)	
	PURCHASED SERVICES	SUPPLIES & MATERIALS	CAPITAL OUTLAY	OTHER OBJECTS	TOTAL	
\$	-	\$ 9,406	\$ -	\$ -	\$ 1,190,200	
	1,180	7,163	-	-	581,157	
	3,444	1,861	-	-	18,940	
	1,785	9,033	-	103	1,070,578	
	11,284	4,703	-	2,171	119,257	
	-	150	-	-	150	
	-	1,179	-	-	468,961	
	-	379	-	-	73,530	
	8,924	-	-	-	8,924	
	18,274,933	-	-	-	18,274,933	
	170	-	-	-	170	
	<u>18,301,720</u>	<u>33,874</u>	<u>-</u>	<u>2,274</u>	<u>21,806,800</u>	<u>1,450,974</u>
	39,804	-	-	-	39,804	
	-	99	-	385	82,167	
	12,880	3,178	-	-	16,058	
	94,821	-	-	-	94,821	
	-	-	-	-	12,586	
	-	-	-	-	25,407	
	-	-	-	-	1,862	
	-	252	-	-	74,559	
	-	-	-	-	4,120	
	125	-	-	-	125	
	49,423	6,926	-	138,930	233,217	
	5,109	2,433	-	2,130	328,634	
	26,991	2,594	-	2,985	758,936	
	138,068	6,789	-	3,789	374,992	
	355,634	51,237	-	25,255	858,550	
	15,052	7,205	-	-	85,055	
	70,812	52,316	-	20,461	547,658	
	47,504	24,005	-	150	235,768	
	-	-	-	194,085	3,774,319	404,624
	-	-	447,796	2,299	450,095	110,505
	-	-	-	-	-	1,012,000
	<u>18,301,720</u>	<u>33,874</u>	<u>447,796</u>	<u>198,658</u>	<u>26,031,214</u>	<u>2,978,103</u>
					<u>1,201,817</u>	<u>3,201,424</u>
					-	(500)
					-	(10,000)
					-	(3,000)
					-	1,000
					<u>(570,231)</u>	<u>67,786</u>
					<u>(570,231)</u>	<u>55,286</u>
					631,586	3,256,710
					<u>2,006,670</u>	<u>(873,454)</u>
					<u>\$ 2,638,256</u>	<u>\$ 2,383,256</u>

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SCIO SCHOOL DISTRICT 95-0C  
SCIO, OREGON

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

SPECIAL REVENUE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
From Local Sources:				
Food Service Daily Sales	\$ 65,600	\$ 65,600	\$ 1,446	\$ (64,154)
Extracurricular Activities	167,723	167,723	68,098	(99,625)
Contributions and Donations	6,000	6,000	5,244	(756)
Interest on Investments	45	45	10	(35)
Other Miscellaneous	<u>18,200</u>	<u>18,200</u>	<u>16,859</u>	<u>(1,341)</u>
Total from Local Sources	<u>257,568</u>	<u>257,568</u>	<u>91,657</u>	<u>(165,911)</u>
From Intermediate Sources:				
Restricted Sources	<u>-</u>	<u>-</u>	<u>31,967</u>	<u>31,967</u>
From State Sources:				
Restricted Sources	<u>974,050</u>	<u>974,050</u>	<u>330,835</u>	<u>(643,215)</u>
From Federal Sources				
Restricted Revenue Paid through State	<u>657,968</u>	<u>657,968</u>	<u>1,136,362</u>	<u>478,394</u>
Total Revenues	<u>\$ 1,889,586</u>	<u>\$ 1,889,586</u>	<u>\$ 1,590,821</u>	<u>\$ (330,732)</u>

Continued on pages 44 and 44A

SCIO SCHOOL DISTRICT 95-C  
SCIO, OREGON

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

SPECIAL REVENUE FUND

	ORIGINAL BUDGET	FINAL BUDGET	SALARIES	EMPLOYEE BENEFITS
INSTRUCTION:				
1111 Elementary Programs			\$ -	\$ -
1113 Elementary Extracurricular			-	-
1122 Middle/Junior High School Extracurricular			1,276	500
1131 High School Programs			109,222	57,030
1132 High School Extracurricular			-	-
1140 Pre-Kindergarten Programs			8,000	5,634
1250 Less Restricted - Students w/ Disabilities			83,025	52,855
1272 Title I			107,033	76,154
1280 Alternative Education			-	-
Total Instruction	1,304,387	1,590,880 (1)	308,556	192,173
SUPPORT SERVICES:				
2120 Guidance Services			51,163	40,195
2122 Counseling Services			11,097	6,169
2130 Health Services			-	-
2210 Instructional Services			4,504	1,799
2240 Instructional Staff Development			-	-
2520 Fiscal Services			-	-
2540 Operation and Maintenance			-	-
2550 Student Transportation Services			-	-
2660 Technology Services			-	-
2700 Supplemental Retirement Program			-	19,177
Total Support Services	768,411	1,054,903 (1)	66,764	67,340
ENTERPRISE AND COMMUNITY SERVICES:				
3100 Food Service			121,430	69,063
3300 Community Service			-	-
Total Enterprise and Community Services	327,855	347,855 (1)	121,430	69,063
6110 Contingency	1,457,375	1,457,375 (1)	-	-
Total Expenditures	3,858,028	4,451,013	\$ 496,750	\$ 328,576
Excess of Revenues over, (under) Expenditures	(1,968,442)	(2,561,427)		
Other Financing Sources, (uses):				
5200 Transfers In	550,000	550,000		
5200 Transfers Out	(10,000)	(10,000) (1)		
5400 PERS UAL Payments	(1,604,736)	(1,604,736) (1)		
Total Other Funding Sources (uses)	(1,064,736)	(1,064,736)		
Net Change in Fund Balance	(3,033,178)	(3,626,163)		
Beginning Fund Balance	3,140,590	3,140,590		
Ending Fund Balance	\$ 107,412	\$ (485,573)		

(1) Appropriation Level

PURCHASED SERVICES	SUPPLIES & MATERIALS	CAPITAL OUTLAY	OTHER	TOTAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
\$ -	\$ 27,136	\$ -	\$ -	\$ 27,136	\$ -
-	6,523	-	-	6,523	-
31,267	13,261	-	-	46,304	-
1,399	24,581	25,500	161	217,893	-
325	64,732	-	-	65,057	-
2,022	13,187	-	-	28,843	-
-	571	-	-	136,451	-
-	100	-	-	183,287	-
115,591	-	-	-	115,591	-
<u>150,604</u>	<u>150,091</u>	<u>25,500</u>	<u>161</u>	<u>827,085</u>	<u>763,795</u>
-	-	-	-	91,358	-
452	14,249	-	-	31,967	-
31,535	-	-	-	31,535	-
-	-	-	-	6,303	-
21,395	1,617	4,189	-	27,201	-
-	2,760	-	20,529	23,289	-
6,418	2,372	-	-	8,790	-
504	-	-	-	504	-
14,387	203,542	-	-	217,929	-
-	-	-	-	19,177	-
<u>74,691</u>	<u>224,540</u>	<u>4,189</u>	<u>20,529</u>	<u>458,053</u>	<u>596,850</u>
1,166	180,642	-	1,372	373,673	-
-	-	-	-	-	-
<u>1,166</u>	<u>180,642</u>	<u>-</u>	<u>1,372</u>	<u>373,673</u>	<u>(25,818)</u>
-	-	-	-	-	1,457,375
<u>\$ 226,461</u>	<u>\$ 555,273</u>	<u>\$ 29,689</u>	<u>\$ 20,690</u>	<u>1,658,811</u>	<u>2,792,202</u>
				(67,990)	2,493,437
				482,214	(67,786)
				-	10,000
				<u>(1,604,736)</u>	<u>-</u>
				<u>(1,122,522)</u>	<u>(57,786)</u>
				(1,190,512)	2,435,651
				<u>2,995,413</u>	<u>(145,177)</u>
				<u>\$ 1,804,901</u>	<u>\$ 2,290,474</u>

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SCIO SCHOOL DISTRICT 95C  
SCIO, OREGON

SUPPLEMENTARY INFORMATION

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SCIO SCHOOL DISTRICT 95-C  
SCIO, OREGON

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

<u>CAPITAL PROJECTS</u>				
REVENUES:	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
State Sources	\$ 2,494,575	\$ 2,494,575	\$ 2,116,451	\$ (378,124)
Total Revenues	<u>2,494,575</u>	<u>2,494,575</u>	<u>2,116,451</u>	<u>(378,124)</u>
EXPENDITURES:				
Support Services				
Student Transportation Services:				
Capital Outlay			84,950	(84,950)
Total Student Transportation Services			84,950	(84,950)
Technology Services				
Supplies and Materials			-	-
Capital Outlay			-	-
Total Student Technology Services			-	-
Total Support Services	<u>491,400</u>	<u>491,400</u>	(1) -	<u>(84,950)</u>
Building Acquisition and Construction:				
Purchased Services			-	-
Capital Outlay			2,129,409	(2,129,409)
Dues and Fees			-	-
Total Building Acquisition & Construction	<u>5,401,875</u>	<u>5,401,875</u>	(2) 2,129,409	<u>3,272,466</u>
Contingency	<u>677,171</u>	<u>677,171</u>	(1) -	<u>677,171</u>
Total Expenditures	<u>6,570,446</u>	<u>6,570,446</u>	<u>2,214,359</u>	<u>3,864,687</u>
Other Financing Sources, (uses)				
5200 Transfers In	<u>88,017</u>	<u>88,017</u>	<u>88,017</u>	<u>-</u>
Total other Financing Sources	<u>88,017</u>	<u>88,017</u>	<u>88,017</u>	<u>-</u>
Net Change in Fund Balance	(3,987,854)	(3,987,854)	(9,891)	3,977,963
Beginning Fund Balance	<u>3,987,854</u>	<u>3,987,854</u>	<u>3,995,355</u>	<u>7,501</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,985,464</u>	<u>\$ 3,985,464</u>

(2) Combined Appropriation Level

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SCIO SCHOOL DISTRICT 95C  
SCIO, OREGON

2020-2021 AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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**PAULY, ROGERS AND CO., P.C.**  
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(503) 620-2632 ♦ (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

### **Independent Auditors' Report Required by Oregon State Regulations**

We have audited the basic financial statements of Scio School District as of and for the year ended June 30, 2021, and have issued our report thereon dated December 21, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

### **Compliance**

As part of obtaining reasonable assurance about whether Scio School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe Scio 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.

### **OAR 162-10-0230 Internal Control**

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

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

Kenneth Allen, CPA  
Municipal Auditor  
**PAULY, ROGERS AND CO., P.C.**

SCIO SCHOOL DISTRICT 95-C

OTHER INFORMATION  
 As Required by The Oregon Department of Education  
 For the Year Ended June 30, 2021

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<b>A.</b> Energy bills for heating - all funds:			<u>Objects 325, 326 and 327</u>
		Function 2540	\$ 147,440
		Function 2550	\$ 6,978
 <b>B.</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
			\$ 43,043

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**SCIO SCHOOL DISTRICT**  
**SCIO, OREGON**

**GRANT COMPLIANCE REVIEW**



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SCIO SCHOOL DISTRICT 95-C  
 SCIO, OREGON  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 As required by the Oregon Department of Education  
 For the Year Ended June 30, 2021

Federal Grantor/Pass Through Program Title	Pass Through Organization	Federal AL Number	Pass Through Number	Grant Period	Expenditures	Pass through to Sub-Recipients
<b>U.S. Department of Education</b>						
Title I -Grants to Local Educational Agencies	ODE	84.010	53365	7/1/2019 - 9/30/2020	\$ 8,684	\$ -
Title I -Grants to Local Educational Agencies	ODE	84.010	58359	07/01/2020- 6/30/2021	44,786	-
Title I -Grants to Local Educational Agencies	ODE	84.010	58359	7/1/2020 - 9/30/2021	125,891	-
Total Title I Grants to Local Educational Agencies					179,361	-
Supporting Effective Instruction State Grants	ODE	84.367	53627	7/1/2019 - 9/30/2020	10,345	-
Supporting Effective Instruction State Grants	ODE	84.367	58853	11/1/2020 - 9/30/2021	14,393	-
Total Supporting Effective Instruction State Grants					24,738	-
Student Support and Academic Enrichment Program	ODE	84.424	54617	7/1/2020 - 9/30/2021	9,768	-
Total Student Support and Academic Enrichment Program					9,768	-
<b>Special Education Cluster</b>						
Special Education Grants to States	ODE	84.027	54202	7/01/2019 - 9/30/2021	50,696	-
Special Education Grants to States	ODE	84.027	60746	7/01/2020 - 9/30/2021	115,998	-
Total of Special Education Grant to States, AL 84.027					166,694	-
Special Education Preschool Grants	ODE	84.173	50122	7/01/2020 - 9/30/2021	571	-
<b>Total Special Education Cluster</b>					167,265	-
School Improvement Grants	ODE	84.377	54362	07/01/2020- 6/30/2021	47,500	-
Career and Technical Education - Basic Grants to States	LBCC	84.048		07/01/2020- 6/30/2021	8,755	-
Education Stabilization Fund (AL 84.425)**						
Elementary and Secondary School Emergency Relief Fund	ODE	84.425	57905 & 58449	07/01/2020- 6/30/2021	126,258	2,040
Governor's Emergency Education Relief Fund	ODE	84.425	61036	07/01/2020- 05/31/2021	129,528	18,343
Total Education Stabilization Fund (AL 84.425)**					255,786	20,383
<b>Total U.S. Department of Education</b>					<b>693,173</b>	<b>20,383</b>
<b>U.S. Department of Health and Human Services</b>						
Foster Care Transportation Reimbursement	ODHS	93.658	57253	07/01/2020- 6/30/2021	2,641	-
<b>Total, U.S. Department of Health and Human Services</b>					<b>2,641</b>	-
<b>U.S. Department of Agriculture</b>						
<b>Child Nutrition Cluster</b>						
School Breakfast Program	ODE	10.553	N/A	2020-21	161,883	-
Total Breakfast Program					161,883	-
National School Lunch Program	ODE	10.555	N/A	2020-21	266,253	-
National School Lunch Program Commodities, noncash	ODE	10.555	N/A	2020-21	15,053	-
Total National School Lunch Program AL 10.555					281,306	-
<b>Total Child Nutrition Cluster</b>					<b>443,189</b>	-
<b>Total U.S. Department of Agriculture</b>					<b>443,189</b>	-
<b>Total Federal Financial Assistance</b>					<b>\$ 1,139,003</b>	<b>\$ 20,383</b>

\*\* Covid-19 Funding



**PAULY, ROGERS AND CO., P.C.**  
12700 SW 72<sup>nd</sup> Ave. ♦ Tigard, OR 97223  
(503) 620-2632 ♦ (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

November 18, 2021

To the Board of Directors  
Scio School District  
Scio, Oregon

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Scio School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 18, 2021.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



Kenneth Allen, CPA

Municipal Auditor

**PAULY, ROGERS AND CO., P.C.**



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November 18, 2021

To the Board of Directors  
Scio School District  
Scio, Oregon

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

**Report on Compliance for Each Major Federal Program**

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

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

**Opinion on Each Major Federal Program**

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

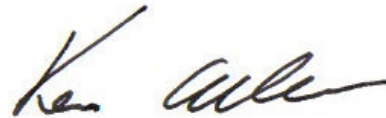
## Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Kenneth Allen, CPA

Municipal Auditor

**PAULY, ROGERS AND CO., P.C.**

**SCIO SCHOOL DISTRICT  
SCIO, OREGON**

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2021**

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiency(s) identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Any GAGAS audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?  yes  no

**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified?  yes  no

Significant deficiency(s) identified that are not considered to be material weaknesses?  yes  none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?  yes  no

**IDENTIFICATION OF MAJOR PROGRAMS**

<b><u>CFDA NUMBER</u></b>	<b><u>NAME OF FEDERAL PROGRAM CLUSTER</u></b>
10.553, 10.555	Child Nutrition Cluster
84.425	Education Stabilization Fund

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

Auditee qualified as low-risk auditee?  yes  no

**SCIO SCHOOL DISTRICT**  
**SCIO, OREGON**

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2021**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS:**

None

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

1. **BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The entity has elected to not use the ten percent de minimis indirect cost rate as allowed under Uniform Guidance, due to the fact that it already has a negotiated indirect cost rate with the Oregon Department of Education, and thus is not allowed to use the de minimis rate.