

SCIO SCHOOL DISTRICT
SCIO, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

**SCIO SCHOOL DISTRICT
SCIO, OREGON 97374**

**FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2023**

SCIO SCHOOL DISTRICT NO. 95C

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SCIO SCHOOL DISTRICT NO. 95C
Scio, Oregon

PRINCIPAL OFFICIALS

BOARD OF DIRECTORS

TERM EXPIRES

Edward DeWilde
39668 Montgomery Drive
Scio, OR 97374

2025

Michael Ennis
38644 Shelburn Drive
Scio, OR 97374

2025

Nicole Buganski
38243 Richardson Gap Rd
Scio, OR 97374

2025

Kerri Hyde
PO Box 330
Scio, OR 97374

2023

Hank McDonald
PO Box 401
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



PAULY, ROGERS AND Co., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
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November 28, 2023

To the Board of Directors
Scio School District
Scio, Oregon

INDEPENDENT AUDITORS' REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Scio School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Scio School District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Scio School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Scio School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scio School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Scio School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other information, as listed in the table of contents, and the listing of board members containing their term expiration dates, located before the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 28, 2023, 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

**SCIO SCHOOL DISTRICT 95C
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2023**

Our discussion and analysis of Scio School District 95C's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information here in conjunction with the financial analysis provided in this audit.

FINANCIAL HIGHLIGHTS

- The District's net position in the government-wide financial statements increased by \$3,033,718 from \$14,405,741 on June 30, 2022 to \$17,439,459 on June 30, 2023.
- The District's General Fund Total Ending Fund Balance for 2022-23 was \$3,403,324.
- The District's Total Ending Fund Balance for 2022-23 was \$8,962,870.70.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Statement of Net Position: The Statement of Net Position presents the District's assets, deferred outflows, liabilities, and deferred inflows with the difference between the two reported as net position. All capital assets, long-term liabilities, and general government functions, are shown in the Statement of Net Position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities: The Statement of Activities presents revenues, expenses, and the change in net assets for the District as a whole. Revenues and expenses attributable to specific functions are segregated from general revenues, to display the extent to which general revenues support each function.

In the government-wide financial statements, the District's activities are shown in one category as governmental activities. Most of the District's basic functions are shown here, including regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, the Oregon State School Fund and other intergovernmental revenues.

Governmental fund financial statements: The governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of available resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet

and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Fund financial statements: The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds instead of the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Scio School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Notes to the basic financial statements: The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government wide and fund financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Condensed Statement of Net Position

	2023	2022	Change
Assets and Deferred Outflows			
Current Assets	\$ 10,509,949	\$ 9,639,913	\$ 870,036
Deferred Outflows	3,851,845	4,451,496	(599,651)
Capital Assets (net)	12,387,075	9,744,089	2,642,986
Total Assets & Deferred Outflows	<u>26,748,869</u>	<u>23,835,498</u>	<u>2,913,371</u>
Liabilities and Deferred Inflows			
Current Liabilities	1,411,001	764,738	646,263
Long Term Liabilities			-
Net Pension Liability	5,506,124	4,247,982	1,258,142
Deferred Inflows	2,392,285	4,417,037	(2,024,752)
Total Liabilities & Deferred Inflows	<u>9,309,410</u>	<u>9,429,757</u>	<u>(120,347)</u>
Net Position			
Net Investment in Capital Assets	12,387,075	9,744,089	2,642,986
Restricted for Various Purposes	447,832	492,065	(44,233)
Unrestricted	4,604,552	4,169,587	434,965
Total Net Position	<u>\$ 17,439,459</u>	<u>\$ 14,405,741</u>	<u>\$ 3,033,718</u>

Net Position: As noted earlier, net position may serve over time as a useful indicator of a government's financial position. During the 2022-2023 fiscal year, the District's net position improved by \$3,033,718.

Capital assets consist of the District's land, buildings, building improvement, vehicles, equipment, investments, cash and receivables.

The District's liabilities include long-term debt, accounts payable, and short-term borrowing. A large portion of the District's net assets reflects its investment in capital assets less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students. Consequently, these assets are not available for future spending.

Statement of Activities: During the current fiscal year, the District's net position increased by \$3,033,718. The statement of activities information shown below explains the change in net position. The District's revenues and expenses for fiscal year 2022-23, compared to the prior fiscal year, were as follows:

		2023	2022	Change
Revenues				
	Charges for Services	\$ 288,580	180,631	\$ 107,949
	Operating Grants	2,974,882	2,520,362	454,520
	Capital Grants and Contributions	1,416,351	585,584	830,767
General Revenues				
	Property Taxes	1,645,968	1,562,062	83,906
	State Revenue Sharing	18,950,909	20,232,994	(1,282,085)
	Other intermediate sources		4,331	(4,331)
	Other state sources	97,446	91,996	5,450
	Earning on investments	374,519	(5)	374,524
	Gain on sale of assets	-	-	-
	Miscellaneous	93,099	95,994	(2,895)
Total Revenues		<u>25,841,754</u>	<u>25,273,949</u>	<u>567,805</u>
Expenses				
	Instruction	17,827,584	18,721,978	(894,394)
	Support Services	4,613,233	4,367,423	245,810
	Enterprise and community services	367,219	488,738	(121,519)
	Interest on long-term debt	-	-	-
Total Expenditures		<u>22,808,036</u>	<u>23,578,139</u>	<u>(770,103)</u>
Change in Net Position		3,033,718	1,695,810	1,337,908
Beginning Net Position		<u>14,405,741</u>	<u>12,709,931</u>	<u>1,695,810</u>
Ending Net Position		<u>\$ 17,439,459</u>	<u>\$ 14,405,741</u>	<u>\$ 3,033,718</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unreserved fund balance measures the District's net resources available for appropriation in the next fiscal year. As of June 30, 2023, the grand total fund balance of all of the governmental funds was \$8,962,870. These amounts are available to use, in accordance with applicable restrictions on the nature of the expenditures.

Summary of ending fund balances for the major governmental funds for 2023 and 2022 are as follows:

Ending Fund Balance

	2023	2022	Change
General Fund	\$ 3,403,324	3,029,340	\$ 373,984
Restricted Funds	448,132	492,065	(43,933)
Committed Funds	1,628,851	1,644,199	(15,348)
Unassigned Funds	373,457	(7,944)	381,401
Capital Project Fund	3,109,106	3,600,960	(491,854)
	<u>\$ 8,962,870</u>	<u>\$ 8,758,620</u>	<u>\$ 204,250</u>

CAPITAL ASSETS

Capital Assets

Capital assets, including land, buildings and improvements, site improvements, vehicles and equipment are as follows at June 30, 2023 and June 30, 2022:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Land (non-depreciable)	\$ 873,511	723,511	\$ 150,000
Construction in Progress	102,521	988,088	(885,567)
Depreciable Assets:			
Buildings & Improvements	12,068,834	8,499,079	3,569,755
Improvements	4,348,183	4,086,245	261,938
Machinery and Equipment	2,557,008	2,469,797	87,211
	<u>\$ 19,950,057</u>	<u>\$ 16,766,720</u>	<u>\$ 3,183,337</u>
Less accumulated depreciation:			
Buildings & Improvements	\$ 3,327,623	2,973,574	\$ 354,049
Improvements	2,771,334	2,672,085	99,249
Machinery and Equipment	1,464,025	1,376,973	87,052
	<u>\$ 7,562,982</u>	<u>\$ 7,022,632</u>	<u>\$ 540,350</u>
Total Net Capital Assets	<u>\$ 12,387,075</u>	<u>\$ 9,744,088</u>	<u>\$ 2,642,987</u>

There were capital additions totaling \$3,918,904 and depreciation expense of \$540,350 in 2022-23.

More detailed information about the District's capital assets may be found in note 7 to the financial statements.

DEBT ADMINISTRATION

As of June 30, 2023 the District has no debt obligations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Resources supporting General Fund operations primarily reflect local and state revenues, with additional income representing federal, county, and other sources. The largest portion is determined by the State School Fund formula. Most of the funding provided by the State to the District is based on the District's average daily membership (ADM) of students, based on the higher of the current year or the prior year; however, Senate Bill 743 and Senate Bill 278 (enrolled in the 2023 session which provided a technical adjustment to SB 743) allows Oregon Department of Education to consider a decrease in ADM or ADMw as allowing a school district that sponsors a virtual charter school to qualify for a separate extended ADMw calculation for the brick-and-mortar schools in the district. This will ensure that these districts with declining enrollment are treated the same as other school districts to ensure funding stability over time.

In the 2022-23 school year, the District continued to sponsor Lourdes Charter School and Willamette Connections Academy, a virtual charter school. Overall, the District saw some stabilization in enrollment with the COVID-19 pandemic ending; however, brick and mortar enrollment is still down overall from pre-pandemic levels. The downward trend in enrollment is not specific to Scio School District, but rather a statewide concern.

The 2023-2024 budget was based on a K-12 statewide funding level of \$9.9 billion for the 2023-2025 biennium with appropriations of \$39,736,656, as compared to the 2022-2023 fiscal year appropriations of \$37,467,586. The 6% year-to-year budget increase is primarily due to restricted grant funds and capital projects, which includes but is not limited to the COPS School Violence Prevention Program and the Seismic Rehabilitation Grant(s). Due to charter school enrollment fluctuating year over year, when comparing budget appropriations, it is important to note funds passed through to District sponsored charter schools – as these can have a large impact on the budget as a whole.

Oregon's Economic and Revenue Forecast has managed to bring in positive financial news in recent years. While some are cautiously optimistic, we hope to continue to see fully funded initiatives such as the Student Success Act, High School Success, and Outdoor School.

REQUESTS FOR INFORMATION

Our financial report is designed to present the user with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Business Manager at 38875 NW 1st Avenue, Scio, OR 97374.

Tracy Porter
Business Manager

December 13, 2023
Date

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

BASIC FINANCIAL STATEMENTS

SCIO SCHOOL DISTRICT 95-C
SCIO, OREGON

STATEMENT OF NET POSITION
June 30, 2023

ASSETS	
Cash and Investments	\$ 8,970,536
Property Taxes Receivable	63,901
Accounts receivable	1,379,137
Net Pension Asset - RHIA	96,375
Capital Assets, Net of Depreciation	<u>12,387,075</u>
Total Assets	<u>\$ 22,897,024</u>
DEFERRED OUTFLOWS	
Pension Related Deferrals	3,757,384
OPEB Related Deferrals - Implicit	81,896
OPEB Related Deferrals - RHIA	<u>12,565</u>
Total Deferred Outflows	<u>3,851,845</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	686,734
Payroll Liabilities	501,221
Unearned Revenue	198,848
Compensated Absences Payable	<u>24,198</u>
Total Current Liabilities	<u>1,411,001</u>
Non-Current Liabilities:	
Net Pension Liability	5,275,214
OPEB Liability	<u>230,910</u>
Total Non-Current Liabilities	<u>5,506,124</u>
Total Liabilities	<u>6,917,125</u>
DEFERRED INFLOWS	
Pension Related Deferrals	2,345,152
OPEB Related Deferrals - Implicit	26,457
OPEB Related Deferrals - RHIA	<u>20,676</u>
Total Deferred Inflows	<u>2,392,285</u>
NET POSITION:	
Net Investment In Capital Assets	12,387,075
Restricted	
Student activities	192,312
Energy	119,254
Food Service	136,266
Unrestricted	<u>4,604,552</u>
Total Net Position	<u>\$ 17,439,459</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, 2023

FUNCTIONS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Instruction	\$ 17,827,584	\$ 226,949	\$ 2,204,195	\$ 1,133,081	\$ (14,263,359)
Support Services	4,613,233	-	201,054	283,270	(4,128,909)
Enterprise & Community Services	367,219	61,631	569,633	-	264,045
Total Governmental Activities	<u>\$ 22,808,036</u>	<u>\$ 288,580</u>	<u>\$ 2,974,882</u>	<u>\$ 1,416,351</u>	<u>\$ (18,128,223)</u>
General Revenues					
Property Taxes, Levied for General Purposes					1,645,968
State School Fund - General Support					18,950,909
Common School Fund					97,446
Earnings on Investments					374,519
Miscellaneous					<u>93,099</u>
Total General Revenues					<u>21,161,941</u>
Changes in Net Position					3,033,718
Net Position - Beginning of Year					<u>14,405,741</u>
Net Position - Ending					<u>\$ 17,439,459</u>

The accompanying notes are an integral part of this statement.

SCIO SCHOOL DISTRICT 95-C
SCIO, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
ASSETS:				
Current Assets:				
Cash and Investments	\$ 3,896,507	\$ 1,984,444	\$ 3,089,585	\$ 8,970,536
Property Taxes Receivable	63,901	-	-	63,901
Accounts Receivable	100,128	1,248,886	30,123	1,379,137
	<u>4,060,536</u>	<u>3,233,330</u>	<u>3,119,708</u>	<u>10,413,574</u>
Total Assets	<u>\$ 4,060,536</u>	<u>\$ 3,233,330</u>	<u>\$ 3,119,708</u>	<u>\$ 10,413,574</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 93,041	\$ 583,091	\$ 10,602	\$ 686,734
Unearned Revenue	-	198,848	-	198,848
Payroll Liabilities	500,270	951	-	501,221
	<u>593,311</u>	<u>782,890</u>	<u>10,602</u>	<u>1,386,803</u>
Total Current Liabilities	<u>593,311</u>	<u>782,890</u>	<u>10,602</u>	<u>1,386,803</u>
DEFERRED INFLOWS				
Uncollected Property Taxes	63,901	-	-	63,901
	<u>63,901</u>	<u>-</u>	<u>-</u>	<u>63,901</u>
FUND BALANCES (DEFICITS):				
Restricted	-	448,132	-	448,132
Committed	-	1,628,851	-	1,628,851
Assigned	-	-	3,109,106	3,109,106
Unassigned	3,403,324	373,457	-	3,776,781
	<u>3,403,324</u>	<u>373,457</u>	<u>-</u>	<u>3,776,781</u>
Total Fund Balances (Deficit)	<u>\$ 3,403,324</u>	<u>\$ 2,450,440</u>	<u>\$ 3,109,106</u>	<u>\$ 8,962,870</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 4,060,536</u>	<u>\$ 3,233,330</u>	<u>\$ 3,119,708</u>	<u>\$ 10,413,574</u>

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, 2023

Total Fund Balances - Governmental Funds	\$	8,962,870
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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	\$ (5,275,214)	
Net Pension Asset - RHIA	<u>96,375</u>	
		(5,178,839)

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	1,412,232	
Net OPEB Related Deferrals - Implicit.	55,439	
Net OPEB Related Deferrals - RHIA	<u>(8,111)</u>	
		1,459,560

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		<u>12,387,075</u>
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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	(24,198)	
OPEB Liability	<u>(230,910)</u>	
		(255,108)

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.

		<u>63,901</u>
Net Position	\$	<u><u>17,439,459</u></u>

See accompanying notes to the basic financial statements

SCIO SCHOOL DISTRICT 95-C
SCIO, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

REVENUES:	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
Local Sources				
Property Taxes	\$ 1,642,584	\$ -	\$ -	\$ 1,642,584
Other Local Sources	502,583	296,474	-	799,057
Total Local Sources	2,145,167	296,474	-	2,441,641
Total Intermediate Sources	37,267	43,510	-	80,777
State Sources				
State School Fund	18,950,909	-	-	18,950,909
Other State Sources	106,776	1,669,689	1,416,351	3,192,816
Total State Sources	19,057,685	1,669,689	1,416,351	22,143,725
Total Federal Sources	27,890	1,167,044	-	1,194,934
Total Revenues	21,268,009	3,176,717	1,416,351	25,861,077
EXPENDITURES:				
Current:				
Instruction	15,533,316	2,037,276	-	17,570,592
Support Services	3,801,756	744,975	-	4,546,731
Enterprise and Community Service	-	341,772	-	341,772
Facilities Acquisition and Construction	-	-	6,744	6,744
Capital Outlay	1,077,664	123,801	1,989,523	3,190,988
Total Expenditures	20,412,736	3,247,824	1,996,267	25,656,827
Revenues over (under) Expenditures	855,273	(71,107)	(579,916)	204,250
Other Financing Sources, (uses):				
Transfers In	34,492	427,719	88,062	550,273
Transfers Out	(515,781)	(34,492)	-	(550,273)
Total other Financing Sources (uses)	(481,289)	393,227	88,062	-
Net Change in Fund Balance	373,984	322,120	(491,854)	204,250
Beginning Fund Balance	3,029,340	2,128,320	3,600,960	8,758,620
Ending Fund Balance	\$ 3,403,324	\$ 2,450,440	\$ 3,109,106	\$ 8,962,870

The accompanying notes are an integral part of this statement.

SCIO SCHOOL DISTRICT
SCIO, 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, 2023

Total Net Changes in Fund Balances - Governmental Funds	\$	204,250
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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	\$ 3,183,336		
Depreciation Expense	<u>(540,350)</u>		
			2,642,986

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)/Revenue			157,147
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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, (Expense)/Revenue	19,022		
RHIA (Expense)/Revenue	<u>10,940</u>		
			29,962

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

Compensated Absences			(4,011)
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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>3,384</u>
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Change in Net Position of Governmental Activities	\$	<u><u>3,033,718</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

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

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

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

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

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

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

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, 2023.

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

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, 2023. 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, 2023, the fair value of the position in the LGIP is 99.63% 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

3. CASH AND INVESTMENTS (Continued)

Cash and Investments at June 30, 2023, consisted of:

	<u>2023</u>
Deposits with Financial Institutions:	316,502
Investments	<u>8,654,034</u>
<u>Total</u>	<u>\$ 8,970,536</u>

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-18	More than 18
State Treasurer's Investment Pool	\$ 8,654,034	\$ 8,654,034	\$ -	\$ -
Total	<u>\$ 8,654,034</u>	<u>\$ 8,654,034</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. 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, 2023, the District had \$376,273 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

5. RECEIVABLES

Receivables at June 30, 2023 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, 2023:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 34,492	\$ 515,781
Capital Projects	427,719	34,492
Special Revenue	88,062	-
	<u>\$ 550,273</u>	<u>\$ 550,273</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, 2023 are as follows:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Land	\$ 723,511	\$ 150,000	\$ -	\$ 873,511
Contruction in Progress	988,088	75,810	(961,377)	102,521
Total Non-Depreciable Assets	<u>1,711,599</u>	<u>225,810</u>	<u>(961,377)</u>	<u>976,032</u>
Buildings & Improvements	8,499,079	3,569,755	-	12,068,834
Improvements	4,086,245	261,938	-	4,348,183
Machinery and Equipment	2,469,797	87,211	-	2,557,008
Total Depreciable Assets	<u>15,055,121</u>	<u>3,918,904</u>	<u>-</u>	<u>18,974,025</u>
Accumulated Depreciation				
Building & Improvements	2,973,574	354,049	-	3,327,623
Improvements	2,672,085	99,249	-	2,771,334
Equipment & Vehicles	1,376,973	87,052	-	1,464,025
Total Accumulated Depreciation	<u>7,022,632</u>	<u>\$ 540,350</u>	<u>\$ -</u>	<u>7,562,982</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,744,088</u>			<u>\$ 12,387,075</u>

Depreciation was allocated to the functions as follows:

Instruction	\$ 422,736
Support Services	109,391
Community Services	<u>8,223</u>
Total Depreciation	<u>\$ 540,350</u>

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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/2022-Annual-Comprehensive-Financial-Report.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

8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED)

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

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

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

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

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

- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2023 were \$901,570, excluding amounts to fund employer specific liabilities. At June 30, 2023, the District reported a net pension liability of \$5,275,214 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2020. 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, 2022 and 2021, the District's proportion was .034 percent and .033 percent, respectively. Pension expense for the year ended June 30, 2023 was (\$157,147).

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED)

The rates in effect for the year ended June 30, 2023 were:

- (1) Tier 1/Tier 2 – 22.57%
- (2) OPSRP general services – 19.46%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 256,069	\$ 32,897
Changes in assumptions	827,710	7,562
Net difference between projected and actual earnings on pension plan investments		943,106
Net changes in proportionate share	162,682	960,415
Differences between contributions and proportionate share of contributions	1,609,353	401,172
Subtotal - Amortized Deferrals (below)	2,855,814	2,345,152
Contributions subsequent to measuring date	901,570	-
Deferred outflow (inflow) of resources	<u>\$ 3,757,384</u>	<u>\$ 2,345,152</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, 2024.

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

<u>Year ending June 30,</u>	<u>Amount</u>
2024	\$ 92,017
2025	46,524
2026	(146,147)
2027	533,183
2028	(14,915)
Thereafter	-
Total	<u>\$ 510,662</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 2, 2023. Oregon PERS produces an independently audited ACFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2022-Annual-Comprehensive-Financial-Report.pdf>

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

8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED)

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

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

Actuarial Methods and Assumptions:

Valuation date	December 31, 2020
Experience Study Report	2020, Published July 20, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Fair value
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 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 2020 Experience Study which is reviewed for the four-year period ending December 31, 2020.

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

8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED)

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	25.0%	35.0%	30.0%
Real Estate	7.5%	17.5%	12.5%
Private Equity	15.0%	27.5%	20.0%
Risk Parity	0.0%	3.5%	2.5%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			100.0%

(Source: June 30, 2022 PERS ACFR; p. 104)

Long-Term Expected Rate of Return:

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

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

(Source: June 30, 2022 PERS ACFR; p. 74)

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED)

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

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

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	\$ 9,355,136	\$ 5,275,214	\$ 1,860,508

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, 2022 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.

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NOTES TO BASIC FINANCIAL STATEMENTS

8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED)

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.

Pension Benefits:

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

Death Benefits:

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

Contributions:

Employees of the District pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning \$2,500 or more per month (increased to \$3,333 per month in 2022) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2023.

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>

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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 retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating Districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.53% of annual covered OPERF payroll and 0.45% of OPSRP payroll under a contractual requirement in effect until June 30, 2023. 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, 2021, 2022 and 2023 were \$594, \$668 and \$492, respectively, which equaled the required contributions each year.

At June 30, 2023, the District reported a net OPEB liability/(asset) of (\$96,375) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2022, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2020. 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, 2022 and 2021, the District's proportion was .03 percent and .02 percent, respectively. OPEB expense for the year ended June 30, 2023 was (\$10,273).

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NOTES TO BASIC FINANCIAL STATEMENTS

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

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (14,430)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	4,157
- 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>\$ (10,273)</u>

Components of Deferred Outflows/Inflows of Resources:

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, 2024.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 2,612
Changes in assumptions	755	3,212
Net difference between projected and actual earnings on pension plan investments	-	7,350
Net changes in proportionate share	11,810	7,502
Differences between contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	12,565	20,676
Contributions subsequent to measuring date	-	-
Deferred outflow (inflow) of resources	<u>\$ 12,565</u>	<u>\$ 20,676</u>

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

<u>Year ending June 30,</u>	<u>Amount</u>
2024	\$ 1,147
2025	(6,974)
2026	(4,638)
2027	2,354
2028	
Thereafter	-
Total	<u>\$ (8,111)</u>

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

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

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, 2022. That independently audited report was dated February 2, 2023 and can be found at:

<https://www.oregon.gov/pers/EMP/Documents/GASB/2022/GASB-75-RHIA-2022.pdf>

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2020
Experience Study Report	2020, Published July 20, 2021
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Retiree healthcare participation	Healthy retirees: 27.5%; Disabled retirees: 15%
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 2020 Experience Study which is reviewed for the four-year period ending December 31, 2020.

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement date of June 30, 2022 was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

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NOTES TO BASIC FINANCIAL STATEMENTS

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

Long-Term Expected Rate of Return:

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

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

(Source: June 30, 2022 PERS ACFR; p. 74)

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net OPEB liability (asset)	\$ (86,861)	\$ (96,375)	\$ (104,531)

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2022 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

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

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 June 30, 2021 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.

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

Actuarial Methods and Assumptions

ACTUARIAL METHODS AND ASSUMPTIONS

I. Relevant Dates

Actuarial Valuation Date June 30, 2021.

Data was collected as of November 1, 2021, and benefits were valued as if the data was representative of data on June 30, 2021.

Measurement Dates June 30, 2021 and June 30, 2022.

Fiscal Year Ends June 30, 2022 and June 30, 2023.

II. Actuarial Cost Method

Entry Age Normal, level percent of salary.

III. Assumptions

Interest Rate for Discounting Future Liabilities 2.25% per year for measurement at June 30, 2021, and 3.50% per year for measurement at June 30, 2022 (based on Bond Buyer 20-Bond General Obligation Index as of each measurement date).

General Inflation 2.0% per year.

Payroll Growth 3.0% per year.

Salary Merit Scale Total payroll increase is overall payroll growth plus merit table below. Sample rates are as follows:

<u>Duration</u>	<u>Rate</u>
0	4.15%
5	2.98%
10	1.79%
15	0.72%
20	-0.11%
25	-0.55%
30 +	-0.59%

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

ACTUARIAL METHODS AND ASSUMPTIONS
(Continued)

Annual Premium Increase Rate

The assumed increases for medical plans are:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021-22	3.50%	2031-32	5.50%
2022-23	4.00%	2032-33	5.40%
2023-24	4.50%	2033-34	5.30%
2024-25	5.00%	2034-35	5.20%
2025-26	5.50%	2035-36	5.10%
2026-27	6.00%	2036-37	5.00%
2027-28	5.90%	2037-38	4.90%
2028-29	5.80%	2038-39	4.80%
2029-30	5.70%	2039-40	4.70%
2030-31	5.60%	2040-41	4.60%
		2041+	4.50%

The initial rates in the table above are based in part on the 2022 Segal Health Plan Cost Trend Survey, tempered by our expectation of the impact of ORS 243.866, as amended in 2017. Rates are trended down in subsequent years in accordance with prevalent actuarial practice, based in part on the Society of Actuaries - Getzen Long Term Healthcare Trends Resource Model, as updated October 2020.

Mortality Rates

Active employees: PUB 2010 Employee Tables for Teachers, sex distinct, projected generationally.

Active employee adjustments: 125% of published rates for males, 100% of published rates for females.

Retirees: PUB 2010 Retiree Tables for Teachers, sex distinct, projected generationally.

Beneficiaries: PUB 2010 Employee and Retiree Tables for General Employees, sex distinct, projected generationally.

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

ACTUARIAL METHODS AND ASSUMPTIONS
(Continued)

Beneficiary adjustments: Set back 12 months for males, no set back for females; 115% of published rates for non-annuitant males, 125% of published rates for non-annuitant females.

Improvement Scale: Unisex Social Security Data Scale (60 year average), with data through 2017.

Turnover Rates

As developed for the valuation of benefits under Oregon PERS. For the current school year, it is assumed that terminations are reflected in the census data provided.

<u>Years of Service</u>	<u>Male</u>	<u>Female</u>
0	16.63%	13.50%
5	6.86%	7.13%
10	3.31%	3.85%
15	2.30%	2.68%
20	1.62%	1.95%
25	1.20%	1.50%
30 +	1.20%	1.50%

Disability Rates

As developed for the valuation of benefits under Oregon PERS. Sample rates are as follows:

<u>Age</u>	<u>Rate</u>
30	0.0164%
35	0.0252%
40	0.0406%
45	0.0666%
50	0.1151%

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

ACTUARIAL METHODS AND ASSUMPTIONS
(Continued)

Retirement Rates

As developed for the valuation of benefits under Oregon PERS. For the current school year, it is assumed that retirements are reflected in the census data provided. It is also assumed employees will retire by the time both employee and dependent have reached age 65, the age at which they can no longer receive subsidized health benefits.

Age	Tier 1 / Tier 2			OPSRP		
	Years of Service			Years of Service		
	< 15	15 - 29	30 +	< 15	15 - 29	30 +
<55	0.0%	0.0%	25.0%	0.0%	0.0%	0.0%
55	1.5%	3.5%	25.0%	0.5%	2.5%	5.0%
56	1.5%	3.5%	25.0%	0.5%	2.5%	5.0%
57	1.5%	3.5%	25.0%	1.0%	2.5%	7.5%
58	1.5%	11.0%	27.5%	1.5%	3.0%	30.0%
59	4.5%	11.0%	27.5%	1.5%	3.0%	25.0%
60	6.5%	12.5%	27.5%	2.5%	3.75%	20.0%
61	6.5%	12.5%	27.5%	2.5%	5.0%	20.0%
62	15.0%	21.0%	34.0%	6.0%	12.0%	30.0%
63	13.0%	19.5%	27.5%	6.0%	10.0%	20.0%
64	13.0%	19.5%	27.5%	6.0%	10.0%	20.0%
65	25.5%	33.5%	45.0%	12.5%	35.0%	20.0%
66	23.0%	36.5%	45.0%	12.5%	33.0%	20.0%
67	21.0%	34.5%	38.0%	11.0%	22.0%	30.0%
68	21.0%	28.0%	28.5%	9.0%	20.0%	25.0%
69	21.0%	28.0%	28.5%	9.0%	20.0%	25.0%
70	21.0%	28.0%	28.5%	9.0%	20.0%	25.0%
71	21.0%	28.0%	28.5%	9.0%	20.0%	25.0%
72	21.0%	28.0%	28.5%	9.0%	20.0%	25.0%
73	21.0%	28.0%	28.5%	9.0%	20.0%	25.0%
74	21.0%	28.0%	28.5%	9.0%	20.0%	25.0%
75	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Participation

Of the active employees currently enrolled in a medical plan, 40% are assumed to remain enrolled at retirement.

Plan Enrollment

Current and future retirees are assumed to remain enrolled in the plans in which they are currently enrolled, if any.

Lapse

Of the current and future retirees assumed to enroll in coverage, 2% are assumed to drop coverage each year.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

ACTUARIAL METHODS AND ASSUMPTIONS
(Continued)

Marital Status	70% of future retirees electing coverage are assumed to cover a spouse as well. Males are assumed to be three years older than their female spouses. Actual marital status and ages as of the valuation date are used for current retirees, if available.
Coverage of Eligible Children	We have assumed no impact of dependent children on the implicit subsidy.
Health Care Claims Costs	2021-22 claims costs for an age 64 retiree or spouse are assumed to be:

MODA Medical Plans

Plan 1	\$	15,454
Plan 2		14,377
Plan 3		13,516
Plan 4		12,826
Plan 5		11,859
Plan 6		12,145
Plan 7		11,335

Kaiser Medical Plans

Plan 1	\$	14,873
Plan 2A		12,293
Plan 2B		11,764
Plan 3		9,071

The age-specific claims costs were developed based on the OEGB health plans' overall demographics and total premiums, to the extent the data was available.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. OTHER POSTEMPLOYMENT BENEFIT PLAN

Changes in the Net OPEB Liability

Total OPEB Liability at June 30, 2022	\$ 266,594
Changes for the year:	
Service cost	15,740
Interest	5,939
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other input	(20,641)
Benefit payments	(36,722)
Balance as of June 30, 2023	<u>\$ 230,910</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 3.50%, as well as what the District's net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current rate, a similar sensitivity analysis is presented for the changes in the healthcare trend assumption:

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 247,264	\$ 230,910	\$ 215,843

	1% Decrease Healthcare	Current Trend Rate Healthcare	1% Increase Healthcare
Total OPEB Liability	\$ 207,812	\$ 230,910	\$ 258,671

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	\$ 26,193	\$ -
Changes in assumptions or other input	12,179	26,457
Benefit Payments	35,404	-
Deferred outflow (inflow) of resources	<u>\$ 73,776</u>	<u>\$ 26,457</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

10. OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year ending June 30,</u>	<u>Amount</u>
2024	\$ 2,823
2025	2,823
2026	2,823
2027	2,823
2028	2,822
Thereafter	(2,199)
Total	<u>\$ 11,915</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 2022-23 fiscal year by the District was \$168,319. The plan is administered by HRA VEBA Trust.

12. RELATED PARTY TRANSACTIONS

Lourdes Charter School - During the year ended June 30, 2023, the District remitted State School Fund Support (SSF) in the amount of \$391,073 based upon the average daily membership of Lourdes Charter School.

Willamette Connections Academy – During the year ended June 30, 2023, the District remitted SSF in the amount of \$11,315,789 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

14. FUND BALANCE CONSTRAINTS

The specific purposes for each of the categories of fund balance as of June 30, 2023, are as follows:

Fund Balances:	General Fund	Special Revenue Fund	Capital Projects Fund	Total
<u>Restricted:</u>				
Student Activities	\$ -	\$ 192,312	\$ -	\$ 192,312
Food Service	-	136,566	-	136,566
Energy	-	119,254	-	119,254
	-	448,132	-	448,132
<u>Committed:</u>				
Stabilization	-	400,000	-	400,000
Employee Benefits	-	1,045,508	-	1,045,508
Equipment Replacement	-	183,343	-	183,343
	-	1,628,851	-	1,628,851
<u>Assigned:</u>				
Capital Improvements	-	-	3,109,106	3,109,106
	-	-	3,109,106	3,109,106
<u>Unassigned</u>	3,403,324	373,457	-	3,403,324
Total Fund Balances	\$ 3,403,324	\$ 2,450,440	\$ 3,109,106	\$ 8,962,870

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, 2023 financial statements.

SCIO SCHOOL DISTRICT NO. 95C
SCIO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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.

SCIO SCHOOL DISTRICT 95C
SCIO, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

SCIO SCHOOL DISTRICT 95-C
SCIO, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

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
2023	0.0345 %	\$ 5,275,214	\$ 4,063,651	129.8 %	84.5 %
2022	0.0332	3,981,388	3,831,623	103.9	87.6
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

	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
2023	\$ 901,570	\$ 901,570	\$ -	\$ 4,486,514	20.1 %
2022	858,979	858,979	-	4,063,651	21.1
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, 2023

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
2023	0.03 %	\$ (96,375)	\$ 4,063,651	-2%	194.6 %
2022	0.02	(76,225)	3,831,623	-2%	183.9
2021	0.04	(92,888)	3,759,920	-2%	150.1
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

	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
2023	\$ 492	\$ 492	\$ -	\$ 4,486,514	0.0001 %
2022	668	668	-	4,063,651	0.0002
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, 2023

	2023	2022	2021	2020
Total Other Post Employment Benefits Liability, Beginning	\$ 266,594	\$ 247,156	\$ 223,619	\$ 219,340
Changes for the year:				
Service Cost	15,740	17,730	13,964	13,492
Interest	5,939	5,649	8,002	7,851
Changes in Benefit Terms	-	-	-	-
Differences between expected and actual experience	-	34,925	-	-
Changes in assumptions or other input	(20,641)	(11,194)	19,487	-
Benefit Payments	(36,722)	(27,672)	(17,916)	(17,064)
Net changes for the year	(35,684)	19,438	23,537	4,279
Total Other Post Employment Benefits Liability, Ending	230,910	\$ 266,594	\$ 247,156	\$ 223,619
Fiduciary Net Position - Beginning	\$ -	\$ -	\$ -	\$ -
Contributions - Employer	36,722	27,672	17,916	17,064
Net Investment Income	-	-	-	-
Benefit Payments	36,722	(27,672)	(17,916)	(17,064)
Net changes for the year	73,444	-	-	-
Fiduciary Net Position - Ending	-	-	-	-
Net Liability for Other Post Employment Benefits - End of Year	\$ 230,910	\$ 266,594	\$ 247,156	\$ 223,619
Fiduciary Net Position as a percentage of the total Other Post Employment Benefits Liability	0%	0%	0%	0%
Covered Payroll	\$4,139,362	\$4,018,798	\$3,581,303	\$3,460,196
Net Other Post Employment Benefits Liability as a Percentage of Covered Payroll	5.58%	6.63%	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

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, 2023

<u>GENERAL FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Local Sources:				
Taxes	\$ 1,675,473	1,675,473	\$ 1,642,584	\$ (32,889)
Tuition Received	500	500	-	(500)
Earnings from Investments	55,000	55,000	374,368	319,368
Extracurricular Activities	1,000	1,000	-	(1,000)
Other Local Sources	207,907	207,907	128,215	(79,692)
Total Local Revenues	1,939,880	1,939,880	2,145,167	205,287
Intermediate Sources				
County School Funds	16,800	16,800	4,767	(12,033)
Restricted Sources	25,000	25,000	32,500	7,500
Total Intermediate Revenues	41,800	41,800	37,267	(4,533)
State Sources:				
School Support Fund	20,559,250	20,559,250	18,950,909	(1,608,341)
Common School Fund	216,851	216,851	97,446	(119,405)
State Managed Timber	80,000	80,000	9,330	(70,670)
Other State Sources	6,500	6,500	-	(6,500)
Total State Revenues	20,862,601	20,862,601	19,057,685	(1,804,916)
Federal Sources:				
Grants-in-Aid	500	500	-	(500)
Foster Transportation Reimbursement	5,000	5,000	-	(5,000)
Federal Forest Fees	20,000	20,000	27,890	7,890
Other Federal Sources	1,000	1,000	-	(1,000)
Total Federal Revenues	26,500	26,500	27,890	1,390
Total Revenues	\$ 22,870,781	\$ 22,870,781	\$ 21,268,009	\$ (1,602,772)

Continued on pages 46 and 46A

SCIO SCHOOL DISTRICT 95-C
SCIO, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
For the Year Ended June 30, 2023

<u>GENERAL FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>SALARIES</u>	<u>EMPLOYEE BENEFITS</u>
INSTRUCTION:				
1111 Elementary Programs			\$ 769,682	\$ 428,338
1121 Middle/Junior High Programs			368,821	191,985
1122 Middle/Junior High School Extracurricular			41,735	7,645
1131 High School Programs			711,234	381,089
1132 High School Extracurricular			104,033	27,939
1250 Less Restricted - Students w/ Disabilities			317,876	188,353
1271 Remediation			54,714	24,797
1280 Alternative Education			-	-
1288 Charter Schools			-	-
Total Instruction	<u>\$ 19,119,919</u>	<u>19,119,919 (1)</u>	<u>2,368,095</u>	<u>1,250,146</u>
SUPPORT SERVICES:				
2120 Guidance Services			-	-
2190 Service Direction, Student Support Services			9,195	3,077
2210 Improvement of Instructional Services			-	23,838
2220 Educational Media Services			774	283
2222 Library & Media Center			45,504	24,583
2230 Assessment and Testing			3,011	1,005
2240 Instructional Staff Development			121	1,756
2310 Board of Education Services			12,894	9,275
2320 Executive Administration Services			215,066	129,841
2410 Office of the Principal Services			438,510	240,780
2520 Fiscal Services			219,033	130,728
2542 Care and Upkeep of Building Services			320,829	171,225
2543 Care and Upkeep of Grounds Services			45,022	28,801
2550 Student Transportation Services			256,563	152,202
2626 Grant Writing			-	-
2660 Technology Services			118,430	53,677
2680 Interpretation & Translation Services			-	-
Total Support Services	<u>4,291,769</u>	<u>3,991,769 (1)</u>	<u>1,684,952</u>	<u>971,071</u>
3300 Community Services	<u>\$ -</u>	<u>\$ 8,000 (1)</u>	<u>\$ -</u>	<u>\$ -</u>
4150 Building Acquisition and Construction	<u>857,163</u>	<u>1,149,163 (1)</u>	<u>-</u>	<u>-</u>
6110 Contingency	<u>612,000</u>	<u>612,000 (1)</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>24,880,851</u>	<u>24,880,851</u>	<u>4,053,047</u>	<u>2,221,217</u>
Excess of Revenues over, (under)				
Expenditures	<u>(2,010,070)</u>	<u>(2,010,070)</u>		
Other Financing Sources, (uses):				
5200 Transfers In	210,000	210,000		
5300 Sale of Assets	3,000	3,000		
5100 Debt Service	(1,000)	(1,000) (1)		
5200 Transfers Out	(588,062)	(588,062) (1)		
Total other Financing Sources, (uses)	<u>(376,062)</u>	<u>(376,062)</u>		
Net Change in Fund Balance	<u>(2,386,132)</u>	<u>(2,386,132)</u>		
Beginning Fund Balance	<u>2,641,132</u>	<u>2,641,132</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	
\$ 8,513	\$ 45,044	\$ -	\$ -	\$ 1,251,577	
6,815	9,459	-	-	577,080	
8,248	8,811	-	-	66,439	
11,074	47,109	-	-	1,150,506	
37,408	6,610	-	2,565	178,555	
120	1,727	-	-	508,076	
-	1,834	-	-	81,345	
11,597	-	-	-	11,597	
11,708,141	-	-	-	11,708,141	
11,791,916	120,594	-	2,565	15,533,316	3,586,603
-	440	-	-	440	
-	-	-	-	12,272	
-	-	-	-	23,838	
-	-	-	-	1,057	
-	3,394	-	-	73,481	
-	-	-	-	4,016	
-	-	-	-	1,877	
68,796	8,622	-	144,951	244,538	
5,628	2,763	-	2,927	356,225	
27,865	16,013	-	3,135	726,303	
24,231	19,605	-	6,662	400,259	
377,222	89,746	39,998	90	999,110	
34,693	32,478	-	-	140,994	
82,486	65,799	-	27,101	584,151	
10,865	-	-	-	10,865	
54,289	35,691	-	150	262,237	
91	-	-	-	91	
686,166	274,551	39,998	185,016	3,841,754	150,015
\$ -	\$ -	\$ 8,000	\$ -	\$ 8,000	\$ -
-	-	1,029,666	-	1,029,666	119,497
-	-	-	-	-	612,000
12,478,082	395,145	1,077,664	187,581	20,412,736	4,468,115
				855,273	2,865,343
				34,492	(175,508)
				-	(3,000)
				-	1,000
				(515,781)	72,281
				(481,289)	(105,227)
				373,984	2,760,116
				3,029,340	388,208
				\$ 3,403,324	\$ 3,148,324

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, 2023

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	\$ 50,600	\$ 50,600	\$ 61,631	\$ 11,031
Extracurricular Activities	220,113	220,113	198,465	(21,648)
Contributions and Donations	6,000	6,000	17,749	11,749
Interest on Investments	40	40	151	111
Other Miscellaneous	17,900	17,900	18,478	578
	<u>294,653</u>	<u>294,653</u>	<u>296,474</u>	<u>1,821</u>
Total from Local Sources				
From Intermediate Sources:				
Restricted Sources	<u>-</u>	<u>-</u>	<u>43,510</u>	<u>43,510</u>
From State Sources:				
Restricted Sources	<u>2,188,046</u>	<u>2,188,046</u>	<u>1,669,689</u>	<u>(518,357)</u>
From Federal Sources				
Restricted Revenue Paid through State	<u>1,556,210</u>	<u>1,556,210</u>	<u>1,167,044</u>	<u>(389,166)</u>
Total Revenues	<u>\$ 4,038,909</u>	<u>\$ 4,038,909</u>	<u>\$ 3,176,717</u>	<u>\$ (905,702)</u>

Continued on pages 48 and 48A

SCIO SCHOOL DISTRICT 95-C
SCIO, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
For the Year Ended June 30, 2023

<u>SPECIAL REVENUE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>SALARIES</u>	<u>EMPLOYEE BENEFITS</u>
INSTRUCTION:				
1111 Elementary Programs			\$ 70,094	\$ 41,413
1113 Elementary Extracurricular			-	-
1121 Middle/Junior High School Programs			26,911	12,673
1122 Middle/Junior High School Extracurricular			1,030	342
1131 High School Programs			130,541	70,094
1132 High School Extracurricular			-	-
1140 Pre-Kindergarten Programs			6,405	2,161
1250 Less Restricted - Students w/ Disabilities			73,800	47,241
1271 Remediation			11,730	1,551
1272 Title I			84,591	52,917
1280 Alternative Education			-	-
1410 Summer School Programs			13,322	4,377
Total Instruction	<u>2,561,029</u>	<u>2,561,029 (1)</u>	<u>418,424</u>	<u>232,769</u>
SUPPORT SERVICES:				
2110 Attendance and Social Work Services			-	-
2120 Guidance Services			125,704	70,743
2122 Counseling Services			447	150
2130 Health Services			62,881	28,740
2140 Psychological Services			-	-
2210 Instructional Services			9,559	45,752
2240 Instructional Staff Development			7,108	2,025
2410 Office of the Principal			-	-
2520 Fiscal Services			-	-
2540 Operation and Maintenance			-	-
2550 Student Transportation Services			4,532	1,658
2640 Staff Services			-	-
2660 Technology Services			16,462	9,927
2700 Supplemental Retirement Program			-	19,659
Total Support Services	<u>1,295,848</u>	<u>1,295,848 (1)</u>	<u>226,693</u>	<u>178,654</u>
ENTERPRISE AND COMMUNITY SERVICES:				
3100 Food Service			130,527	74,643
Total Enterprise and Community Services	<u>471,193</u>	<u>471,193 (1)</u>	<u>130,527</u>	<u>74,643</u>
4150 Facilities Acquisition & Construction	<u>300,000</u>	<u>300,000 (1)</u>	<u>-</u>	<u>-</u>
6110 Contingency	<u>1,688,540</u>	<u>1,688,540 (1)</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>6,316,610</u>	<u>6,316,610</u>	<u>\$ 775,644</u>	<u>\$ 486,066</u>
Excess of Revenues over, (under) Expenditures	(2,277,701)	(2,277,701)		
Other Financing Sources, (uses):				
5200 Transfers In	500,000	500,000 (1)		
5200 Transfers Out	<u>(215,000)</u>	<u>(215,000) (1)</u>		
Total Other Funding Sources (uses)	<u>285,000</u>	<u>285,000</u>		
Net Change in Fund Balance	(1,992,701)	(1,992,701)		
Beginning Fund Balance	<u>1,992,701</u>	<u>1,992,701</u>		
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>		

(1) Appropriation Level

					VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
<u>PURCHASED SERVICES</u>	<u>SUPPLIES & MATERIALS</u>	<u>CAPITAL OUTLAY</u>	<u>OTHER</u>	<u>TOTAL</u>	
\$ -	\$ 64,075	\$ -	\$ -	\$ 175,582	\$
-	12,485	-	-	12,485	
-	8,206	-	-	47,790	
20,168	13,191	-	-	34,731	
9,936	68,118	27,937	500	307,126	
-	160,729	-	-	160,729	
-	15,921	-	-	24,487	
14,800	9,179	-	-	145,020	
-	831	-	-	14,112	
-	225	-	-	137,733	
986,167	-	-	-	986,167	
-	1,552	-	-	19,251	
<u>1,031,071</u>	<u>354,512</u>	<u>27,937</u>	<u>500</u>	<u>2,065,213</u>	<u>495,816</u>
120,641	-	-	-	120,641	
-	1,500	-	-	197,947	
66	-	-	-	663	
917	2,100	-	-	94,638	
24,679	-	-	-	24,679	
-	-	-	-	55,311	
18,593	610	-	4,199	32,535	
895	-	-	-	895	
-	-	-	42,680	42,680	
1,641	4,904	20,689	-	27,234	
-	-	-	-	6,190	
-	12,462	-	-	12,462	
-	103,741	-	-	130,130	
-	-	-	-	19,659	
<u>167,432</u>	<u>125,317</u>	<u>20,689</u>	<u>46,879</u>	<u>765,664</u>	<u>530,184</u>
3,412	130,499	-	2,691	341,772	
<u>3,412</u>	<u>130,499</u>	<u>-</u>	<u>2,691</u>	<u>341,772</u>	<u>129,421</u>
-	-	75,175	-	75,175	224,825
-	-	-	-	-	1,688,540
\$ 1,201,915	\$ 610,328	\$ 123,801	\$ 47,379	3,247,824	3,068,786
				(71,107)	2,206,594
				427,719	(72,281)
				(34,492)	180,508
				393,227	108,227
				322,120	2,314,821
				2,128,320	135,619
				<u>\$ 2,450,440</u>	<u>\$ 2,450,440</u>

SCIO SCHOOL DISTRICT 95C
SCIO, OREGON

SUPPLEMENTARY INFORMATION

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, 2023

	<u>CAPITAL PROJECTS</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
State Sources	\$ 1,350,000	\$ 1,350,000	\$ 1,416,351	\$ 66,351
Total Revenues	1,350,000	1,350,000	1,416,351	66,351
EXPENDITURES:				
Support Services				
Student Transportation Services:				
Capital Outlay	-	-	27,492	27,492
Total Support Services	416,400	416,400	(1) 27,492	388,908
Building Acquisition and Construction:				
Purchased Services	-	-	6,744	6,744
Capital Outlay	-	-	1,962,031	1,962,031
Total Building Acquisition & Construction	4,134,613	4,134,613	(1) 1,968,775	2,165,838
Contingency	641,865	641,865	(1) -	641,865
Total Expenditures	5,192,878	5,192,878	1,996,267	3,196,611
Other Financing Sources, (uses)				
Transfers In	88,062	88,062	88,062	-
Transfers Out	(18,185)	(18,185)	-	-
Total other Financing Sources	69,877	69,877	88,062	18,185
Net Change in Fund Balance	(3,773,001)	(3,773,001)	(491,854)	3,281,147
Beginning Fund Balance	3,773,001	3,773,001	3,600,960	(172,041)
Ending Fund Balance	\$ -	\$ -	\$ 3,109,106	\$ 3,109,106

(1) Appropriation Level

SCIO SCHOOL DISTRICT 95C
SCIO, OREGON

2022-2023 AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS



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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, 2023, and have issued our report thereon dated December 16, 2023. 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, 2023

A. Energy bills for heating - all funds:

	Objects 325, 326 and 327
Function 2540	\$ 230,648
Function 2550	\$ 8,870

B. Replacement of equipment - General Fund:

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

Exclude these functions:

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

SCIO SCHOOL DISTRICT
SCIO, OREGON
GRANT COMPLIANCE REVIEW

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, 2023

Federal Grantor/Pass Through Program Title	Pass Through Organization	Federal AL Number	Pass Through Number	Grant Period	Expenditures	Pass through to Sub-Recipients
U.S. Department of Education						
Title I -Grants to Local Educational Agencies	ODE	84.010	67069	7/1/2022 - 9/30/2023	\$ 20,682	\$ -
Title I -Grants to Local Educational Agencies	ODE	84.010	72610	7/1/2022 - 9/30/2023	117,051	-
Total Title I Grants to Local Educational Agencies					137,733	-
Supporting Effective Instruction State Grants	ODE	84.367	67503	7/1/2022 - 06/30/2023	8,765	-
			72807	7/1/2022 - 06/30/2023	17,354	-
Total Supporting Effective Instruction State Grants					26,119	-
Student Support and Academic Enrichment Program	ODE	84.424	73004	7/1/2022 - 06/30/2023	11,128	-
Student Support and Academic Enrichment Program	LBCC	84.424	N/A	7/1/2022 - 06/30/2023	7,972	-
Total Student Support and Academic Enrichment Program					19,100	-
Special Education Cluster						
Special Education Grants to States	ODE	84.027	68477	7/1/2022 - 06/30/2023	33,847	-
Special Education Grants to States	ODE	84.027	74122	7/1/2022 - 06/30/2023	378,382	-
Special Education Grants to States	ODE	84.027	23783	7/1/2022 - 06/30/2023	9,210	-
Total Special Education Cluster					421,439	-
Education Stabalization Fund (AL 84.425)**						
Elementary and Secondary School Emergency Relief Fund	ODE	84.425	64678	07/01/2022- 06/30/2023	12,997	-
Elementary and Secondary School Emergency Relief Fund	ODE	84.425	64982	07/01/2022- 06/30/2023	283,533	84,487
Total Education Stabalization Fund (AL 84.425)**					296,530	84,487
Total U.S. Department of Education					900,921	84,487
U.S. Department of Agriculture						
Child Nutrition Cluster						
S USDA Commodities	ODE	10.555	N/A	7/1/2022 - 06/30/2023	20,153	-
N National School Lunch Program	ODE	10.555	N/A	7/1/2022 - 06/30/2023	120,608	-
N Supply Chain Asst.	ODE	10.555	N/A	7/1/2022 - 06/30/2023	16,500	-
National School Breakfast Program	ODE	10.553	N/A	7/1/2022 - 06/30/2023	46,237	-
Summer Food Service Program for Children	ODE	10.559	N/A	7/1/2022 - 06/30/2023	3,599	-
Total Child Nutrition Cluster					207,097	-
Total U.S. Department of Agriculture					207,097	-
U.S. Federal Communications Commission						
Emmergency Connectivity Fund Program	FCC	32.009	144964	7/1/2022 - 06/30/2023	59,025	-
Total Federal Financial Assistance					\$ 1,167,043	\$ 84,487
Other Federal Revenue Not Grants						
Federal Forest Fees					27,891	
Total Federal Revenue					\$ 1,194,934	

** Covid-19 Funding



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December 16, 2023

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, each major fund, and the aggregate remaining fund information of Scio School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 16, 2023.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

A handwritten signature in dark ink, appearing to read "Ken Allen", is positioned above the printed name.

Kenneth Allen, CPA

Municipal Auditor

PAULY, ROGERS AND CO., P.C.



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December 16, 2023

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

Opinion on Each Major Federal Program

We have audited Scio School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2023. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Scio School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

A handwritten signature in dark ink, appearing to read "Ken Allen", with a stylized, flowing script.

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, 2023

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

CFDA NUMBER

84.425

NAME OF FEDERAL PROGRAM CLUSTER

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, 2023

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.