

**NEAH-KAH-NIE SCHOOL DISTRICT**  
**FINANCIAL REPORT**  
**JUNE 30, 2021**



**SCHOOL  
DISTRICT**

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**NEAH-KAH-NIE SCHOOL DISTRICT**  
**OFFICERS AND MEMBERS OF THE GOVERNING BODY**

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**SUPERINTENDENT**

Paul Erlebach

**BUSINESS MANAGER/DEPUTY CLERK**

Mark Sybouts

**BOARD OF DIRECTORS**

Terry Kelly  
P.O. Box 566  
Manzanita, OR 97130

Patrick Ryan  
P.O. Box 1052  
Rockaway Beach, OR 97136

Landon Myers  
P.O. Box 307  
Nahalem, OR 97131

Sandra Tyrer  
P.O. Box 733  
Garibaldi, OR 97118

Kari Fleisher  
P.O. Box 291  
Rockaway Beach, OR 97136

Carol Mahoney  
P.O. Box 3043  
Bay City, OR 97107

Michele Aeder  
P.O. Box 424  
Garibaldi, OR 97118

**ADDRESS**

P.O. Box 28  
Rockaway Beach, OR 97136

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# NEAH-KAH-NIE SCHOOL DISTRICT

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# NEAH-KAH-NIE SCHOOL DISTRICT

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## **INTRODUCTORY SECTION**

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**SCHOOL  
DISTRICT**

*Preparing children for an ever changing world*

504 N. Third Ave. / PO Box 28  
Rockaway Beach, OR 97136

Phone: 503-355-2222

Fax: 503-355-3434

[www.nknsd.org](http://www.nknsd.org)

Friday, December 17, 2021

RE: Audit report Transmittal Letter

To the School Board and Constituents of Neah-Kah-Nie School District 56

The management of the Neah-Kah-Nie School District 56 is pleased to provide this annual financial report to its constituents, taxpayers and to other interested parties to demonstrate its accountability and communicate the government's financial position and resource flows as of and for the year ended June 30, 2021. Management of the government is responsible for the fair presentation of this annual financial report, for maintaining appropriate internal control over financial reporting, and for complying with applicable finance-related laws, regulations, and provision of grants and contracts. The government reports its financial statements and schedules of a modified cash basis, which management has determined is an acceptable financial reporting framework that differs from Generally Accepted Accounting Principles (GAAP). All of the financial analyses in this report should take into consideration the limitations inherent in the modified cash basis of accounting.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Boldt, Carlisle and Smith, A Division of SingerLewak, have issued their independent auditor's report on these financial statements and schedule which includes an unqualified opinion on the Neah-Kah-Nie School District 56 financial statements for the year ended June 30, 2021. The independent auditor's report is located in the front of the financial section of this report.

### ***Profile of the school district***

The Neah-Kah-Nie School District 56, incorporated in 1959, is located on the north Oregon Coast of Tillamook County. It occupies approximately 400 square miles and as of June 30, 2021, serves 672 students from kindergarten through twelfth grade, plus a half day preschool with 26 students based on pre-pandemic enrollment. The Neah-Kah-Nie School District 56 is empowered to levy property taxes within its boundaries in an amount not to exceed \$4.5002 per thousand dollars of assessed value. The District also levies a property tax to retire general obligation debt approved by the voters.

The Neah-Kah-Nie School District 56 operates under a seven member school board. Policy making and legislative authority are vested in the school board all of whom are elected from the District by zone. Board members serve four-year terms, with three or four members elected every two years. The school board hires a superintendent to administer the District policy and operate the District.

The school board is required to adopt a budget for the fiscal year that begins July 1 no later than the preceding June 30. This annual budget serves as the foundation for the Neah-Kah-Nie School District 56's financial planning and control. An annual budget is adopted on the modified cash basis for the following funds: general, food services, state and local grants, maintenance, student activities, federal projects, debt service, capital projects – vehicle replacement, capital projects - building and capital projects – construction excise tax. The budget is prepared by fund, function (e.g., instruction), object (e.g. electricity) and location. Transfer of appropriations between functions requires approval of the school board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level.

### ***Financial Analysis***

The government-wide financial statements are reported using the modified cash basis of accounting. Under this basis of accounting, only cash (and cash equivalents) and items that involve the receipt or disbursement of cash (or cash equivalents) during the period are recognized, except as follows:

1. Interfund receivables and payables that arise from transactions and events involving cash or cash equivalents are recognized;
2. Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, Local Government investment pool investments, and receivables resulting from loans) that arise from transactions and events involving cash or cash equivalents are recognized;
3. Liabilities for cash (or cash equivalents) held on behalf of others, held in escrow, or received in advance of being earned or meeting eligibility requirements are recognized.

As a result of the use of this modified cash basis of accounting, certain transactions are not recorded in the financial statements. For example, accounts or grants receivable and revenue for billed or provided services that have not been collected in cash are not accrued as revenue or receivables. Additionally, capital assets such as property, equipment, and infrastructure are not reported and long-term liabilities such as debt and compensated absences also are not reported on the face of the financial statements. However the school district's long-term debt obligations are disclosed in the notes to the

financial statements. A schedule showing capital assets is included in the Other Unaudited Information section of this financial report.

**Statement of Net Position  
Governmental Activities**

	June 30,		Increase
	2020	2021	(Decrease)
<b><u>Assets</u></b>			
Current and other assets	\$ 14,591,720	\$ 14,364,901	\$ (226,819)
Total assets	14,591,720	14,364,901	(226,819)
<b><u>Liabilities</u></b>			
Current liabilities	917,912	926,467	8,555
<b><u>Net assets</u></b>			
Restricted	847,411	1,014,387	166,976
Unrestricted	12,826,397	12,424,047	(402,350)
Total net assets	<u>\$ 13,673,808</u>	<u>\$ 13,438,434</u>	<u>\$ (235,374)</u>

For the year ended June 30, 2021, the overall modified cash basis net position of the school district has decreased by \$235,374. The primary reason for this decrease was using local resources for capital projects that did not qualify for grant funding.

## Statement of Activities

	<u>Years Ended June 30,</u>		Increase
	<u>2020</u>	<u>2021</u>	<u>(Decrease)</u>
<b>Revenues:</b>			
Program			
Charges for service	\$ 142,803	\$ 11,544	\$ (131,259)
Operating grants and contributions	2,416,867	1,593,436	(823,431)
General			
Property taxes	10,745,881	11,273,981	528,100
State timber	4,366,550	3,233,551	(1,132,999)
Unrestricted investment earnings	315,367	107,769	(207,598)
Construction excise tax	140,403	202,908	62,505
Miscellaneous	89,537	79,314	(10,223)
Unrestricted intermediate sources	1,356,367	921,145	(435,222)
Unrestricted state sources	111,879	112,986	1,107
Unrestricted local sources		139,768	139,768
Federal forest fees	<u>41,051</u>	<u>37,523</u>	<u>(3,528)</u>
Total revenues	<u>19,726,705</u>	<u>17,713,925</u>	<u>(2,012,780)</u>
<b>Expenses:</b>			
Instruction	8,406,054	8,183,243	(222,811)
Support services	6,034,706	6,165,820	131,114
Enterprise and community services	378,415	321,615	(56,800)
Facilities acquisition and construction	2,573,039	1,908,307	(664,732)
Principal on long-term obligations	1,125,000	1,195,000	70,000
Interest on long-term obligations	<u>212,065</u>	<u>175,314</u>	<u>(36,751)</u>
Total expenses	<u>18,729,279</u>	<u>17,949,299</u>	<u>(779,980)</u>
Change in net assets	997,426	(235,374)	(1,232,800)
Net position – beginning of year	<u>12,676,382</u>	<u>13,673,808</u>	<u>997,426</u>
Net position – end of year	<u>\$ 13,673,808</u>	<u>\$ 13,438,434</u>	<u>\$ (235,374)</u>

Charges for service is decreased due to activities that were eliminated due to the shortened in person school year caused by the COVID 19 pandemic. Operating grants and contributions decreased primarily due to state seismic grants completion. The increase of property taxes was due to increased assessed value of the district. State

timber revenue decreased, but is higher than the amount anticipated in the budget (this includes state timber received through unrestricted intermediate sources – county school fund). The decrease in investment earnings was due to decreases in the investment earnings rate from the Local Government Investment Pool. The increase in construction excise tax based on an increase of residential construction. The increase in unrestricted local sources is due to donations and grants that were not directly related to specific programs. Instruction decreases are due primarily to decreased substitute cost related to COVID required distance learning. Support Services increases are due primarily to increased costs to provide distance learning technology to students and provide necessary protective supplies and equipment to transition back from distance learning to in person instruction. Enterprise and Community Services decreases are due primarily to completion of previous facility projects. Reduction in Interest on long-term obligations is due to paying down the amount of bonded debt outstanding as indicated in the normal debt service schedule.

#### **General Fund Budget**

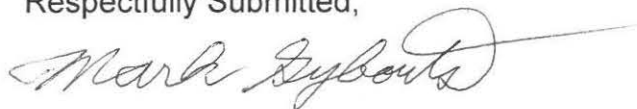
	Budget (Original)	Budget (Final)	Actual	Variance
Instruction	\$ 8,573,188	\$ 8,573,188	\$ 7,459,412	\$ 1,113,776
Support Services	6,044,638	6,044,638	5,094,107	950,531
Enterprise and community service	9,000	9,000	35	8,965
Transfer of funds	2,282,500	2,282,500	2,282,500	-
Contingency	2,763,050	2,763,050		2,763,050

**Original budget compared to final budget.** General fund budget was not amended.

**Final budget compared to actual results.** The most significant differences between estimated revenues and actual revenues were from state timber (over by \$319,344); county school funds (over by \$97,711); property taxes and related revenues (over by \$624,184); and interest on investments (under by \$99,913).

A review of actual expenditures compared to appropriations in the final budget shows cost savings that the District was able to obtain due to reduced substitute costs and unfilled positions

Respectfully Submitted,



Mark Sybouts, Business Manager

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## **FINANCIAL SECTION**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Neah-Kah-Nie School District No. 56  
Rockaway Beach, Oregon

**Report on the Financial Statements**

We have audited the accompanying modified cash financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Neah-Kah-Nie School District No. 56 (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

**Auditor's Responsibility**

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

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

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

Board of Directors  
Neah-Kah-Nie School District No. 56  
Rockaway Beach, Oregon

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in modified cash basis financial position and the budgetary comparison for the General Fund – modified cash basis for the year then ended on the basis of accounting described in Note 2.

### **Basis of Accounting**

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements, schedules required by the Oregon Department of Education, schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, introductory section and schedule of capital asset transactions and balances are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements, schedules required by the Oregon Department of Education, and schedule of expenditures of federal awards are 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 combining and individual fund financial statements, schedules required by the Oregon Department of Education, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 2.

The introductory section and schedule of capital asset transactions and balances have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Board of Directors  
Neah-Kah-Nie School District No. 56  
Rockaway Beach, Oregon

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 District's 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 the District's internal control over financial reporting and compliance.

**Other Reporting Required by Oregon State Regulations**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 30, 2021 on our consideration of the District's 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.

*Singer Lewak LLP*

December 30, 2021

By:

A handwritten signature in blue ink, appearing to read 'Brad Bingenheimer', is written over a light blue horizontal line.

Brad Bingenheimer, CPA, Partner

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## **BASIC FINANCIAL STATEMENTS**

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# NEAH-KAH-NIE SCHOOL DISTRICT NO. 56

## STATEMENT OF NET POSITION

### MODIFIED CASH BASIS

June 30, 2021

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	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 14,364,901
 Total assets	 14,364,901
<b>Liabilities</b>	
Payroll related liabilities	926,467
 Total liabilities	 926,467
<b>Net position</b>	
Restricted for:	
Student activities	307,830
Debt service	54,449
Grant programs	533,824
Food service	29,466
Capital projects	88,818
Unrestricted	12,424,047
 <b>Total net position</b>	 <b>\$ 13,438,434</b>

# NEAH-KAH-NIE SCHOOL DISTRICT NO. 56

## STATEMENT OF ACTIVITIES

### MODIFIED CASH BASIS

June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Governmental activities</b>				
Instruction	\$ 8,183,243	\$ 11,426	\$ 1,323,645	\$ (6,848,172)
Support services	6,165,820	-	-	(6,165,820)
Enterprise and community services	321,615	118	269,791	(51,706)
Facilities acquisition and construction	1,908,307	-	-	(1,908,307)
Principal on long-term obligations	1,195,000	-	-	(1,195,000)
Interest on long-term obligations	175,314	-	-	(175,314)
<b>Totals</b>	<b>\$ 17,949,299</b>	<b>\$ 11,544</b>	<b>\$ 1,593,436</b>	<b>\$ (16,344,319)</b>
<b>General revenues</b>				
Property taxes levied for:				
General purposes				10,100,399
Debt service				1,173,582
Federal forest fees				37,523
Construction excise tax				202,908
Unrestricted intermediate sources				921,145
Unrestricted state sources				3,346,537
Grants and contributions not restricted to specific programs				139,768
Unrestricted investment earnings				107,769
Miscellaneous				79,314
Total general revenues				16,108,945
Change in net position				(235,374)
Net position - beginning				13,673,808
<b>Net position - ending</b>				<b>\$ 13,438,434</b>

See notes to financial statements



**NEAH-KAH-NIE SCHOOL DISTRICT NO. 56**

**BALANCE SHEET  
MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
June 30, 2021**

	<b>General</b>	<b>Total Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 13,229,961	\$ 1,134,940	\$ 14,364,901
Due from other funds	39,249	-	39,249
	<u>39,249</u>	<u>-</u>	<u>39,249</u>
<b>Total assets</b>	<b><u>\$ 13,269,210</u></b>	<b><u>\$ 1,134,940</u></b>	<b><u>\$ 14,404,150</u></b>
<b>Liabilities and fund balances</b>			
Liabilities			
Payroll related liabilities	\$ 926,467	\$ -	\$ 926,467
Due to other funds	-	39,249	39,249
	<u>-</u>	<u>39,249</u>	<u>39,249</u>
Total liabilities	<u>926,467</u>	<u>39,249</u>	<u>965,716</u>
Fund balances			
Restricted for:			
Student activities	-	307,830	307,830
Debt service	-	54,449	54,449
Grant programs	-	533,823	533,823
Food service	-	29,466	29,466
Capital projects	-	88,818	88,818
Committed for:			
Maintenance	-	87,845	87,845
Assigned for:			
Capital projects	-	32,709	32,709
Unassigned	12,342,743	(39,249)	12,303,494
	<u>12,342,743</u>	<u>(39,249)</u>	<u>12,303,494</u>
Total fund balances	<u>12,342,743</u>	<u>1,095,691</u>	<u>13,438,434</u>
<b>Total liabilities and fund balances</b>	<b><u>\$ 13,269,210</u></b>	<b><u>\$ 1,134,940</u></b>	<b><u>\$ 14,404,150</u></b>

**NEAH-KAH-NIE SCHOOL DISTRICT NO. 56**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2021**

	<b>General</b>	<b>Total Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Property and other taxes	\$ 10,093,819	\$ 1,383,070	\$ 11,476,889
State common school fund	72,343	-	72,343
Federal and state support	3,358,573	1,541,398	4,899,971
County and intermediate	921,145	5,182	926,327
Charges for services	-	118	118
Extracurricular activities	-	11,426	11,426
Investment earnings	100,087	7,682	107,769
Other	62,229	156,853	219,082
	<u>14,608,196</u>	<u>3,105,729</u>	<u>17,713,925</u>
Total revenues			
	<u>14,608,196</u>	<u>3,105,729</u>	<u>17,713,925</u>
<b>Expenditures</b>			
Current			
Instruction	7,459,412	723,831	8,183,243
Support services	5,094,107	949,220	6,043,327
Enterprise and community	35	321,580	321,615
Capital outlay	-	2,030,800	2,030,800
Debt service	-	1,370,314	1,370,314
	<u>12,553,554</u>	<u>5,395,745</u>	<u>17,949,299</u>
Total expenditures			
	<u>12,553,554</u>	<u>5,395,745</u>	<u>17,949,299</u>
Excess (deficiency) of revenues over expenditures	<u>2,054,642</u>	<u>(2,290,016)</u>	<u>(235,374)</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	2,282,500	2,282,500
Transfers out	(2,282,500)	-	(2,282,500)
	<u>(2,282,500)</u>	<u>2,282,500</u>	<u>-</u>
Total other financing sources (uses)			
	<u>(2,282,500)</u>	<u>2,282,500</u>	<u>-</u>
Net change in fund balances	(227,858)	(7,516)	(235,374)
Fund balances at beginning of year	<u>12,570,601</u>	<u>1,103,207</u>	<u>13,673,808</u>
<b>Fund balance at end of year</b>	<b><u>\$ 12,342,743</u></b>	<b><u>\$ 1,095,691</u></b>	<b><u>\$ 13,438,434</u></b>

See notes to financial statements

**NEAH-KAH-NIE SCHOOL DISTRICT NO. 56**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**MODIFIED CASH BASIS**  
**GENERAL FUND**  
**Year Ended June 30, 2021**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
1000 Local sources			
1111 Current year's taxes	\$ 9,199,635	\$ 9,693,490	\$ 493,855
1112 Prior year's taxes	270,000	344,580	74,580
1113 County tax sales for back taxes	-	53,174	53,174
1114 Payments in lieu of property taxes	-	2,575	2,575
1510 Interest on investments	200,000	100,087	(99,913)
1910 Rentals	100	-	(100)
1960 Recovery of prior year expenditures	6,000	3,431	(2,569)
1990 Miscellaneous	75,000	58,798	(16,202)
Total 1000 Local sources	<u>9,750,735</u>	<u>10,256,135</u>	<u>505,400</u>
2000 Intermediate sources			
2101 County school funds	<u>823,434</u>	<u>921,145</u>	<u>97,711</u>
Total 2000 Intermediate sources	<u>823,434</u>	<u>921,145</u>	<u>97,711</u>
3000 State sources			
3103 Common school fund	75,000	72,343	(2,657)
3104 State timber revenue	2,914,207	3,233,551	319,344
3299 Other restricted grants-in-aid	-	87,499	87,499
Total 3000 State sources	<u>2,989,207</u>	<u>3,393,393</u>	<u>404,186</u>
4000 Federal sources			
4801 Federal forest fees	-	37,523	37,523
Total 4000 Federal sources	<u>-</u>	<u>37,523</u>	<u>37,523</u>
Total revenues	<u>13,563,376</u>	<u>14,608,196</u>	<u>1,044,820</u>
<b>Expenditures</b>			
1000 Instruction	8,573,188	7,459,412	1,113,776
2000 Support services	6,044,638	5,094,107	950,531
3000 Enterprise and community services	9,000	35	8,965
6000 Contingency	2,763,050	-	2,763,050
Total expenditures	<u>17,389,876</u>	<u>12,553,554</u>	<u>4,836,322</u>
Excess (deficiency) of revenues over expenditures	<u>(3,826,500)</u>	<u>2,054,642</u>	<u>5,881,142</u>
<b>Other financing sources (uses)</b>			
5200 Transfers of funds	<u>(2,282,500)</u>	<u>(2,282,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,282,500)</u>	<u>(2,282,500)</u>	<u>-</u>
Net change in fund balance	(6,109,000)	(227,858)	5,881,142
Fund balance at beginning of year	<u>12,609,000</u>	<u>12,570,601</u>	<u>(38,399)</u>
<b>Fund balance at end of year</b>	<b><u>\$ 6,500,000</u></b>	<b><u>\$ 12,342,743</u></b>	<b><u>\$ 5,842,743</u></b>

See notes to the financial statements

# NEAH-KAH-NIE SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1 – FINANCIAL REPORTING ENTITY

Neah-Kah-Nie School District No. 56 (the “District”) was established in 1959. The District serves students in pre-kindergarten through grade twelve.

Control of the District is vested in its board of directors who are elected to office by voters within the District. Administrative functions are delegated to individuals who report to and are responsible to the board. The chief administrative officer is the superintendent.

The accompanying financial statements present all funds and component units for which the District is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of this criteria, the District is a primary government with no includable component units.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

#### Government-wide and fund financial statements

Government-wide financial statements (the statement of net position and the statement of activities) report information on all activities of the District. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities are supported by taxes and intergovernmental revenues. The District operates only governmental activities.

The statement of activities demonstrates the degree to which the direct disbursements of a given function or activity are offset by program receipts. Direct disbursements are those that are clearly identifiable within a specific function or activity. Program receipts include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity. In addition, program receipts include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items are not properly included among program receipts are reported instead as general receipts.

Fund financial statements are also provided for all governmental funds of the District. The District’s major governmental funds are reported in separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

#### Measurement focus and basis of accounting

The government-wide financial statements are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles.

# NEAH-KAH-NIE SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Only cash (and cash equivalents) and items that involve the receipt or disbursement of cash (or cash equivalents) during the period are recognized, except for the following modifications:

- *Interfund receivables and payables* that arise from transactions and events involving cash or cash equivalents are recognized;
- *Assets that normally convert to cash or cash equivalents* (e.g., certificates of deposit, marketable investments, and receivables resulting from loans) that arise from transactions and events involving cash or cash equivalents are recognized; and
- *Liabilities for cash (or cash equivalents) held on behalf of others, held in escrow, or received in advance of being earned or meeting eligibility requirements* are recognized.

As a result of the use of this modified cash basis of accounting, certain transactions are not presented or disclosed in the financial statements (for example, revenue for billed or provided services that have not been collected in cash are not accrued as revenue or receivables). Additionally, capital assets (such as, property, equipment and infrastructure) are not recognized and long-term liabilities (such as, debt and compensated absences) are also not recognized.

The District's policy is to prepare its fund financial statements on a basis of cash receipts and disbursements. Consequentially, revenues are recognized when received and expenditures when cash is disbursed. These are special purpose frameworks other than accounting principles generally accepted. The District's policy, although not in accordance with generally accepted accounting principles, is acceptable under Oregon law (ORS 294.333), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, receipts and disbursements. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. All funds operated by the District are governmental funds.

The following major funds are reported by the District:

*General* – accounts for the financial operations of the District that are not accounted for in any other fund. Principal sources of receipts are state timber revenue and property taxes. Primary disbursements are salaries for educational and support staff.

Additionally, the District reports the following as nonmajor governmental funds:

*Food Services* – accounts for revenue and expenditures of the District's food service program. Principal revenue sources are cash sales of food and subsidies under the National School Lunch Act.

# NEAH-KAH-NIE SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

*State and Local Grants* – accounts for various programs of the district. The principal revenue source is state grants.

*Maintenance* – accounts for facilities maintenance. The principal revenue source is a transfer from the General Fund.

*Student Activities* – accounts for fund raising and student fees earmarked for co-curricular activities and projects.

*Federal Projects* – accounts for specialized education project costs and is funded from federal sources.

*Debt Service* – accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds. The principal revenue source is property taxes.

*Vehicle Replacement* – accounts for the purchase of vehicles. The principal revenue source is a transfer from the General Fund.

*Building* – accounts for building acquisitions, construction, and improvement costs and is funded by state infrastructure grants and transfers from the General Fund.

*Construction Excise Tax* – accounts for maintenance and improvements of district property. The principal revenue source is the construction excise tax.

#### Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds of the District except agency funds. The District uses the cash basis of accounting for all budgets. All annual appropriations lapse at fiscal year-end.

The District begins its budgeting process by appointing budget committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the budget committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The Board adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Disbursement appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

# NEAH-KAH-NIE SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Budget policies and budgetary control (continued)

The resolution authorizing appropriations for each fund sets the level at which disbursements cannot legally exceed appropriations. The District established the levels of budgetary control at the instruction, support services, community services, facilities acquisition, and debt service levels for all funds.

Budget amounts may be revised after budget adoption. The Board authorizes all appropriation transfers and supplemental budget appropriations.

#### Cash and cash equivalents

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

#### Investments

Investments are stated at cost, which approximates fair value.

#### Compensated absences

The District has a policy which permits employees to earn sick leave at the rate of up to twelve days per year over their working careers. The District does not compensate employees for accumulated sick leave upon termination of employment.

District licensed and classified employees earn vacation leave at rates determined by their length of employment and employment agreement. Vacation leave earned must be used or will be forfeited at year end. If an employee retires from the District, then any remaining vacation leave earned will be paid. Each full-time confidential and administrative employee earns 10 to 25 days of vacation leave each year, which has to be used with-in one year of earning the leave, otherwise any excess will be forfeited. As a result of the use of the modified cash basis of accounting, the District does not report a liability for compensated absences.

#### Property taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property and become a lien against the property as of July 1 of each year. Property taxes are payable in three installments following the lien date on November 15, February 15 and May 15 each year. As the basic financial statements are presented on the modified cash basis, uncollected property taxes are not reported. Property taxes are recorded as receipts when received.

# NEAH-KAH-NIE SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net position classification

##### *Government-wide financial statements*

Net position is classified and displayed on the government-wide financial statements in two components:

*Restricted net position* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

*Unrestricted net position* – All other net position that does not meet the definition of “restricted”.

In the government-wide financial statements, when the District has restricted and unrestricted resources available, it is the District’s policy to expend restricted resources first and then unrestricted resources as needed in determining the amounts to report as restricted – net position and unrestricted – net position.

##### *Governmental fund type financial statements*

Governmental type fund balances are reported within one of the fund balance categories below:

*Nonspendable* – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – Amounts that can be used only for specific purposes determined by a formal action of the School Board. The School Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the School Board.

*Assigned* – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The School Board has granted authority to the Business Manager and the Superintendent to assign fund balance amounts.

*Unassigned* – The residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.



# NEAH-KAH-NIE SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the governmental fund financial statements, when the District has restricted and unrestricted (committed, assigned or unassigned) resources available, it is the District's policy to expend restricted resources first. Unrestricted resources are then expended in the order of committed, assigned, and unassigned as needed, unless otherwise provided for in actions to commit or assign resources, in determining the amounts to be reported in each of the fund balance categories.

### NOTE 3 – CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents at June 30, 2021, are as follows:

Deposits with financial institutions	\$ 2,202,241
State of Oregon Local Government Investment Pool	11,995,492
Cash with county treasurer	166,831
Cash on hand	<u>337</u>
Total	<u>\$ 14,364,901</u>

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

#### Deposits with financial institutions

*Custodial Credit Risk – Deposits:* This is the risk that in the event of a bank failure, the District's deposits may not be returned. The Federal Depositary Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest-bearing accounts and the aggregate of all interest-bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2021, none of the District's bank balances were exposed to custodial credit risk as they were collateralized with securities held by the pledging financial institution's agent but not in the District's name.

# NEAH-KAH-NIE SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

#### Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the District's position in the LGIP is the same as the value of the pool shares.

*Credit Risk:* Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

*Concentration of Credit Risk:* 100% of the District's investments are in the State Treasurer's Investment Pool.

*Interest Rate Risk:* The District's policy to manage its exposure to fair-value losses arising from increases in interest rates is the District will not invest in securities having a maturity of more than 18 months from the date of purchase.

*Custodial Credit Risk – Investments:* This is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District has no investments with counterparties.

### NOTE 4 – INTERFUND TRANSACTIONS

As part of the budget preparation and adoption, the District anticipates making interfund transfers to move resources between funds to provide resources for specific disbursements that are not supported by other receipts. During the year ended June 30, 2021, the General Fund transferred \$2,282,500 to nonmajor funds.

# NEAH-KAH-NIE SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 5 – LONG-TERM OBLIGATIONS

Change in long-term obligations for the year ended June 30, 2021, were as follows:

	Balances July 1, 2020	Increases	Decreases	Balances June 30, 2021	Balances Due Within One year
Long-term debt obligations:					
General obligation bonds:					
Refunding bond series 2012	\$ 6,715,000	\$ -	\$ 1,195,000	\$ 5,520,000	\$ 1,265,000
Direct financing:					
Oregon Clean Power Cooperative	-	18,000	-	18,000	1,070
Total long-term debt obligations	<u>6,715,000</u>	<u>18,000</u>	<u>1,195,000</u>	<u>5,538,000</u>	<u>1,266,070</u>
Other long-term obligations:					
Compensated absences	55,103	29,464	55,103	29,464	29,464
Postemployment benefits	<u>172,887</u>	<u>-</u>	<u>43,833</u>	<u>129,054</u>	<u>31,765</u>
Total other long-term obligations	<u>227,990</u>	<u>29,464</u>	<u>98,936</u>	<u>158,518</u>	<u>61,229</u>
Total long-term obligations	<u><u>\$ 6,942,990</u></u>	<u><u>\$ 47,464</u></u>	<u><u>\$ 1,293,936</u></u>	<u><u>\$ 5,696,518</u></u>	<u><u>\$ 1,327,299</u></u>

#### General obligation bonds

2012 General Obligation refunding bonds – The District issued bonds in the amount of \$9,390,000 on September 20, 2012, to refund previously issued general obligation bonds. Interest on outstanding bonds is at 2.00%.

Oregon Clean Power Cooperative – As part of the installation of solar panels, the District took on a loan for \$18,000 on April 5, 2021 with interest at 5.95% due April 4, 2033.

#### Postemployment benefits - stipends

The District provides early retirement benefits to licensed personnel hired before July 1, 1993, who reach the age of 55 and have taught in the District for at least seven years. A teacher who elects this option at age 55 or later, shall receive such early retirement for seven years or until they are first eligible for Social Security benefits, whichever occurs first. The early retirement stipend paid monthly is 2% of the salary the person would have received if the person had remained as a full-time teacher in the District. The Neah-Kah-Nie Teachers Education Association Agreement Article 31(B) has established these benefits. For licensed personnel hired after July 1, 1993, and before June 30, 2010, who reach the age of 58, a \$300 per month early retirement stipend is paid. To receive the entire \$300 per month stipend, the retiree must also work 15 days for the District each fiscal year or the stipend is prorated. The cost of these benefits is financed on a pay-as-you-go-basis and is recognized as an expenditure when paid. Annual inflation adjustments are 3.50% for stipends expected beyond the expiration date of the current collective bargaining agreement. The cost of these post-employment benefits for the year ended June 30, 2021, was \$33,090. Four retirees were participants in this plan during the year ended June 30, 2021.

# NEAH-KAH-NIE SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 5 – LONG-TERM OBLIGATIONS (Continued)

Future maturities of all long-term obligations outstanding as of June 30, 2021, are as follows:

Fiscal Year	Refunding Series 2012		Oregon Clean Power Cooperative		Postemploy- ment	Totals	
	Principal	Interest	Principal	Interest	Benefits	Principal	Interest
2022	\$ 1,265,000	\$ 135,065	\$ 1,070	\$ 1,071	\$ 31,765	\$ 1,297,835	\$ 136,136
2023	1,355,000	90,915	1,134	1,007	32,559	1,388,693	91,922
2024	1,415,000	63,815	1,201	940	33,373	1,449,574	64,755
2025	1,485,000	31,400	1,273	868	31,357	1,517,630	32,268
2026	-	-	1,348	793	-	1,348	793
2027-31	-	-	8,046	2,659	-	8,046	2,659
2032-36	-	-	3,928	354	-	3,928	354
	<u>\$ 5,520,000</u>	<u>\$ 321,195</u>	<u>\$ 18,000</u>	<u>\$ 7,692</u>	<u>\$ 129,054</u>	<u>\$ 5,667,054</u>	<u>\$ 328,887</u>

### NOTE 6 – DEFINED BENEFIT PENSION PLAN

#### Plan description

Employees of the District are provided with pensions through the Oregon Public Employee Retirement Systems (OPERS).

The OPERS consists of a single cost-sharing multiple employer defined benefit pension plan. The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the pension plan's fiduciary net position. The report can be found at: [www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf](http://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf).

#### Description of benefit terms

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

#### Tier 1/Tier 2 retirement benefit (Chapter 238)

Tier 1/Tier 2 Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

## NEAH-KAH-NIE SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

---

#### **NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)**

##### *Pension benefits*

The OPERS 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 (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 benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier 2 members are eligible for full benefits at age 60.

##### *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 conditions are met:

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

##### *Disability benefits*

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

##### *Benefit changes after retirement*

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

## NEAH-KAH-NIE SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

---

#### NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

##### Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP)

##### *Pension benefits*

The OPSRP pension program provides benefits to members hired on or after August 29, 2003.

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:

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

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

##### *Death benefits*

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

##### *Disability benefits*

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

##### *Benefit changes after retirement*

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes.

##### Contributions

OPERS funding policy provides for periodic member and employer contributions at the rates established by the Public Employees Retirement Board, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2017, actuarial valuation.

Tier 1/Tier 2 employer contribution rates are 32.03% and the OPSRP employer contribution rates are 26.58% for general service employees. Employer contributions for the year ended June 30, 2021, totaled \$1,949,310.

# NEAH-KAH-NIE SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

#### Actuarial methods and assumptions used in developing contribution rates

The contribution rates (Tier 1/ Tier 2 and OPSRP) were developed based on an actuarial valuation as of December 31, 2018, using the following methods and assumptions:

Experience study report	2018, published July 24, 2019
Actuarial cost method	Entry age normal
Inflation rate	2.5%
Long-term expected rate of return	7.2%
Discount rate	7.2%
Administrative expenses – Tier 1/Tier 2	\$32.5 million per year added to normal cost
Administrative expenses – OPSRP	\$8 million per year added to normal cost
Projected salary increases	3.5%
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.015%) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<b>Healthy retirees and beneficiaries:</b> Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <b>Active members:</b> Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <b>Disabled retirees:</b> Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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

# NEAH-KAH-NIE SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

#### *UAL amortization*

The Tier 1/Tier 2 UAL amortization period was reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of projected combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 20-year period from the valuation in which they are first recognized.

The OPSRP UAL as of December 31, 2007, is amortized as a level percentage of projected combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed period 16-year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 16 years from the valuation in which they are first recognized.

### NOTE 7 – DEFINED CONTRIBUTION PLAN

#### Plan description

Individual account program (IAP) - Participants in OPERS defined benefit pension plan also participate in the defined contribution plan.

#### Pension benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the 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

The District makes the employee contributions of 6% of covered payroll to the plan. Contributions for the year ended June 30, 2021, totaled \$401,192.

#### Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.



## NEAH-KAH-NIE SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

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#### **NOTE 8 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN – OPERS RHIA**

##### Plan description

The District contributes to the Oregon PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. The RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. Contributions are mandatory for each employer that is a member of PERS.

The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the plan's fiduciary net position. The report can be found at: [www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf](http://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf)

##### Description of benefit terms

All benefits of the System are established by the legislature pursuant to Oregon Revised Statutes Chapters 238 and 238A.

The RHIA is closed to new members hired on or after August 29, 2003.

##### *Other postemployment healthcare benefits*

Eligible retired members receive a monthly healthcare benefit for life up to \$60 toward the monthly cost health insurance.

To be eligible, 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
- 3) Enroll in a OPERS-sponsored health plan

##### *Surviving spouse or dependent benefits*

A surviving spouse or dependent of a deceased retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she is receiving a retirement benefit or allowance from PERS or was insured at the time the member died and the member retired before May 1, 1991.

##### Contributions

OPERS funding policy provides for periodic member and employer contributions at the rates established by the Public Employees Retirement Board, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2018, actuarial valuation.

## NEAH-KAH-NIE SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

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#### **NOTE 8 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN – OPERS (Continued)**

##### Contributions (continued)

The District contributed 0.06% of PERS-covered salaries for Tier 1 and Tier 2 members to fund the normal cost portion of RHIA benefits. Since the funded status of the RHIA UAL is in excess of 100%, no contributions were required to fund the RHIA UAL. For the year ended June 30, 2021, the District made contributions in the amount of \$1,727 to the RHIA.

##### Actuarial valuations

Except as outlined below, the December 31, 2018, actuarial valuation used the same actuarial methods and valuation procedures to determine contribution rates as the PERS Tier 1 and Tier 2 defined benefit pension plan as discussed in Note 6.

##### *Economic assumptions*

A healthcare cost trend rate is not utilized in the actuarial valuation as statute stipulates a \$60 monthly payment for health insurance.

##### *Retiree healthcare participation assumptions*

Eligible retiring members are assumed to elect RHIA coverage 35% of the time for health retirees and 20% of the time for disabled retirees.

#### **NOTE 9 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN – DISTRICT**

##### Plan description and benefits provided

The District provides other post-employment benefits (OPEB) for employees, retirees, spouses and dependents through a single-employer defined contribution plan in the form of group health insurance benefits. The plan does not issue a separate stand-alone financial report.

##### Implicit benefits

As required by ORS 243.303(2) all retirees are allowed to continue coverage (at the retirees' expense) under the group health insurance plan, until age 65 as an other post-employment benefit. The difference between the premium actually paid by retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy.

##### Explicit benefits

In addition, the District provides early retirement benefits to licensed personnel hired before July 1, 1993, who reach the age of 55 and have taught in the District for at least seven years. The District pays the premiums for medical insurance coverage up to the maximum amount set for other employee benefits per article 30 of the collective bargaining unit.

# NEAH-KAH-NIE SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 9 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN – DISTRICT (Continued)

#### Explicit benefits (continued)

For licensed personnel hired after July 1, 1993, but before June 30, 2010, who reach the age of 58 and have taught in the District for at least seven years, the District pays \$250 per month towards medical insurance premiums. To receive the medical insurance benefit, the retiree must also work 15 days for the District each fiscal year or the benefit is prorated.

The District's maximum obligation to employees potentially eligible for benefits as of June 30, 2021, was \$495,615. The District provides for this obligation through annual appropriations. The charge to expenditures for the fiscal year ended June 30, 2021 was \$41,220. The actuarial present value of vested and non-vested accumulated benefits is not available.

### NOTE 10 – OPERATING LEASES

The District leases equipment. Lease disbursements during the year ended June 30, 2021, totaled \$42,448. As of June 30, 2021, future commitments under the leases are as follows:

Years ending June 30,

2022	\$ 42,448
2023	29,598
2024	1,170
2025	<u>390</u>
Total	<u>\$ 73,606</u>

### NOTE 11 – RISK MANAGEMENT

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

### NOTE 12 – DEFICIT FUND BALANCE

As of June 30, 2021, the Federal Projects Fund had a deficit fund balance of \$39,249. The deficit will be eliminated as the District receives reimbursement from granting agencies for amounts expended under grant programs.

**NEAH-KAH-NIE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 13 – COMMITMENTS**

The District has commitments for construction projects as of June 30, 2021, as follows:

	<u>Disbursed To Date</u>	<u>Remaining Commitment</u>
Playground shelter retaining wall	\$ –	\$ 29,714
High school parking lot addition	–	60,117
School based health center	<u>64,632</u>	<u>64,464</u>
	<u>\$ 64,632</u>	<u>\$ 154,295</u>

## **SUPPLEMENTARY INFORMATION**

	Special Revenue			
	Student Activities	Federal Projects	State and Local Grants	Maintenance
<b>Assets</b>				
Cash and cash equivalents	\$ 307,830	\$ -	\$ 533,823	\$ 87,845
<b>Total assets</b>	<b>\$ 307,830</b>	<b>\$ -</b>	<b>\$ 533,823</b>	<b>\$ 87,845</b>
<b>Liabilities and fund balances</b>				
Liabilities				
Due to other funds	\$ -	\$ 39,249	\$ -	\$ -
Total liabilities	-	39,249	-	-
<b>Fund balances</b>				
Restricted for:				
Student activities	\$ 307,830	\$ -	\$ -	\$ -
Debt service	-	-	-	-
Grant programs	-	-	533,823	-
Food service	-	-	-	-
Capital projects	-	-	-	-
Committed for:				
Maintenance	-	-	-	87,845
Assigned for:				
Capital projects	-	-	-	-
Unassigned	-	(39,249)	-	-
Total fund balances	307,830	(39,249)	533,823	87,845
<b>Total liabilities and fund balances</b>	<b>\$ 307,830</b>	<b>\$ -</b>	<b>\$ 533,823</b>	<b>\$ 87,845</b>

# NEAH-KAH-NIE SCHOOL DISTRICT NO. 56

COMBINING BALANCE SHEET

MODIFIED CASH BASIS

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2021

Capital Projects					
Food Services	Debt Service	Vehicle Replacement	Building	Construction Excise Tax	Total
\$ 29,466	\$ 54,449	\$ 27,238	\$ 5,471	\$ 88,818	\$ 1,134,940
<b>\$ 29,466</b>	<b>\$ 54,449</b>	<b>\$ 27,238</b>	<b>\$ 5,471</b>	<b>\$ 88,818</b>	<b>\$ 1,134,940</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,249
-	-	-	-	-	39,249
\$ -	\$ -	\$ -	\$ -	\$ -	307,830
-	54,449	-	-	-	54,449
-	-	-	-	-	533,823
29,466	-	-	-	-	29,466
-	-	-	-	88,818	88,818
-	-	-	-	-	87,845
-	-	27,238	5,471	-	32,709
-	-	-	-	-	(39,249)
29,466	54,449	27,238	5,471	88,818	1,095,691
<b>\$ 29,466</b>	<b>\$ 54,449</b>	<b>\$ 27,238</b>	<b>\$ 5,471</b>	<b>\$ 88,818</b>	<b>\$ 1,134,940</b>

	Special Revenue		
	Student Activities	Federal Projects	State and Local Grants
<b>Revenues</b>			
Property and other taxes	\$ -	\$ -	\$ 100
Federal and state support	-	737,489	534,118
County and intermediate	-	-	5,182
Charges for services	-	-	-
Extracurricular activities	11,371	-	55
Investment earnings	21	-	2,991
Other	88,577	-	51,599
	<u>99,969</u>	<u>737,489</u>	<u>594,045</u>
Total revenues			
	<u>99,969</u>	<u>737,489</u>	<u>594,045</u>
<b>Expenditures</b>			
Current			
Instruction	67,681	356,658	299,492
Support services	-	397,696	381,454
Enterprise and community	-	-	-
Capital outlay	-	6,175	82,072
Debt service	-	-	-
	<u>67,681</u>	<u>760,529</u>	<u>763,018</u>
Total expenditures			
	<u>67,681</u>	<u>760,529</u>	<u>763,018</u>
Excess (deficiency) of revenues over expenditures	32,288	(23,040)	(168,973)
<b>Other financing sources (uses)</b>			
Transfers in	-	-	250,000
	<u>-</u>	<u>-</u>	<u>250,000</u>
Total other financing sources (uses)			
	<u>-</u>	<u>-</u>	<u>250,000</u>
Net change in fund balances	32,288	(23,040)	81,027
Fund balances at beginning of year	275,542	(16,209)	452,796
	<u>275,542</u>	<u>(16,209)</u>	<u>452,796</u>
<b>Fund balance at end of year</b>	<b>\$ 307,830</b>	<b>\$ (39,249)</b>	<b>\$ 533,823</b>



**NEAH-KAH-NIE SCHOOL DISTRICT NO. 56**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**MODIFIED CASH BASIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2021**

<u>Special Revenue</u>			<u>Capital Projects</u>			
<u>Maintenance</u>	<u>Food Services</u>	<u>Debt Service</u>	<u>Vehicle Replacement</u>	<u>Building</u>	<u>Construction Excise Tax</u>	<u>Total</u>
\$ -	\$ -	\$ 1,180,062	\$ -	\$ -	\$ 202,908	\$ 1,383,070
-	269,791	-	-	-	-	1,541,398
-	-	-	-	-	-	5,182
-	118	-	-	-	-	118
-	-	-	-	-	-	11,426
110	-	3,716	157	3	684	7,682
15,697	980	-	-	-	-	156,853
<u>15,807</u>	<u>270,889</u>	<u>1,183,778</u>	<u>157</u>	<u>3</u>	<u>203,592</u>	<u>3,105,729</u>
-	-	-	-	-	-	723,831
170,070	-	-	-	-	-	949,220
-	321,580	-	-	-	-	321,580
5,770	-	-	28,476	1,715,445	192,862	2,030,800
-	-	1,370,314	-	-	-	1,370,314
<u>175,840</u>	<u>321,580</u>	<u>1,370,314</u>	<u>28,476</u>	<u>1,715,445</u>	<u>192,862</u>	<u>5,395,745</u>
(160,033)	(50,691)	(186,536)	(28,319)	(1,715,442)	10,730	(2,290,016)
<u>200,000</u>	<u>92,500</u>	<u>200,000</u>	<u>15,000</u>	<u>1,525,000</u>	<u>-</u>	<u>2,282,500</u>
<u>200,000</u>	<u>92,500</u>	<u>200,000</u>	<u>15,000</u>	<u>1,525,000</u>	<u>-</u>	<u>2,282,500</u>
39,967	41,809	13,464	(13,319)	(190,442)	10,730	(7,516)
47,878	(12,343)	40,985	40,557	195,913	78,088	1,103,207
<u>\$ 87,845</u>	<u>\$ 29,466</u>	<u>\$ 54,449</u>	<u>\$ 27,238</u>	<u>\$ 5,471</u>	<u>\$ 88,818</u>	<u>\$ 1,095,691</u>

**NEAH-KAH-NIE SCHOOL DISTRICT NO. 56**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**MODIFIED CASH BASIS**  
**STUDENT ACTIVITIES - SPECIAL REVENUE FUND**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
1000 Local sources			
1510 Interest on investments	\$ 400	\$ 21	\$ (379)
1700 Extracurricular activities	170,000	11,371	(158,629)
1920 Contributions and donations from private sources	100,000	88,119	(11,881)
1960 Recovery of prior year expenditures	-	300	300
1990 Miscellaneous	<u>2,000</u>	<u>158</u>	<u>(1,842)</u>
Total revenues	<u>272,400</u>	<u>99,969</u>	<u>(172,431)</u>
<b>Expenditures</b>			
1000 Instruction	<u>382,790</u>	<u>67,681</u>	<u>315,109</u>
Total expenditures	<u>382,790</u>	<u>67,681</u>	<u>315,109</u>
Net change in fund balance	(110,390)	32,288	142,678
Fund balance at beginning of year	<u>225,000</u>	<u>275,542</u>	<u>50,542</u>
<b>Fund balance at end of year</b>	<b><u>\$ 114,610</u></b>	<b><u>\$ 307,830</u></b>	<b><u>\$ 193,220</u></b>

**NEAH-KAH-NIE SCHOOL DISTRICT NO. 56**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**MODIFIED CASH BASIS**  
**FEDERAL PROJECTS - SPECIAL REVENUE FUND**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
3000 State sources			
3299 Other restricted grants-in-aid	\$ 9,100	\$ 7,260	\$ (1,840)
Total 3000 State sources	<u>9,100</u>	<u>7,260</u>	<u>(1,840)</u>
4000 Federal sources			
4500 Restricted revenue from the federal government through the state	1,282,043	479,343	(802,700)
4501 Medicaid reimbursement for eligible early intervention services	234,000	214,922	(19,078)
4700 Grants-in-aid from the federal government through other intermediate agencies	<u>30,000</u>	<u>35,964</u>	<u>5,964</u>
Total 4000 Federal sources	<u>1,546,043</u>	<u>730,229</u>	<u>(815,814)</u>
Total revenues	<u>1,555,143</u>	<u>737,489</u>	<u>(817,654)</u>
<b>Expenditures</b>			
1000 Instruction	433,139	356,658	76,481
2000 Support services	1,117,878	403,871	714,007
3000 Enterprise and community services	<u>4,126</u>	<u>-</u>	<u>4,126</u>
Total expenditures	<u>1,555,143</u>	<u>760,529</u>	<u>794,614</u>
Net change in fund balance	-	(23,040)	(23,040)
Fund balance at beginning of year	<u>-</u>	<u>(16,209)</u>	<u>(16,209)</u>
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ (39,249)</u>	<u>\$ (39,249)</u>

**NEAH-KAH-NIE SCHOOL DISTRICT NO. 56**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**MODIFIED CASH BASIS**  
**STATE AND LOCAL GRANTS - SPECIAL REVENUE FUND**  
**Year Ended June 30, 2021**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
1000 Local sources			
1112 Prior year's taxes	\$ 35	\$ 100	\$ 65
1510 Interest on investments	6,500	2,991	(3,509)
1700 Extracurricular activities	2,000	55	(1,945)
1910 Rentals	800	-	(800)
1920 Contributions and donations from private sources	102,000	51,599	(50,401)
1960 Recovery of prior year expenditures	3,000	-	(3,000)
1990 Miscellaneous	6,000	-	(6,000)
Total 1000 Local sources	<u>120,335</u>	<u>54,745</u>	<u>(65,590)</u>
2000 Intermediate sources			
2199 Other intermediate sources	1,000	-	(1,000)
2200 Restricted revenue	30,000	5,182	(24,818)
Total 2000 Intermediate sources	<u>31,000</u>	<u>5,182</u>	<u>(25,818)</u>
3000 State sources			
3199 Other unrestricted grants-in-aid	40,000	40,643	643
3299 Other restricted grants-in-aid	902,000	493,475	(408,525)
Total 3000 State sources	<u>942,000</u>	<u>534,118</u>	<u>(407,882)</u>
Total revenues	<u>1,093,335</u>	<u>594,045</u>	<u>(499,290)</u>
<b>Expenditures</b>			
1000 Instruction	652,547	299,492	353,055
2000 Support services	921,660	463,526	458,134
3000 Enterprise and community services	2,679	-	2,679
Total expenditures	<u>1,576,886</u>	<u>763,018</u>	<u>813,868</u>
Excess (deficiency) of revenues over expenditures	<u>(483,551)</u>	<u>(168,973)</u>	<u>314,578</u>
<b>Other financing sources (uses)</b>			
5200 Interfund transfers	250,000	250,000	-
Total other financing sources (uses)	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Net change in fund balance	(233,551)	81,027	314,578
Fund balance at beginning of year	398,000	452,796	54,796
<b>Fund balance at end of year</b>	<b><u>\$ 164,449</u></b>	<b><u>\$ 533,823</u></b>	<b><u>\$ 369,374</u></b>

**NEAH-KAH-NIE SCHOOL DISTRICT NO. 56**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**MODIFIED CASH BASIS**  
**MAINTENANCE - SPECIAL REVENUE FUND**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
1000 Local sources			
1510 Interest on investments	\$ 200	\$ 110	\$ (90)
1910 Rentals	-	5,000	5,000
1960 Recovery of prior year expenditures	-	8,699	8,699
1990 Miscellaneous	-	1,998	1,998
	<u>200</u>	<u>15,807</u>	<u>15,607</u>
Total revenues			
	<u>200</u>	<u>15,807</u>	<u>15,607</u>
<b>Expenditures</b>			
2000 Support services	<u>255,200</u>	<u>175,840</u>	<u>79,360</u>
Total expenditures	<u>255,200</u>	<u>175,840</u>	<u>79,360</u>
Excess (deficiency) of revenues over expenditures	<u>(255,000)</u>	<u>(160,033)</u>	<u>94,967</u>
<b>Other financing sources (uses)</b>			
5200 Interfund transfers	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balance	(55,000)	39,967	94,967
Fund balance at beginning of year	<u>55,000</u>	<u>47,878</u>	<u>(7,122)</u>
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ 87,845</u>	<u>\$ 87,845</u>

**NEAH-KAH-NIE SCHOOL DISTRICT NO. 56**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**MODIFIED CASH BASIS**  
**FOOD SERVICES - SPECIAL REVENUE FUND**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
1000 Local sources			
1610 Daily sales - reimbursable programs	\$ 50,000	\$ 118	\$ (49,882)
1920 Contributions and donations from private sources	-	50	50
1960 Recovery of prior year expenditures	-	930	930
Total 1000 Local sources	<u>50,000</u>	<u>1,098</u>	<u>(48,902)</u>
3000 State sources			
3299 Other restricted grants-in-aid	<u>3,000</u>	-	<u>(3,000)</u>
Total 3000 State sources	<u>3,000</u>	-	<u>(3,000)</u>
4000 Federal sources			
4500 Restricted revenue from the federal government through the state	<u>265,000</u>	<u>269,791</u>	<u>4,791</u>
Total 4000 Federal sources	<u>265,000</u>	<u>269,791</u>	<u>4,791</u>
Total revenues	<u>318,000</u>	<u>270,889</u>	<u>(47,111)</u>
<b>Expenditures</b>			
3000 Enterprise and community services	<u>409,928</u>	<u>321,580</u>	<u>88,348</u>
Total expenditures	<u>409,928</u>	<u>321,580</u>	<u>88,348</u>
Excess (deficiency) of revenues over expenditures	<u>(91,928)</u>	<u>(50,691)</u>	<u>41,237</u>
<b>Other financing sources (uses)</b>			
5200 Interfund transfers	<u>92,500</u>	<u>92,500</u>	-
Total other financing sources (uses)	<u>92,500</u>	<u>92,500</u>	-
Net change in fund balance	572	41,809	41,237
Fund balance at beginning of year	<u>5,000</u>	<u>(12,343)</u>	<u>(17,343)</u>
<b>Fund balance at end of year</b>	<b><u>\$ 5,572</u></b>	<b><u>\$ 29,466</u></b>	<b><u>\$ 23,894</u></b>

**NEAH-KAH-NIE SCHOOL DISTRICT NO. 56**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**MODIFIED CASH BASIS**  
**DEBT SERVICE FUND**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
1000 Local sources			
1111 Current year's taxes	\$ 1,102,715	\$ 1,132,792	\$ 30,077
1112 Prior year's taxes	28,000	40,790	12,790
1113 County tax sales for back taxes	-	6,181	6,181
1114 Payments in lieu of property taxes	-	299	299
1510 Interest on investments	<u>7,000</u>	<u>3,716</u>	<u>(3,284)</u>
 Total Revenues	<u>1,137,715</u>	<u>1,183,778</u>	<u>46,063</u>
 <b>Expenditures</b>			
5000 Debt service	<u>1,370,315</u>	<u>1,370,314</u>	<u>1</u>
 Total expenditures	<u>1,370,315</u>	<u>1,370,314</u>	<u>1</u>
 Excess (deficiency) of revenues over expenditures	<u>(232,600)</u>	<u>(186,536)</u>	<u>46,064</u>
 <b>Other financing sources (uses)</b>			
5200 Interfund transfers	<u>200,000</u>	<u>200,000</u>	<u>-</u>
 Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>-</u>
 Net change in fund balance	(32,600)	13,464	46,064
 Fund balance at beginning of year	<u>32,600</u>	<u>40,985</u>	<u>8,385</u>
 <b>Fund balance at end of year</b>	<u><b>\$ -</b></u>	<u><b>\$ 54,449</b></u>	<u><b>\$ 54,449</b></u>

**NEAH-KAH-NIE SCHOOL DISTRICT NO. 56**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**MODIFIED CASH BASIS**  
**VEHICLE REPLACEMENT - CAPITAL PROJECTS FUND**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
1000 Local sources			
1510 Interest on investments	\$ 300	\$ 157	\$ (143)
Total revenues	<u>300</u>	<u>157</u>	<u>(143)</u>
<b>Expenditures</b>			
2000 Support services	<u>45,800</u>	<u>28,476</u>	<u>17,324</u>
Total expenditures	<u>45,800</u>	<u>28,476</u>	<u>17,324</u>
Excess (deficiency) of revenues over expenditures	<u>(45,500)</u>	<u>(28,319)</u>	<u>17,181</u>
<b>Other financing sources (uses)</b>			
5200 Interfund transfers	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total other financing sources (uses)	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net change in fund balance	(30,500)	(13,319)	17,181
Fund balance at beginning of year	<u>35,500</u>	<u>40,557</u>	<u>5,057</u>
<b>Fund balance at end of year</b>	<u><b>\$ 5,000</b></u>	<u><b>\$ 27,238</b></u>	<u><b>\$ 22,238</b></u>



**NEAH-KAH-NIE SCHOOL DISTRICT NO. 56**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**MODIFIED CASH BASIS**  
**BUILDING - CAPITAL PROJECTS FUND**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
1000 Local sources			
1510 Interest on investments	\$ 2,000	\$ 3	\$ (1,997)
Total revenues	<u>2,000</u>	<u>3</u>	<u>(1,997)</u>
<b>Expenditures</b>			
4000 Facilities and community services	<u>1,727,000</u>	<u>1,715,445</u>	<u>11,555</u>
Total expenditures	<u>1,727,000</u>	<u>1,715,445</u>	<u>11,555</u>
Excess (deficiency) of revenues over expenditures	<u>(1,725,000)</u>	<u>(1,715,442)</u>	<u>9,558</u>
<b>Other financing sources (uses)</b>			
5200 Interfund transfers	<u>1,525,000</u>	<u>1,525,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,525,000</u>	<u>1,525,000</u>	<u>-</u>
Net change in fund balance	(200,000)	(190,442)	9,558
Fund balance at beginning of year	<u>200,000</u>	<u>195,913</u>	<u>(4,087)</u>
<b>Fund balance at end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 5,471</u></u>	<u><u>\$ 5,471</u></u>

**NEAH-KAH-NIE SCHOOL DISTRICT NO. 56**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**MODIFIED CASH BASIS**  
**CONSTRUCTION EXCISE TAX - CAPITAL PROJECTS FUND**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
1000 Local sources			
1130 Construction excise tax	\$ 115,000	\$ 202,908	\$ 87,908
1510 Interest on investments	<u>2,000</u>	<u>684</u>	<u>(1,316)</u>
Total revenues	<u>117,000</u>	<u>203,592</u>	<u>86,592</u>
<b>Expenditures</b>			
4000 Facilities and community services	<u>193,000</u>	<u>192,862</u>	<u>138</u>
Total expenditures	<u>193,000</u>	<u>192,862</u>	<u>138</u>
Net change in fund balance	(76,000)	10,730	86,730
Fund balance at beginning of year	<u>76,000</u>	<u>78,088</u>	<u>2,088</u>
<b>Fund balance at end of year</b>	<u><b>\$ -</b></u>	<u><b>\$ 88,818</b></u>	<u><b>\$ 88,818</b></u>

# NEAH-KAH-NIE SCHOOL DISTRICT NO. 56

## GENERAL FUND

### EXPENDITURES BY FUNCTION AND OBJECT

#### MODIFIED CASH BASIS

Year Ended June 30, 2021

	100	200	300	400	600	700	
	Salaries	Associated Payroll Costs	Purchased Services	Supplies and Materials	Other Objects	Transfers	Totals
1000 Instruction							
1111 Primary, K-3	\$ 1,316,860	\$ 908,998	\$ 46,777	\$ 19,979	\$ -	\$ -	\$ 2,292,614
1121 Middle/Junior high programs	826,649	548,491	17,328	9,696	473	-	1,402,637
1122 Middle/Junior school extracurricular	22,916	7,987	2,836	4,066	-	-	37,805
1131 High school programs	920,608	623,573	22,743	15,524	665	-	1,583,113
1132 High school extracurricular	162,859	67,433	12,617	8,574	2,510	-	253,993
1140 Pre-kindergarten programs	62,541	42,216	499	7,441	-	-	112,697
1210 Programs for talented and gifted	-	-	150	772	-	-	922
1220 Restrictive programs for students with disabilities	153,297	185,234	4,724	4,309	-	-	347,564
1227 Extended school year programs	1,925	670	-	-	-	-	2,595
1250 Resource rooms	648,637	624,906	27,084	4,967	-	-	1,305,594
1280 Alternative education	-	-	(135)	-	15,000	-	14,865
1291 English language learner - ORS 336.079	65,380	39,144	213	-	-	-	104,737
1295 English language learner - non ORS 336.079	-	-	276	-	-	-	276
Total 1000 Instruction	<u>4,181,672</u>	<u>3,048,652</u>	<u>135,112</u>	<u>75,328</u>	<u>18,648</u>	<u>-</u>	<u>7,459,412</u>
2000 Support services							
2110 Attendance and social work services	-	-	-	-	2,872	-	2,872
2113 Social work services	28,171	36,034	4,260	-	-	-	68,465
2120 Guidance services	200,150	137,849	1,670	5,028	5,477	-	350,174
2130 Health services	-	-	976	757	-	-	1,733
2140 Psychological services	-	-	1,000	-	-	-	1,000
2190 Service direction, student support services	110,857	83,682	362	215	617	-	195,733
2213 Curriculum development	699	268	-	-	-	-	967
2222 Library/media center	92,036	70,763	3,107	5,755	50	-	171,711
2223 Multimedia services	-	-	-	13,690	-	-	13,690
2230 Assessment	1,507	576	1,130	-	-	-	3,213
2240 Instructional staff development	60,254	38,574	4,846	12,648	-	-	116,322
2310 Board of education services	-	-	49,911	1,811	3,921	-	55,643
2321 Office of the superintendent services	252,677	148,598	17,082	4,375	1,983	-	424,715
2410 Office of the principal services	705,011	477,427	28,819	9,478	3,703	-	1,224,438
2490 Other support services - school administration	1,517	527	-	-	-	-	2,044
2520 Fiscal services	220,355	130,644	118,661	1,328	510	-	471,498
2542 Care and upkeep of building services	307,060	211,635	229,554	41,516	98,882	-	888,647
2543 Care and upkeep of grounds services	86,273	50,538	2,754	5,649	-	-	145,214
2552 Vehicle Operation Services	-	-	670,231	53	-	-	670,284
2626 Grant Writing	-	-	-	-	13,183	-	13,183
2630 Information Services	-	-	-	710	-	-	710
2640 Staff services	388	139	9,617	175	-	-	10,319
2661 Service Area Direction	71,679	25,211	45,624	37,295	1,515	-	181,324
2680 Interpretation and Translation Services	2,073	221	-	-	-	-	2,294
2700 Supplemental Retirement Program	33,090	44,824	-	-	-	-	77,914
Total 2000 Support services	<u>2,173,797</u>	<u>1,457,510</u>	<u>1,189,604</u>	<u>140,483</u>	<u>132,713</u>	<u>-</u>	<u>5,094,107</u>
3000 Enterprise and community services							
3300 Community Services	-	-	-	35	-	-	35
Total 3000 Enterprise and community services	<u>-</u>	<u>-</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>-</u>	<u>35</u>
5000 Other uses							
5200 Transfers of funds	-	-	-	-	-	2,282,500	2,282,500
Total 5000 Other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,282,500</u>	<u>2,282,500</u>
<b>Total General Fund</b>	<b><u>\$ 6,355,469</u></b>	<b><u>\$ 4,506,162</u></b>	<b><u>\$ 1,324,716</u></b>	<b><u>\$ 215,846</u></b>	<b><u>\$ 151,361</u></b>	<b><u>\$ 2,282,500</u></b>	<b><u>\$ 14,836,054</u></b>

**NEAH-KAH-NIE SCHOOL DISTRICT NO. 56**

**OTHER FUNDS**

**EXPENDITURES BY FUNCTION AND OBJECT**

**MODIFIED CASH BASIS**

**Year Ended June 30, 2021**

	<b>100</b>	<b>200</b>	<b>300</b>	<b>400</b>	<b>500</b>	<b>600</b>	
	<b>Salaries</b>	<b>Associated Payroll Costs</b>	<b>Purchased Services</b>	<b>Supplies and Materials</b>	<b>Capital Outlay</b>	<b>Other Objects</b>	<b>Totals</b>
<b>SPECIAL REVENUE FUNDS</b>							
1000 Instruction							
1111 Primary, K-3	\$ -	\$ -	\$ -	\$ 50,934	\$ -	\$ -	\$ 50,934
1113 Elementary extracurricular	-	-	6,811	15,054	-	140	22,005
1121 Middle/Junior high programs	20,473	14,079	716	27,673	-	6,965	69,906
1122 Middle/Junior school extracurricular	-	-	-	16,098	-	186	16,284
1131 High school programs	34,170	25,849	-	46,846	-	-	106,865
1132 High school extracurricular	3,215	1,107	11,475	13,388	-	5,159	34,344
1220 Restrictive programs for students with disabilities	74,419	57,844	-	-	-	-	132,263
1250 Resource rooms	14,182	19,724	1,677	2,800	-	-	38,383
1272 Title IA/D	98,344	71,996	-	-	-	-	170,340
1280 Alternative education	-	-	300	-	-	-	300
1291 English language learner - ORS 336.079	18,119	16,720	53	5,937	-	-	40,829
1400 Summer school programs	1,390	516	-	-	-	-	1,906
1410 Elementary	3,936	1,383	-	8,935	-	-	14,254
1430 High school	-	-	-	3,478	-	-	3,478
1490 Other summer school programs	107	36	-	21,597	-	-	21,740
Total 1000 Instruction	268,355	209,254	21,032	212,740	-	12,450	723,831
2000 Support services							
2110 Attendance and social work services	1,595	630	-	10,177	-	-	12,402
2113 Social work services	18,967	25,622	-	-	-	-	44,589
2120 Guidance services	128,142	88,757	-	1,712	-	-	218,611
2130 Health services	-	-	18,143	-	-	-	18,143
2190 Service direction, student support services	-	-	9,992	-	-	-	9,992
2222 Library/media center	-	-	-	5,919	-	-	5,919
2223 Multimedia services	-	-	-	2,249	-	-	2,249
2240 Instructional staff development	19,669	11,907	58,487	1,819	-	-	91,882
2410 Office of the principal services	1,645	653	76	1,190	-	-	3,564
2542 Care and upkeep of building services	-	-	84,532	146,379	90,535	1,594	323,040
2543 Care and upkeep of grounds services	-	-	10,721	13,251	3,482	-	27,454
2552 Vehicle operation services	-	-	160	3,060	-	-	3,220
2640 Staff services	13,755	5,107	488	1,532	-	-	20,882
2661 Service area direction	-	-	4,754	249,661	-	-	254,415
2680 Interpretation and Translation Services	6,372	503	-	-	-	-	6,875
Total 2000 Support services	190,145	133,179	187,353	436,949	94,017	1,594	1,043,237
3000 Enterprise and community services							
3100 Food services	110,988	91,410	3,522	111,746	-	3,914	321,580
Total 3000 Enterprise and community services	110,988	91,410	3,522	111,746	-	3,914	321,580
<b>Total Special Revenue Fund</b>	<b>\$ 569,488</b>	<b>\$ 433,843</b>	<b>\$ 211,907</b>	<b>\$ 761,435</b>	<b>\$ 94,017</b>	<b>\$ 17,958</b>	<b>\$ 2,088,648</b>
<b>DEBT SERVICE FUNDS</b>							
5000 Other Uses							
<b>5100 Debt service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,370,314</b>	<b>\$ 1,370,314</b>
<b>CAPITAL PROJECTS FUNDS</b>							
2000 Support services							
2552 Vehicle operation services	\$ -	\$ -	\$ -	\$ -	\$ 28,476	\$ -	\$ 28,476
Total 2000 Support services	-	-	-	-	28,476	-	28,476
4000 Facilities acquisition and construction							
4150 Building acquisition, construction and improvement services	-	-	15,527	4,353	1,885,869	2,558	1,908,307
Total 4000 Facilities acquisition and construction	-	-	15,527	4,353	1,885,869	2,558	1,908,307
<b>Total Capital Projects Funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,527</b>	<b>\$ 4,353</b>	<b>\$ 1,914,345</b>	<b>\$ 2,558</b>	<b>\$ 1,936,783</b>

# NEAH-KAH-NIE SCHOOL DISTRICT NO. 56

## REVENUE SUMMARY MODIFIED CASH BASIS Year Ended June 30, 2021

	General	Special Revenue	Debt Service	Capital Project
<b>Revenues</b>				
1000 Local sources				
1111 Current year's taxes	\$ 9,693,490	\$ -	\$ 1,132,792	\$ -
1112 Prior year's taxes	344,580	100	40,790	-
1113 County tax sales for back taxes	53,174	-	6,181	-
1114 Payments in lieu of property taxes	2,575	-	299	-
1130 Construction excise tax	-	-	-	202,908
1510 Interest on investments	100,087	3,122	3,716	844
1610 Daily sales - reimbursable	-	118	-	-
1700 Extracurricular activities	-	11,426	-	-
1910 Rentals	-	5,000	-	-
1920 Contributions and donations from private sources	-	139,768	-	-
1960 Recovery of prior year expenditures	3,431	9,929	-	-
1990 Miscellaneous	58,798	2,156	-	-
Total 1000 Local sources	<u>10,256,135</u>	<u>171,619</u>	<u>1,183,778</u>	<u>203,752</u>
2000 Intermediate sources				
2101 County school funds	921,145	-	-	-
2200 Restricted revenue	-	5,182	-	-
Total 2000 Intermediate sources	<u>921,145</u>	<u>5,182</u>	<u>-</u>	<u>-</u>
3000 State sources				
3103 Common school fund	72,343	-	-	-
3104 State timber revenue	3,233,551	-	-	-
3199 Other unrestricted grants-in-aid	-	40,643	-	-
3299 Other restricted grants-in-aid	87,499	500,735	-	-
Total 3000 State sources	<u>3,393,393</u>	<u>541,378</u>	<u>-</u>	<u>-</u>
4000 Federal sources				
4500 Restricted revenue from federal government through the state	-	749,134	-	-
4501 Medicaid reimbursement for eligible early intervention services	-	214,922	-	-
4700 Grants-in-aid from the federal government through other intermediate agencies	-	35,964	-	-
4801 Federal forest fees	37,523	-	-	-
Total 4000 Federal sources	<u>37,523</u>	<u>1,000,020</u>	<u>-</u>	<u>-</u>
5000 Other sources				
5200 Interfund transfers	-	542,500	200,000	1,540,000
5400 Resources - beginning fund balance	12,570,601	747,664	40,985	314,558
Total 5000 Other sources	<u>12,570,601</u>	<u>1,290,164</u>	<u>240,985</u>	<u>1,854,558</u>
<b>Total revenues</b>	<b><u>\$ 27,178,797</u></b>	<b><u>\$ 3,008,363</u></b>	<b><u>\$ 1,424,763</u></b>	<b><u>\$ 2,058,310</u></b>

# NEAH-KAH-NIE SCHOOL DISTRICT NO. 56

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

### SPECIAL REVENUE FUNDS

Year Ended June 30, 2021

<b>Federal Grant/Passthrough Grantor/Title or Cluster</b>	<b>Federal CFDA No.</b>	<b>Grant Year/Identifying Number</b>	<b>Grant Amount</b>	<b>Receipts</b>	<b>Disbursements</b>
<b>Special Revenue Funds</b>					
<b>DEPARTMENT OF AGRICULTURE</b>					
<i>Passed through the Oregon Department of Education</i>					
School Breakfast Program	10.553	2914001	\$ 114,757	\$ 75,807	\$ 75,807
COVID-19 School Breakfast Program	10.553	2914001	34,012	18,843	18,843
National School Lunch Program	10.555	2020-21	135,493	125,507	125,507
COVID-19 National School Lunch Program	10.555	2914001	54,110	29,978	29,978
Donated Commodity	10.555	2020-21	19,656	19,656	19,656
Total Department of Agriculture			358,028	269,791	269,791
<b>DEPARTMENT OF EDUCATION</b>					
<i>Passed through the Oregon Department of Education</i>					
Title I Grants to Local Education Agencies	84.010	53320	228,462	23,514	23,460
Title I Grants to Local Education Agencies	84.010	50439	254,782	19,495	19,495
Title I Grants to Local Education Agencies	84.010	58316	212,332	171,913	171,972
Improving Teacher Quality State Grants	84.367	58808	29,511	22,727	29,511
Student Support and Academic Enrichment Program	84.424	58619	16,823	15,138	15,683
Student Support and Academic Enrichment Program	84.424	54572	19,509	13,309	9,258
Special Education - Grants to States (IDEA, Part B)	84.027	60704	126,638	101,688	101,737
Special Education - Grants to States (IDEA, Part B)	84.027	53871	122,887	28,521	28,478
Special Education - Grants to States (IDEA, Part B)	84.027	56702	2,049	2,049	2,049
Special Education - Preschool Grant	84.173	54032	2,494	1,162	1,162
Special Education - Preschool Grant	84.173	50142	2,153	324	324
COVID-19 Governor's Emergency Education Relief	84.425C	60991	131,079	118,398	118,398
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	57863	188,077	150,442	158,471
COVID-19 Elementary and Secondary School Emergency Relief II	84.425D	64633	693,575	25,585	35,543
<i>Passed through Tillamook County School District No. 9</i>					
Career and Technical Education - Basic Grants to States	84.048A		9,138	9,138	9,138
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126		28,378	26,826	28,216
Total Department of Education			2,067,887	730,229	752,895
Total Special Revenue Funds			2,425,915	1,000,020	1,022,686
<b>Total</b>			<b>\$ 2,425,915</b>	<b>\$ 1,000,020</b>	<b>\$ 1,022,686</b>

This schedule differs from the Revenue Summary because the District received \$37,523 reported as Federal Forest Fees; however, those amounts are not considered federal awards for purposes of reporting under the Single Audit Act.

**NEAH-KAH-NIE SCHOOL DISTRICT NO. 56**  
**SUPPLEMENTAL INFORMATION - FORM 3211-C**  
**AS REQUIRED BY THE OREGON DEPARTMENT OF EDUCATION**  
**Year Ended June 30, 2021**

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**A. Energy Bill for Heating - All Funds:**

Please enter your expenditures for electricity,  
heating fuel, and water & sewage for these  
Functions & Objects.

		Object 325 & 326 & *327
Function 2540	\$	181,274
Function 2550	\$	-

**B. Replacement of Equipment - General Fund:**

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

\$ -

Exclude these functions:

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

*\* Object code 327 (water and sewage) has been added to Part A to be included in the Function 2540 and 2550 totals.*

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## **OTHER INFORMATION**

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**NEAH-KAH-NIE SCHOOL DISTRICT NO. 56**  
**SCHEDULE OF CAPITAL ASSET TRANSACTIONS AND BALANCES**  
Year Ended June 30, 2021

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2021</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 1,321,493	\$ -	\$ -	\$ 1,321,493
Construction in progress	<u>131,717</u>	<u>64,632</u>	<u>(131,717)</u>	<u>64,632</u>
<b>Total capital assets not being depreciated</b>	<b><u>\$ 1,453,210</u></b>	<b><u>\$ 64,632</u></b>	<b><u>\$ (131,717)</u></b>	<b><u>\$ 1,386,125</u></b>
Capital assets being depreciated				
Land improvements	\$ 3,466,435	\$ -	\$ -	\$ 3,466,435
Buildings	41,022,955	1,928,362	(19,400)	42,931,917
Equipment	<u>1,786,741</u>	<u>147,083</u>	<u>(17,836)</u>	<u>1,915,988</u>
Total capital assets being depreciated	<u>46,276,131</u>	<u>2,075,445</u>	<u>(37,236)</u>	<u>48,314,340</u>
Less accumulated depreciation				
Land improvements	(568,847)	(93,692)	-	(662,539)
Buildings	(17,323,733)	(820,355)	7,679	(18,136,409)
Equipment	<u>(1,335,957)</u>	<u>(65,193)</u>	<u>12,857</u>	<u>(1,388,293)</u>
Total accumulated depreciation	<u>(19,228,537)</u>	<u>(979,240)</u>	<u>20,536</u>	<u>(20,187,241)</u>
<b>Total capital assets being depreciated</b>	<b><u>\$ 27,047,594</u></b>	<b><u>\$ 1,096,205</u></b>	<b><u>\$ (16,700)</u></b>	<b><u>\$ 28,127,099</u></b>

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## **COMPLIANCE SECTION**

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

Board of Directors  
Neah-Kah-Nie School District No. 56  
Rockaway Beach, Oregon

We have audited the basic financial statements of the Neah-Kah-Nie School District No. 56 (the "District") as of and for the year ended June 30, 2021, and have issued our report thereon dated December 30, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the 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 162-10-0000 through 162-10-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial 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)

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-0000 through 162-10-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Board of Directors  
Neah-Kah-Nie School District No. 56  
Rockaway Beach, Oregon  
Independent Auditor's Report Required by  
Oregon State Regulations

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

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

**Restriction on Use**

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

*Singer Lewak LLP*

December 30, 2021

By:



Bradley G. Bingenheimer, CPA, Partner



**INDEPENDENT AUDITOR'S 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**

Board of Directors  
Neah-Kah-Nie School District No. 56  
Rockaway Beach, Oregon

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 Neah-Kah-Nie School District No. 56 (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 30, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's 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 District's 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors  
Neah-Kah-Nie School District No. 56  
Rockaway Beach, Oregon  
Independent Auditor's 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*

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Singer Lewak LLP*

December 30, 2021

By:



Brad Bingenheimer, CPA, Partner

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

Board of Directors  
Neah-Kah-Nie School District No. 56  
Rockaway Beach, Oregon

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

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

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

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

Board of Directors  
Neah-Kah-Nie School District No. 56  
Rockaway Beach, Oregon  
Independent Auditor's Report on Compliance for Each Major Federal  
Program and Report on Internal Control over Compliance Required  
by the Uniform Guidance

### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Singer Lewak LLP*

December 30, 2021

By:



Brad Bingenheimer, CPA, Partner

# NEAH-KAH-NIE SCHOOL DISTRICT NO. 56

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

### SECTION I – SUMMARY OF AUDITOR'S RESULTS

#### Financial Statements

Type of auditor's report issued on modified cash basis financial statements: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

#### Federal Awards

Type of auditor's report issued on compliance for major federal programs: Unmodified

Internal control over major federal programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

<u>CFDA No.</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
84.425C, 84.425D	Education Stabilization Fund

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

Auditee qualifies as low-risk auditee? No

### SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

**NEAH-KAH-NIE SCHOOL DISTRICT NO. 56**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2021**

<b>Federal Grantor/Passthrough Grantor/Title or Cluster</b>	<b>Federal CFDA No.</b>	<b>Passthrough Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>DEPARTMENT OF AGRICULTURE</b>			
<i>Passed through the Oregon Department of Education</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	2020-21	\$ 75,807
COVID-19 School Breakfast Program	10.553	2914001	18,843
National School Lunch Program	10.555	2020-21	125,507
COVID-19 School Lunch Program	10.555	2914001	29,978
Donated Commodity	10.555	2020-21	<u>19,656</u>
Total Department of Agriculture			<u>269,791</u>
<b>DEPARTMENT OF EDUCATION</b>			
<i>Passed through the Oregon Department of Education</i>			
Title I Grants to Local Education Agencies	84.010	53320	23,460
Title I Grants to Local Education Agencies	84.010	50439	19,495
Title I Grants to Local Education Agencies	84.010	58316	<u>171,972</u>
Total Title I Grants to Local Education Agencies			214,927
Improving Teacher Quality State Grants	84.367	58808	29,511
Student Support and Academic Enrichment Program	84.424	58619	15,683
Student Support and Academic Enrichment Program	84.424	54572	<u>9,258</u>
Total Student Support and Academic Enrichment Program			24,941
COVID-19 Governor's Emergency Education Relief	84.425C	60991	118,398
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	57863	158,471
COVID-19 Elementary and Secondary School Emergency Relief II	84.425D	64633	<u>35,543</u>
Total Education Stabilization Fund			312,412
Special Education Cluster (IDEA)			
Special Education - Grants to States (IDEA, Part B)	84.027	60704	101,737
Special Education - Grants to States (IDEA, Part B)	84.027	53871	28,478
Special Education - Grants to States (IDEA, Part B)	84.027	56702	2,049
Special Education - Preschool Grant	84.173	54032	1,162
Special Education - Preschool Grant	84.173	50142	<u>324</u>
Total Special Education Cluster (IDEA)			133,750
<i>Passed through Tillamook County School District No. 9</i>			
Career and Technical Education - Basic Grants to States	84.048A		9,138
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126		<u>28,216</u>
Total Department of Education			<u>752,895</u>
<b>Total expenditures of federal awards</b>			<b><u>\$ 1,022,686</u></b>

**NEAH-KAH-NIE SCHOOL DISTRICT NO. 56**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2021**

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Neah-Kah-Nie School District No. 56 (the "District") under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the 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 of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The District has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 – NONCASH DISBURSEMENTS OF FEDERAL AWARDS**

Noncash assistance is reported in the schedule at the fair value of the commodities received and disbursed. During the year, the District received USDA commodities in the amount of \$19,656.