

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

Financial Statements,
Supplementary Information,
and Other Schedules

Year Ended June 30, 2021

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

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Multnomah County, Oregon

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CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

OFFICIALS OF THE DISTRICT

JUNE 30, 2021

BOARD OF DIRECTORS

MICHELLE VO - CHAIR	June 30, 2021
DAVID GORMAN - VICE-CHAIR	June 30, 2021
REBECCA BRATTON	June 30, 2021
BOB BUTTKE	June 30, 2021
KATEY KINNEAR	June 30, 2023
TODD MICKALSON	June 30, 2021
TODD REDFERN	June 30, 2023

All board members receive mail at the address below.

ADMINISTRATION

Dan Wold, Interim Superintendent

35800 E Historic Columbia River Hwy
Corbett, OR 97019

INDEPENDENT AUDITOR'S REPORT



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150 Portland, OR 97224
P 503.274.2849 F 503.274.2853 www.tkw.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Corbett School District No. 39
Corbett, Oregon

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Corbett School District No. 39, Multnomah County, Oregon, (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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major funds, and the aggregate remaining fund information of the District as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)

Board of Directors
Corbett School District No. 39

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the budgetary comparison information for the General Fund, Federal Program Fund, and Student Investment Account Fund, Schedule of the Proportionate Share of Net Pension Liability (Asset) - Oregon Public Employees Retirement System, Schedule of Pension Contributions - Oregon Public Employees Retirement System, Schedule of the Proportionate Share of Net OPEB Liability (Asset) - Oregon Public Employees Retirement System, Schedule of OPEB Contributions - Oregon Public Employees Retirement System, Schedule of Changes in Total OPEB Liability and Related Ratios - Implicit Rate Subsidy, and Notes to Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. As listed in the Table of Contents, the Other Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Other Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Schedules

The Other Schedules, as listed in the Table of Contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

INDEPENDENT AUDITOR'S REPORT (Continued)

Board of Directors
Corbett School District No. 39

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated February 28, 2022, 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.

TALBOT, KORVOLA & WARWICK, LLP

By 
Timothy R. Gillette, Partner

Portland Oregon
February 28, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

As management of Corbett School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. The analysis focuses on significant financial issues, major financial activities, and resulting changes in financial position, budget variances and specific issues related to funds and the economic factors affecting the District. Please read it in conjunction with the District's financial statements, which follows this discussion and analysis.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the liabilities and deferred inflows of the District exceeded its assets and deferred outflows at June 30, 2021 by \$3.26 million. Of the total amount, \$5.90 million is invested in capital assets net of related debt, \$774 thousand is restricted for student activities, federal and state grants, food service, energy projects, debt service and other post-employment benefits, and the remainder is an unrestricted net deficit of \$9.93 million.
- The District's ending net position decreased by \$2.01 million.
- The District's governmental funds show a combined ending fund balance of \$5.27 million, an increase of \$416 thousand from prior year. Approximately 72.2% of the total amount, \$3.81 million, is restricted for student activities, energy projects, and debt service, 23.7%, \$1.25 million, is assigned for appropriations related to next year's budget, and 3.0%, \$160 thousand, is unassigned. The remaining amount is non-spendable.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

These statements present information on the District's finances in a manner similar to private sector businesses. One of the most important questions asked about the District is, "Is the District as a whole better off or worse off financially as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information on the District in a way that helps answer this question and presents a longer-term view of the District's finances. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position shows the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. All capital assets and long-term liabilities, and general government functions, are shown in the Statement of Net Position.

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

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

In both statements, the District's activities are shown in one category as governmental activities. The governmental activities of the District include services related to K-12 education. These activities are primarily supported through property taxes, Oregon's State School Fund, and other intergovernmental revenues.

FUND FINANCIAL STATEMENTS

Fund financial statements tell how the District financed services in the short-term as well as what remains for future spending. They also may give the reader some insights into the District's overall financial health. Fund financial statements report the District's operations in more detail than the government-wide financial statements by providing information about the District's most significant fund, the general fund.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds for the District are categorized as governmental funds.

Governmental funds account for the same functions as are reported as governmental activities in the government-wide financial statements. The governmental fund reporting focuses on how money flows in and out of funds and the balances left at year end that are available for spending. They are reported using the accounting method called "modified accrual" accounting, which measures cash and all other financial assets that can be readily converted to cash. This information is essential for preparation of and compliance with annual budgets.

We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations following the government statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by \$3.26 million at the close of the most recent fiscal year.

	Net Position			
	At June 30, 2021 and 2020			
	Governmental Activities		Increase (Decrease)	Percent Change
June 30, 2021	June 30, 2020			
Assets				
Current and other assets	\$ 7,477,785	\$ 6,122,208	\$ 1,355,577	22.1%
Capital assets	8,715,633	8,651,275	64,358	0.7%
Total assets	<u>16,193,418</u>	<u>14,773,483</u>	<u>1,419,935</u>	9.6%
Deferred outflows of resources	<u>5,513,225</u>	<u>5,002,845</u>	<u>510,380</u>	10.2%
Liabilities				
Current liabilities	2,204,863	1,594,256	610,607	38.3%
Long-term liabilities	<u>21,488,790</u>	<u>18,471,145</u>	<u>3,017,645</u>	16.3%
Total liabilities	<u>23,693,653</u>	<u>20,065,401</u>	<u>3,628,252</u>	18.1%
Deferred inflows of resources	<u>1,271,677</u>	<u>958,577</u>	<u>313,100</u>	32.7%
Net position				
Net investment in capital assets	5,900,710	6,017,964	(117,254)	-1.9%
Restricted	774,090	693,566	80,524	11.6%
Unrestricted	<u>(9,933,487)</u>	<u>(7,959,180)</u>	<u>(1,974,307)</u>	-24.8%
Total net position	<u><u>\$(3,258,687)</u></u>	<u><u>\$(1,247,650)</u></u>	<u><u>\$(2,011,037)</u></u>	-161.2%

A significant portion of the District's net position reflects its net investment in capital assets (e.g., buildings, vehicles, and equipment.) The District uses capital assets to provide services to students and other District residents, consequently, these assets are not available for future spending. The next category of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining deficit of \$9.93 million is unrestricted.

The District issued \$4 million of General Obligation Bonds in April 2021 to refund the 2020 Full Faith and Credit Bonds and for planned improvements for the Woodard property and existing school facilities, as approved by voters in November 2020. This increased the District's cash balance and long-term liability significantly.

The changes in deferred outflows of resources and the increase in deferred inflows of resources is attributable to changes in the Oregon Public Employees Retirement System (PERS) and Other Post-Employment Benefit (OPEB) liabilities.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental activities decreased the District's net position by \$2.01 million in the current the fiscal year.

	Changes in Net Position For the Years Ended June 30, 2021 and 2020			
	Governmental Activities		Increase (Decrease)	Percent Change
	June 30, 2021	June 30, 2020		
Revenues				
Program revenues				
Charges for services	\$ 71,424	\$ 383,838	\$ (312,414)	-81.4%
Operating grants and contributions	1,724,582	1,028,282	696,300	67.7%
Capital grants and contributions	-	655,034	(655,034)	-100.0%
General revenues				
Property taxes	1,927,901	1,831,155	96,746	5.3%
State School Fund	9,933,199	10,132,700	(199,501)	-2.0%
Common School Fund	138,487	127,146	11,341	8.9%
Unrestricted intermediate and local sources	314,366	341,389	(27,023)	-7.9%
Earnings on investments	41,295	74,521	(33,226)	-44.6%
Total revenues	<u>14,151,254</u>	<u>14,574,065</u>	<u>(422,811)</u>	-2.9%
Expenses				
Instruction	10,205,268	10,410,249	(204,981)	-2.0%
Support Services	5,516,272	4,662,034	854,238	18.3%
Enterprise and community services	293,791	319,146	(25,355)	-7.9%
Facilities acquisition and construction	-	160,421	(160,421)	-100.0%
Interest on long-term debt	146,960	120,212	26,748	22.3%
Total expenses	<u>16,162,291</u>	<u>15,672,062</u>	<u>490,229</u>	3.1%
Change in net position	<u>(2,011,037)</u>	<u>(1,097,997)</u>	<u>(913,040)</u>	-83.2%
Net position - Beginning	<u>(1,247,650)</u>	<u>(149,653)</u>	<u>(1,097,997)</u>	
Net position - Ending	<u><u>\$ (3,258,687)</u></u>	<u><u>\$ (1,247,650)</u></u>	<u><u>\$ (2,011,037)</u></u>	

The decrease in revenues from Charges for Services is due to COVID-19 distance-learning and the increase in Operating grants and contributions reflect Student Investment Act funding that began to provide for defined initiatives in 2020-21.

Capital grants decreased, reflecting that prior-year funding was one-time money for the high school seismic retrofit project that was completed in 2019-20.

State School Fund revenues decreased as property tax revenues increased, when the district's resident student attendance decreases, when prior year adjustments are applied, and when changes are made to the funding formula.

Instruction expense decreased and Support services expense increased, reflecting a shift of resources to additional support for students during implementation of COVID-19 distance-learning requirements during most of the 2020-21 year, and the gradual shift back to in-person learning that took place in the spring of 2021.

Facilities construction expense decreased reflecting the completion of the HS project in the prior year.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

YEAR ENDED JUNE 30, 2021

FUND FINANCIAL ANALYSIS

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unassigned fund balance measures the District's net resources available for appropriation in the next fiscal year. As of June 30, 2021, total fund balance of the governmental funds was \$5.27 million, of which \$160 thousand was unassigned. These amounts are available to use, in accordance with applicable restrictions on the nature of the expenditures.

The General Fund's ending fund balance decreased by \$185 thousand to \$4.50 million during fiscal year 2020-21. Of this balance, \$431 thousand is unassigned.

The Federal Programs Fund expenditures increased due to COVID-19 relief grants during the fiscal year.

The Student Investment Account Fund is a new fund to record the activities financed by the Student Success Act to meet students' mental or behavioral health needs and to increase academic achievement. The grant award for 2020-21 was spent in its entirety; there is no fund balance.

The Capital Improvements Fund was repurposed in 2020-21 to account for the general obligation bonds issued in April 2021. The fund received the net proceeds of the bonds, and capital project expenses were recorded to it. The ending balance of \$899 thousand is restricted for capital projects.

BUDGETARY HIGHLIGHTS FOR THE GENERAL FUND

The Adopted Budget was amended twice during the fiscal year, adding \$843 thousand authorized general fund expenditure capacity to the adopted amount of \$15.69 million, for a total of \$16.53 million, to authorize prepayment of the 2020 Full Faith and Credit Obligation with the proceeds of the 2021 General Obligation Bond, to reflect audited financial ending fund balances from prior year, and to increase the support services budget for the year.

Exclusive of contingency, which was not spent, and debt service that was paid from another fund, in fiscal year 2020-21 the District overspent the final general fund budget by more than \$43.1 thousand.

CAPITAL ASSETS

At June 30, 2021, the District had \$8.71 million invested in broad range of capital assets including land, building, equipment, and vehicles. The changes in capital assets for the current fiscal year are due to the depreciation of capital assets, the purchase of a bus and a van, and work on the Woodard property which began in July 2020 and is not yet complete. Further information about capital assets may be found in Note 4.

DEBT ADMINISTRATION

As of June 30, 2021, the District had \$6.03 million in long-term debt. The district's debt consists of General Obligation Bond (2021), Certificates of Participation (2012), a QSCB Loan (2012), a SELP Loan from the Oregon Department of Energy (2012), five bus loans, and a land loan. Further information about long-term debt may be found in Note 5.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

YEAR ENDED JUNE 30, 2021

ECONOMIC FACTORS

The District derives about 75 percent of its General Fund revenues from the State School Fund via its funding distribution formula. Property taxes account for more than 14 percent.

State School Fund money derives partly from biennial appropriation made by the state legislature, and partly from the aggregate of the local permanent rate property taxes from school districts across the state. The biennial state budget and the legislative appropriation are highly dependent upon state income tax revenue. The outlook for the state economy is a leading indicator for the health of these revenues.

Oregon State Economy - In June of 2021, Oregon's unemployment rate fell to 5.6 percent from April 2020's high of 13.2 percent. 5.6 percent represents the lowest unemployment rate since the COVID-19 pandemic began. (Source: US Bureau of Labor Statistics, Unemployment Data)

Approximately 81 thousand jobs were gained over the past year in the state, contributing to a total workforce increase of 4.5 percent from June 2020 to June 2021. The Leisure & Hospitality sector experienced the greatest percentage gains, with 17 thousand jobs gained, representing 11.5 percent of the total year-over-year job increases. (Source: US Bureau of Labor Statistics, Oregon Economy at a Glance)

Local Economy - Portland and the surrounding metropolitan area have a widely-diversified economy. Portland's centralized location and excellent transportation facilities have established the area as a major distribution point on the West Coast for wholesale trade and high-tech exports. During 2020-21, Education, Health Services, and Hospitality accounted for 25.0 percent of the city's economy while the Trades, Transportation and Utilities made up another 19.5 percent.

Located 30 miles east of Portland, in the scenic Columbia River Gorge, and adjacent to Interstate 84, the District encompasses roughly 134 square miles and serves approximately 1,100 students. The District is recognized as one of the highest-performing school districts in Oregon and enjoys high demand for enrollment from non-resident students who wish to attend. Approximately 45% of the District's enrollment is made up on non-resident students; the District offers limited lottery slots.

2021-22 BUDGET

The Adopted budget for 2021-2022 has total expenditure appropriations of \$26.4 million, including \$14.9 million in the general fund and \$7.2 million in the bond and matching grant funds.

The 2021-2022 budget was adopted as the impact of COVID-19 had been felt upon Oregon schools for more than a year. The necessity to transition as-needed between in-person-instruction to fully-remote Comprehensive Distance Learning models on a grade-level basis was anticipated to continue to affect the number and attendance of registered students in the district, and increase the need for support services. The Adopted budget anticipated a beginning fund balance of \$6.0 million.

The District issued \$4 million general obligation bonds in April 2021, and was awarded a matching state grant. Bond and grant proceeds will pay for the construction of school facilities, and other authorized uses.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

YEAR ENDED JUNE 30, 2021

REQUESTS FOR INFORMATION

Our financial report is designed to provide our taxpayers, parents, teachers, students, investors, and creditors with an overview of the District's finances. If you have any questions about this report or need any clarification of information, please contact the District at:

Business Office, Corbett School District
35800 E. Historic Columbia River Highway
Corbett, Oregon 97019
busmgr@corbett.k12.or.us

BASIC FINANCIAL STATEMENTS

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

STATEMENT OF NET POSITION

JUNE 30, 2021

	<u>Governmental Activities</u>
ASSETS:	
Current assets:	
Cash and investments	\$ 5,197,497
Cash held by county	6,794
Receivables	1,600,393
Inventory	8,879
Prepays	46,342
Total current assets	<u>6,859,905</u>
Noncurrent assets:	
Deposits held by fiscal agent	526,283
Net other postemployment benefits asset	91,597
Capital assets:	
Not being depreciated	818,915
Being depreciated, net of accumulated depreciation	7,896,718
TOTAL ASSETS	<u>16,193,418</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows related to pensions	5,422,348
Deferred outflows related to other postemployment benefits	90,877
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>5,513,225</u>
LIABILITIES:	
Current liabilities:	
Payables	685,267
Accrued payroll	1,026,915
Accrued interest payable	22,554
Long-term debt, due within one year	470,127
Total current liabilities	<u>2,204,863</u>
Noncurrent liabilities:	
Long-term debt, due after one year	5,562,755
Net pension liability	15,583,797
Total other postemployment benefits liability	342,238
TOTAL LIABILITIES	<u>23,693,653</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows related to pensions	1,257,367
Deferred inflows related to other postemployment benefits	14,310
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,271,677</u>
NET POSITION:	
Net investment in capital assets	5,900,710
Restricted for	
Student activities	106,493
Federal and state programs	7,656
Food service	19,022
Energy projects	23,039
Debt service	526,283
Other postemployment benefits	91,597
Unrestricted	(9,933,487)
TOTAL NET POSITION	<u><u>\$ (3,258,687)</u></u>

The notes to the basic financial statements are an integral part of this statement.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

STATEMENT OF ACTIVITIES**YEAR ENDED JUNE 30, 2021**

FUNCTIONS/PROGRAMS	Expense	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
Instruction	\$ 10,205,268	\$ 66,776	\$ 1,269,828	\$ (8,868,664)
Support Services	5,516,272	-	253,902	(5,262,370)
Enterprise and community services	293,791	4,648	156,831	(132,312)
Interest on long-term debt	146,960	-	44,021	(102,939)
TOTALS	\$ 16,162,291	\$ 71,424	\$ 1,724,582	(14,366,285)
GENERAL REVENUES				
				1,927,901
Property taxes				9,933,199
State School Fund				138,487
Common School Fund				314,366
Unrestricted intermediate and local sources				41,295
Earnings on investments				
TOTAL GENERAL REVENUES				12,355,248
CHANGE IN NET POSITION				(2,011,037)
NET POSITION - BEGINNING				(1,247,650)
NET POSITION - ENDING				\$ (3,258,687)

The notes to the basic financial statements are an integral part of this statement.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

BALANCE SHEET**GOVERNMENTAL FUNDS****JUNE 30, 2021**

	General Fund	Federal Programs Fund	Student Investment Account Fund	Capital Improvement Fund	Non-Major Governmental Funds	Total
ASSETS						
Cash and investments	\$ 4,076,129	\$ -	\$ -	\$ 978,903	\$ 142,465	\$ 5,197,497
Cash held by county	6,794	-	-	-	-	6,794
Accounts receivable	873,184	361,123	293,516	-	19,036	1,546,859
Property taxes receivable	53,534	-	-	-	-	53,534
Due from other funds	646,983	-	-	-	-	646,983
Inventory	-	-	-	-	8,879	8,879
Prepays	46,342	-	-	-	-	46,342
Deposits held by fiscal agent	526,283	-	-	-	-	526,283
TOTAL ASSETS	\$ 6,229,249	\$ 361,123	\$ 293,516	\$ 978,903	\$ 170,380	\$ 8,033,171
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 592,671	\$ -	\$ -	\$ 79,649	\$ 12,947	\$ 685,267
Accrued payroll	1,026,915	-	-	-	-	1,026,915
Due to other funds	-	353,467	293,516	-	-	646,983
TOTAL LIABILITIES	1,619,586	353,467	293,516	79,649	12,947	2,359,165
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	43,543	-	-	-	-	43,543
Unavailable revenue - other	61,619	278,213	-	-	19,022	358,854
TOTAL DEFERRED INFLOWS OF RESOURCES	105,162	278,213	-	-	19,022	402,397
Nonspendable:						
Inventory	-	-	-	-	8,879	8,879
Prepays	46,342	-	-	-	-	46,342
Restricted:						
Student activities	-	-	-	-	106,493	106,493
Energy projects	-	-	-	-	23,039	23,039
Capital projects	2,253,074	-	-	899,254	-	3,152,328
Debt service	526,283	-	-	-	-	526,283
Assigned:						
Subsequent year's budget appropriation of fund balance	1,248,087	-	-	-	-	1,248,087
Unassigned	430,715	(270,557)	-	-	-	160,158
TOTAL FUND BALANCES	4,504,501	(270,557)	-	899,254	138,411	5,271,609
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 6,229,249	\$ 361,123	\$ 293,516	\$ 978,903	\$ 170,380	\$ 8,033,171

The notes to the basic financial statements are an integral part of this statement.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION**

JUNE 30, 2021

FUND BALANCES			\$ 5,271,609
Capital assets are not financial resources and therefore are not reported in the governmental funds:			
Cost, net of retirements	\$ 15,456,934		
Accumulated depreciation, net of retirements	<u>(6,741,301)</u>	8,715,633	
Certain assets and deferred outflows are not available to pay for current-period expenditures and, therefore, are not reported in the governmental funds:			
Net OPEB asset	91,597		
Deferred outflows related to pension	5,422,348		
Deferred outflows related to OPEB	90,877	5,604,822	
Liabilities not payable in the current year and deferred inflows not realized in the current year are not reported as governmental fund liabilities. These liabilities and deferred inflows consist of:			
Accrued interest payable	(22,554)		
Long-term debt	(6,032,882)		
Net pension liability	(15,583,797)		
Total OPEB liability	(342,238)		
Deferred inflows related to pension	(1,257,367)		
Deferred inflows related to OPEB	(14,310)	(23,253,148)	
A portion of the District's revenues are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.			<u>402,397</u>
TOTAL NET POSITION			<u>\$ (3,258,687)</u>

The notes to the basic financial statements are an integral part of this statement.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**STATEMENT OF REVENUES, EXPENDITURES,
OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE**

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2021

	General Fund	Federal Programs Fund	Student Investment Account Fund	Capital Improvement Fund	Non-Major Governmental Funds	Total
REVENUES						
Local sources:						
Property taxes	\$ 1,930,112	\$ -	\$ -	\$ -	\$ -	\$ 1,930,112
Charges for services	23,910	-	-	-	47,607	71,517
Earnings on investments	41,295	-	-	-	-	41,295
Other	54,504	-	-	-	31,319	85,823
Intermediate sources	202,439	-	-	-	-	202,439
State sources	10,870,120	-	293,516	-	2,197	11,165,833
Federal sources	89,778	73,163	-	-	134,651	297,592
TOTAL REVENUES	13,212,158	73,163	293,516	-	215,774	13,794,611
EXPENDITURES						
Current:						
Instruction	8,063,779	351,376	193,516	-	26,671	8,635,342
Support services	4,727,762	70	100,000	77,823	-	4,905,655
Enterprise and community services	-	-	-	-	269,569	269,569
Capital Outlay:						
Support services	192,927	-	-	-	-	192,927
Facilities acquisition and construction	121,093	-	-	99,037	-	220,130
Debt service	359,373	-	-	21,478	-	380,851
TOTAL EXPENDITURES	13,464,934	351,446	293,516	198,338	296,240	14,604,474
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(252,776)	(278,283)	-	(198,338)	(80,466)	(809,863)
OTHER FINANCING SOURCES (USES)						
Loan proceeds	128,290	-	-	-	-	128,290
Bond proceeds	-	-	-	4,000,000	-	4,000,000
Payment to refunded bond escrow agent	-	-	-	(2,902,408)	-	(2,902,408)
Transfers in	62,200	-	-	-	122,782	184,982
Transfers out	(122,782)	-	-	(37,200)	(25,000)	(184,982)
TOTAL OTHER FINANCING SOURCES (USES)	67,708	-	-	1,060,392	97,782	1,225,882
NET CHANGES IN FUND BALANCE	(185,068)	(278,283)	-	862,054	17,316	416,019
FUND BALANCE - BEGINNING	4,689,569	7,726	-	37,200	121,095	4,855,590
FUND BALANCE - ENDING	\$ 4,504,501	\$ (270,557)	\$ -	\$ 899,254	\$ 138,411	\$ 5,271,609

The notes to the basic financial statements are an integral part of this statement.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2021

NET CHANGES IN FUND BALANCE		\$	416,019
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:			
Cost, net of retirements	\$	413,057	
Depreciation expense		<u>(348,699)</u>	64,358
Certain inflows and outflows related debt are reported in the governmental funds but are not recognized as revenue or expense in the Statement of Activities			
Principal payments		244,151	
Payment to refunded bond escrow agent		2,902,408	
Net proceeds from long-term debt		<u>(4,128,290)</u>	(981,731)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Changes in accrued interest payable		(10,260)	
Changes in net other post employment benefit asset and total other post employment benefit liability and related deferred outflows and inflows, net of contributions		(32,039)	
Changes in net pension liability and related deferred outflows and inflows, net of contributions		<u>(1,824,027)</u>	(1,866,326)
Certain revenues that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds.			
Change in unavailable revenue - property taxes			(2,211)
Change in unavailable revenue - other			<u>358,854</u>
CHANGE IN NET POSITION			<u>\$ (2,011,037)</u>

The notes to the basic financial statements are an integral part of this statement.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Corbett School District No. 39 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the governing body and establishes governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity

The District is organized under the general laws of the State of Oregon. The governing body is an elected Board of Directors of seven members. The District is the level of government financially accountable for all public education within its boundaries. As a result, all related activities have been included in the financial statements. There are various governmental agencies and special service districts which provide services within the District's boundaries. However, the District is not financially accountable for any of these entities and accordingly their financial information is not included in these financial statements.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. This includes interfund transfers occurring within governmental activities and interfund receivables and payables.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Program revenues include: (1) charges to students or others for tuition, fees, rentals, material, supplies, or services provided, (2) operating grants and contributions and (3) capital grants and contributions. Revenues not classified as program revenues, including property taxes and state support, are presented as general revenues.

Net position is reported as restricted when constraints placed on net position use are either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund - This fund accounts for the financial operations of the District not accounted for in any other fund. Principal sources of revenue are state sources, property taxes and earnings on investments. Expenditures are made for instruction, support services, facilities acquisition and construction, and debt service.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

Federal Programs Fund – This fund accounts for programs funded primarily by federal grants that are restricted to activities specified in the grants agreements, awards, regulations, or law.

Student Investment Account Fund – This fund accounts for programs funded by Oregon’s Student Investment Account funds that are restricted to activities to meet students’ mental and behavioral health needs and to increase academic achievement and reduce academic disparities for students that have historically experienced disparities in school.

Capital Improvements Funds – This fund accounts for the acquisition, construction, or improvement of District facilities funded by proceeds of General Obligation bonds.

In addition, the District maintains the Food Service Fund, Student Activities Fund, and Energy Projects Fund, and Matching Grant Fund, to record revenues restricted to certain activities and the related expenditures.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as transfers in and out. While reported in fund financial statements, interfund transfers are not included in government-wide financial statements.

Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost reimbursement grants and general revenues. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Appropriations and Budgetary Controls

A budget is prepared and legally adopted for all funds on the modified accrual basis of accounting, with certain adjustments, in the main program categories as required by Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles.

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

Expenditure budgets are appropriated at the following levels for each fund: Instruction, Support Services, Enterprise and Community Services, Facilities Acquisition and Construction, Other Uses - Debt Service and Interfund Transfers, and Operating Contingency. Expenditures cannot legally exceed the adopted appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to unforeseen circumstances that could not be determined at the time the budget was adopted. Expenditures for the fiscal year exceeds appropriations for instructions and facilities acquisition and construction in the General Fund, instruction in the Federal Programs Fund, and support services and debt service in the Capital Improvements Fund.

Cash and Investments

The District considers investments with maturities of three months or less when purchased to be cash equivalents.

Investments in the State of Oregon Treasurer's Local Government Investment Pool (LGIP) are stated at cost which approximates fair value. Fair value in the LGIP is the same as the value of its pool shares. Other investments with maturities greater than three months at the time of purchase are stated at cost which approximates fair value.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments (Continued)

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short Term Fund (OSTF), which was established by the State Treasurer. OSTF is not subject to SEC regulation. OSTF is subject to requirements established in Oregon Revised Statutes, investment policies adopted by the Oregon Investment Council, and portfolio guidelines established by the OSTF Board. The Governor appoints the members of the Oregon Investment Council and the OSTF Board. The OSTF issues a separate independent financial statement which can be obtained at The Office of the State Treasurer, 350 Winter Street NE, Suite 100, Salem, Oregon. The credit quality rating of this pool is unrated.

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

Supply Inventories

School food and other cafeteria supplies are stated at average invoice cost. Commodities purchased from the United States Department of Agriculture in the Food Service Fund are included in the District's inventories at their acquisition value, which are based on USDA wholesale values. Donated commodities received during the year are reported as revenues. The District accounts for the inventory based on the consumption method. Under the consumption method, inventory is recorded when purchased and expenditures/expenses are recorded when inventory items are used.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items both in the government-wide and fund financial statements.

Capital Assets

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

Retirement Plans

Most of the District employees participate in Oregon Public Employees Retirement System (PERS). Contributions are made as required by the plan and are recorded as expense/expenditures. Pension benefits are explained in Note 6.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement Plans (Continued)

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

Other Post-Employment Benefits (OPEB) Plans

The District is mandated to contribute to Retirement Health Insurance Accounts (RHIA) for eligible District employees who are members of PERS and were plan members before January 1, 2004. The plan was established by the Oregon Legislature.

Additionally, the District is required by Oregon Revised Statutes (ORS) 243.303 to offer retirees health insurance coverage on a self-pay basis for retirees and eligible dependents until they are Medicare eligible. The plan is actuarially determined, is reflected as a long-term liability in the government-wide financial statements and reflects the present value of expected future payments related to the "implicit subsidy". Related expenditures reflected in the governmental fund financial statements are limited to amounts that become due and payable as of the end of the fiscal year.

Both plans are accounted for under the provisions of GASB Statement No. 75. See Note 7 for additional information regarding the District's OPEB plans.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they are paid as a result of employee resignation or separation.

Long-Term Debt

In the government-wide financial statements, long-term debts are reported as liabilities in the Statement of Net Position. If applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

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

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for Deferred Outflows of Resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position reports a separate section for Deferred Inflows of Resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Net Position

Net position represents the difference between the District's total assets and deferred outflows and total liabilities and deferred inflows. District net position currently has three components:

Net investment in capital assets represents capital assets plus unspent bond proceeds less accumulated depreciation and outstanding principal of capital asset related debt.

Restricted net position represents net position upon which constraints have been placed, either externally by creditors, grantors, contributors, or others, or legally constrained by law.

Unrestricted net position represents net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund Balance

In the governmental financial statements, fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance definitions, from most to least restrictive are:

Non-spendable fund balances – Amounts that are not in spendable form or due to legal or contractual requirements. Examples of resources in this category are prepaid amounts or inventory.

Restricted fund balances – Amounts constrained to specific purposes by their providers (such as grantors or bond holders), through constitutional provisions or by enabling legislation. These are primarily amounts subject to externally enforceable legal restrictions.

Committed fund balances – Amounts constrained to specific purposes by resolution of the District's Board. The District's Board can modify or rescind a commitment at any time through passage of a new resolution. In order to commit fund balances the District must take formal action prior to the close of the fiscal year.

Assigned fund balances – Amounts the District intends to use for a specific purpose that are neither restricted nor committed are reported as assigned fund balance. Intent can be expressed by the Board or delegated authority to an official. An example of assignment is when the District's Board adopts the annual budget which includes funds identified as reserved for a specific purpose.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Unassigned fund balance - Amounts not included in other classifications above. The amount represents spendable fund balance that is not restricted, committed, or assigned in the General Fund. This classification is also used to report any deficit fund balance amounts in other governmental funds.

Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District first applies the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District first applies the expenditure toward restricted fund balance and then to other, less restrictive classifications, committed and then assigned fund balances, before using unassigned fund balances.

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 distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are payable in three installments due on November 15, February 15, and May 15. Property tax collections are distributed monthly except for November, when such distributions are made weekly.

Uncollected real and personal property taxes are reflected on the Statement of Net Position and the Balance Sheet as receivables. Uncollected taxes are deemed to be substantially collectible or recoverable through liens. All property taxes receivable are due from property owners within the District.

Grants

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

2. CASH AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and investments." In addition, cash and investments are separately held by the Student Activity Fund.

At June 30, 2021, the District's cash and investments are comprised of the following:

Deposits with financial institutions	\$ 151,389
State of Oregon Treasurer's Local	
Government Investment Pool (LGIP)	<u>5,046,108</u>
	<u>\$ 5,197,497</u>

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

2. CASH AND INVESTMENTS (Continued)

Deposits with Financial Institutions

At June 30, 2021, the carrying amount of the District's deposits was \$151,389 and the bank balance was \$246,176. Federal Depository Insurance Corporation (the FDIC) insured \$250,000 of the bank balance. As required by Oregon Revised Statutes, any deposits during the year in excess of FDIC insurance were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of State Treasurer. As a result, any deposits of the District in excess of FDIC insurance are considered to be fully collateralized.

Investments

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP).

Interest Rate Risk

While the District has no formal policy regarding interest rate risk, the District follows the ORS governing cash management.

Custodial Credit Risk

The LGIP is subject to regulatory oversight by the Oregon Secretary of State. The LGIP is stated at cost, which approximates fair value and its share value. The Oregon State Treasurer maintains the Oregon Short-Term Fund, of which the LGIP is a part. It is not registered with the U.S. Securities and Exchange Commission. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board. The Oregon Short-Term Fund currently has no credit rating as assigned by the credit rating agencies.

3. RECEIVABLES

At June 30, 2021, the District's receivables are comprised of the following:

State and local grants	\$ 1,043,407
Federal grants	430,686
Common School Fund	68,929
Property taxes	53,534
Other	3,837
	<u>\$ 1,600,393</u>

Grants receivable is comprised of claims for reimbursement of costs under various federal and state grant programs. Amounts are periodically reviewed for collectability. At June 30, 2021, no allowance for doubtful accounts was considered necessary.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

4. CAPITAL ASSETS

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

	<u>June 30, 2020</u>	<u>Additions</u>	<u>June 30, 2021</u>
Capital assets not being depreciated:			
Land	\$ 598,664	\$ 121	\$ 598,785
Construction in progress	-	220,130	220,130
Total capital assets not being depreciated	<u>598,664</u>	<u>220,251</u>	<u>818,915</u>
Capital assets being depreciated:			
Buildings and improvements	12,605,971	-	12,605,971
Equipment	295,349	-	295,349
Vehicles	1,543,893	192,806	1,736,699
Total capital assets being depreciated	<u>14,445,213</u>	<u>192,806</u>	<u>14,638,019</u>
Less accumulated depreciation for:			
Buildings and improvements	(5,465,860)	(271,730)	(5,737,590)
Equipment	(222,620)	(9,277)	(231,897)
Vehicles	(704,122)	(67,692)	(771,814)
Total accumulated depreciation	<u>(6,392,602)</u>	<u>(348,699)</u>	<u>(6,741,301)</u>
Total capital assets being depreciated, net	<u>8,052,611</u>	<u>(155,893)</u>	<u>7,896,718</u>
Capital assets, net	<u>\$ 8,651,275</u>	<u>\$ 64,358</u>	<u>\$ 8,715,633</u>

Depreciation expense for the year was charged to the following functions/programs:

Instruction	\$ 268,468
Support Services	80,231
	<u>\$ 348,699</u>

5. LONG-TERM DEBT

Bonds Payable

On June 1, 2001, the District entered into a financing arrangement as part of the Oregon School Board Association's FlexFund Program to accept \$250,000 of bond proceeds from the Bank of New York Mellon Trust Company, NA at interest rates between 3.50% and 5.75%. The proceeds were to make certain improvements to Corbett Middle School.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

5. LONG-TERM DEBT (Continued)

Bonds Payable (Continued)

On February 7, 2012, the District entered into a financing agreement as part of the Oregon School Board Association's FlexFund Program to accept \$1,000,000 of Qualified School Construction Bonds (QSCB) proceeds from the Bank of New York Mellon Trust Company, NA. The proceeds were to remodel the Springdale School. While the agreement has an interest rate of 4.625%, the QSCBs allow the District to be eligible to receive subsidy payments to offset the related interest payments. In addition to interest payments, payable semi-annually on December 30 and June 30, the agreement requires the District to deposit amounts into a trust account every June 30 to make the principal payment at June 30, 2030 maturity. The deposits, held at the Bank of New York Mellon Trust Company, NA, had a fair value of \$526,283 at June 30, 2021 and are restricted to retire the debt.

On October 30, 2012, the District entered into a financing agreement as part of the Oregon School Board Association's FlexFund Program to accept \$650,000 of bond proceeds from the Bank of New York Mellon Trust Company, NA at interest rates between 0.50% and 4.00%. The proceeds were to remodel the Springdale School.

On January 31, 2020, the District entered into a full faith and credit financing agreement with Key Government Finance, Inc. to issue a direct placement bond for \$3,000,000 with an interest rate of 2.22%. The proceeds were used to acquire land and buildings and make certain improvements to the high school and middle school.

On April 15, 2021, the District entered into a financing agreement with BciCapital, Inc. to issue a direct placement general obligation bond for \$4,000,000 with an interest rate of 1.68%. The proceeds are to be used to construct, renovate, improve, furnish, and equip the District's facilities and site improvements. Additionally, \$2,902,408 of the proceeds were used to refund the outstanding balance of the Series 2020 full faith and credit direct placement bond. There was no difference between the reacquisition price and the net carrying amount of the Series 2020 full faith and credit direct placement bond. The District completed the refunding to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$26,000 but with an increase of approximately \$49,000 of total debt service payments over the next 10 years.

Loans and Contracts Payable

On November 4, 2011, the District entered into a loan agreement with the State of Oregon Department of Energy through their Small Scale Local Energy Loan Program (SELP) for \$583,136 with an interest rate of 3.50%. The proceeds from the loan are to make energy efficient updates through-out the District.

On December 1, 2016, the District entered into a contract to purchase land with Jefferey and Cynthia Mershon in the amount of \$100,000 with an interest rate of 1.28%.

On September 15, 2017, the District received a loan from De Lage Landen Public Financing in the amount of \$109,937 with an interest rate of 2.87%. The proceeds from the loan were used to purchase a 2018 Blue Bird School Bus, which serves as collateral for the debt.

On October 15, 2018, the District received a loan from Santander Bank in the amount of \$74,693 with an interest rate of 3.95%. The proceeds from the loan were used to purchase one 2018 Chevy School Bus, which serves as collateral for the debt.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

5. LONG-TERM DEBT (Continued)

Loans and Contracts Payable (Continued)

On March 18, 2019, the District received a loan from Santander Bank in the amount of \$111,354 with an interest rate of 3.75%. The proceeds from the loan were used to purchase one 2019 Bluebird Bus, which serves as collateral for the debt.

On November 21, 2019, the District entered into a contract to purchase land with Jefferey and Cynthia Mershon in the amount of \$100,000 with an interest rate of 1.28%.

On March 10, 2020, the District received a loan from Santander Bank in the amount of \$111,694 with an interest rate of 2.68%. The proceeds from the loan were used to purchase one 2021 Bluebird Bus, which serves as collateral for the debt.

On December 20, 2020, the District received a loan from Santander Bank in the amount of \$128,290 with an interest rate of 2.44%. The proceeds from the loan were used to purchase one 2022 Bluebird Bus, which serves as collateral for the debt.

The changes in long-term debt for the year ended June 30, 2021 are as follows:

	<u>June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>
Bond payable				
2001B OSBA FlexFund	\$ 20,000	\$ -	\$ (20,000)	\$ -
2012B OSBA FlexFund (QSBC)	1,000,000	-	-	1,000,000
2012C OSBA FlexFund	425,000	-	(30,000)	395,000
2020 FFC Bond	2,902,408	-	(2,902,408)	-
2021 GO Bond	-	4,000,000	-	4,000,000
	<u>4,347,408</u>	<u>4,000,000</u>	<u>(2,952,408)</u>	<u>5,395,000</u>
Loans and contracts payable				
2011 SELP Loan	299,549	-	(40,171)	259,378
2016 Mershon Land Contract	25,479	-	(25,479)	-
2017 De Lage Landen Bus Loan	44,677	-	(22,021)	22,656
2018 Santander Bus Loan	44,771	-	(14,350)	30,421
2019 Santander Bus Loan	94,608	-	(14,353)	80,255
2019 Mershon Land Contract	100,000	-	(24,525)	75,475
2020 Santander Bus Loan 1	94,659	-	(14,752)	79,907
2020 Santander Bus Loan 2	-	128,290	(38,500)	89,790
	<u>703,743</u>	<u>128,290</u>	<u>(194,151)</u>	<u>637,882</u>
	<u>\$ 5,051,151</u>	<u>\$ 4,128,290</u>	<u>\$ (3,146,559)</u>	<u>6,032,882</u>
			Less current portion	<u>(470,127)</u>
				<u>\$ 5,562,755</u>

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

5. LONG-TERM DEBT (Continued)

Loans and Contracts Payable (Continued)

The General Fund is typically used to liquidate long-term debt. A debt service fund was created after June 30, 2021 to accumulate resources for payments related the District's general obligation bond. Future maturities of principal and interest for long-term debt and required sinking fund deposits are as follows:

Year Ending June 30,	<u>Bonds Payable</u>			<u>Loans and Contracts Payable</u>			<u>Totals</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Sinking Fund Deposit</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Sinking Fund Deposit</u>	
2022	\$ 322,000	\$ 139,150	\$ 55,556	\$ 148,127	\$ 18,579	\$ 470,127	\$ 157,729	\$ 55,556	
2023	348,000	122,144	55,556	129,166	14,232	477,166	136,376	55,556	
2024	385,000	115,752	55,556	116,849	10,431	501,849	126,183	55,556	
2025	408,000	108,738	55,556	94,359	7,116	502,359	115,854	55,556	
2026	427,000	101,247	55,556	97,438	4,039	524,438	105,286	55,556	
2027-2031	3,460,000	334,894	222,224	51,943	909	3,511,943	335,803	222,224	
2032	45,000	1,800	-	-	-	45,000	1,800	-	
Totals	<u>\$ 5,395,000</u>	<u>\$ 923,725</u>	<u>\$ 500,004</u>	<u>\$ 637,882</u>	<u>\$ 55,306</u>	<u>\$ 6,032,882</u>	<u>\$ 979,031</u>	<u>\$ 500,004</u>	

6. RETIREMENT PLANS

PERS Defined Benefit Pension Plan

Plan Description

The District is a participating employer in the State of Oregon Public Employees Retirement System (PERS). All District employees are eligible to participate in the system after completing six months of service. All the benefits of PERS are established by the Oregon legislature pursuant to ORS Chapters 238 and 238A. Plans pursuant to ORS Chapter 238 are closed to new members hired on or after August 29, 2003. PERS issues a publicly available financial report that can be obtained at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Plan Benefits

Benefits provided under Chapter 238 - Tier One/Tier Two

Pension Benefits. The PERS retirement allowance is payable monthly for life. Members may select from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for General Service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to \$195,000 in 2020, and will be indexed with inflation in later years.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

6. RETIREMENT PLANS (Continued)

PERS Defined Benefit Pension Plan (Continued)

Plan Benefits (Continued)

Benefits provided under Chapter 238 – Tier One / Tier Two (Continued)

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 One General Service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The plans are closed to new members hired on or after August 29, 2003.

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

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

Benefit Changes After Retirement. Members may choose to continue participation in their Variable Account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). For benefits earned before October 2013, the COLA varies based on the Consumer Price Index but is capped at 2.0 percent. For benefits earned after October 2013, the COLA will vary based on 1.25 percent of the first \$60,000 of earned benefit and 0.15 percent of earned benefit greater than \$60,000.

Benefits provided under Chapter 238A – OPSRP Pension Program

Pension Benefits. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are 1.5 percent multiplied by the number of years of service and the final average salary for General Service members who attain normal retirement age. Normal retirement age for General Service members is age 65, or age 58 with 30 years of retirement credit.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to \$195,000 in 2020, and will be indexed with inflation in later years.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

6. RETIREMENT PLANS (Continued)

PERS Defined Benefit Pension Plan (Continued)

Plan Benefits (Continued)

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

Death Benefits. Upon the death of a nonretired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50% of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.

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

Contributions

PERS' funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary. Employers make monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the year were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on reemployed PERS retirees' salary as if they were an active member, excluding IAP (6%) contributions.

The District's employer contribution rates effective July 1, 2019 through June 30, 2021 are 31.97% of covered payroll for Tier 1/Tier 2 members and 26.58% of covered payroll for OPSRP members. For the year ended June 30, 2021, employer contributions were \$1,780,565. Beginning July 1, 2021, the District's employer contribution rates, based on the December 31, 2019 actuarial valuation, will be 26.78% of covered payroll for Tier 1/Tier 2 members and 23.72% of covered payroll for OPSRP members.

Payables to PERS

At June 30, 2021, the District reported payables to PERS of \$288,909, for required employee and employer contributions which had been withheld from employee wages but not yet remitted to PERS.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

6. RETIREMENT PLANS (Continued)

PERS Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the District reported a liability of \$15,583,797 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 and rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on the District's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers. At the June 30, 2020 measurement date, the District's proportion was 0.07140853%.

For the year ended June 30, 2021, the District recognized a pension expense of \$3,559,163 for the PERS Defined Benefit Pension Plan. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 685,876	\$ -
Changes in Assumptions	836,333	29,303
Net difference between projected and actual earnings on investments	1,832,452	-
Changes in proportionate share	47,114	1,228,064
Differences between District contributions and proportionate share of contributions	<u>240,008</u>	<u>-</u>
Total prior to post-measurement date contributions	3,641,783	1,257,367
Contributions subsequent to the measurement date	<u>1,780,565</u>	<u>-</u>
Total deferred outflows / inflows of resources	<u>\$ 5,422,348</u>	<u>\$ 1,257,367</u>

The \$1,780,565 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Net Deferred Outflow/ (Inflows) of Resources</u>
2022	\$ 573,696
2023	724,381
2024	677,303
2025	450,280
2026	<u>(41,244)</u>
	<u>\$ 2,384,416</u>

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

6. **RETIREMENT PLANS (Continued)**

PERS Defined Benefit Pension Plan (Continued)

Actuarial Methods and Assumptions

Actuarial Valuations

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from their date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2018
Measurement date	June 30, 2020
Experience study	2018, published July 24, 2019
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation rate	2.50%
Investment rate of return	7.20%
Discount rate	7.20%
Projected salary increases	3.50%
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<i>Healthy retirees and beneficiaries:</i> 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. <i>Active member:</i> Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and setbacks as described in the valuation. <i>Disabled retirees:</i> Pub-2010 Disabled Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and setbacks as described in the valuation.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

6. RETIREMENT PLANS (Continued)

PERS Defined Benefit Pension Plan (Continued)

Actuarial Methods and Assumptions (Continued)

Actuarial Valuations (Continued)

The actuarial valuation calculations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarial 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 ending on December 31, 2018.

Discount Rate

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

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

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

Discount Rate:	<u>1% Decrease (6.2%)</u>	<u>Current Discount Rate (7.2%)</u>	<u>1% Increase (8.2%)</u>
Net Pension Liability	\$ 23,140,652	\$ 15,583,797	\$ 9,247,024

Long-Term Expected Rate of Return

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

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

6. RETIREMENT PLANS (Continued)

PERS Defined Benefit Pension Plan (Continued)

Actuarial Methods and Assumptions (Continued)

Long-Term Expected Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Annual Arithmetic Return **</u>	<u>Compound Annual Return (Geometric)</u>	<u>Standard Deviation</u>
Core Fixed Income	9.60 %	4.14 %	4.07 %	3.90 %
Short-Term Bonds	9.60	3.70	3.68	2.10
Bank/Leveraged Loans	3.60	5.40	5.19	6.85
High Yield Bonds	1.20	6.13	5.74	9.35
Large/Mid Cap US Equities	16.17	7.35	6.30	15.50
Small Cap US Equities	1.35	8.35	6.68	19.75
Micro Cap US Equities	1.35	8.86	6.79	22.10
Developed Foreign Equities	13.48	8.30	6.91	17.95
Emerging Market Equities	4.24	10.35	7.69	25.35
Non-US Small Cap Equities	1.93	8.81	7.25	19.10
Private Equity	17.50	11.95	8.33	30.00
Real Estate (Property)	10.00	6.19	5.55	12.00
Real Estate (REITS)	2.50	8.29	6.69	21.00
Hedge Fund of Funds - Diversified	1.50	4.28	4.06	6.90
Hedge Fund - Event-driven	0.38	5.89	5.59	8.10
Timber	1.13	6.36	5.61	13.00
Farmland	1.13	6.87	6.12	13.00
Infrastructure	2.25	7.51	6.67	13.85
Commodities	1.13	5.34	3.79	18.70
Assumed Inflation - Mean			2.50 %	1.65 %

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of April 24, 2019.

** The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the PERS Board uses in setting the discount rate.

Depletion Date Projection

GASB Statement No. 68 and Statement No. 75 generally require that a blended discount rate be used to measure total pension liability and total OPEB liability (the actuarial accrued liabilities are calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GAAP will often require that the actuary perform complex projections of future benefit payments and pension plan investments.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

6. RETIREMENT PLANS (Continued)

PERS Defined Benefit Pension Plan (Continued)

Actuarial Methods and Assumptions (Continued)

Depletion Date Projection (Continued)

GAAP does allow for alternative evaluations of projected solvency if such evaluations can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgement. The following circumstances justify an alternative evaluation of sufficiency for the plan:

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

Based on these circumstances, it is PERS' independent actuary's opinion that the detailed depletion date projections outlined by GASB would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

PERS Defined Contribution Pension Plan

Pension Benefits

Participants in PERS defined benefit pension plans also participate in their defined contribution plan, the Individual Account Program (IAP). The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. 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. The accounts fall under Internal Revenue Code Section 401(a).

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

6. RETIREMENT PLANS (Continued)

PERS Defined Contribution Pension Plan (Continued)

Pension Benefits (Continued)

Upon retirement, a member of OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Installment amounts vary with market returns as the account remains invested while in distribution. When chosen, the distribution options must result in a \$200 distribution amount, or frequency of the installments will be adjusted to reach that minimum.

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.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

Employees that are PERS members are required to make contributions of 6% of covered payroll. The District has chosen to pay the employees' contributions to the plan for certain employees. For the year ended June 30, 2021, the District paid \$79,899 in contributions to the plan.

Tax Sheltered Annuity

The District offers its employees a tax-sheltered annuity program established pursuant to Section 403(b) of the Internal Revenue Code. Contributions are made through salary reductions from participating employees up to the amounts specified in the Code. No contributions are required from the District. As of June 30, 2021, 20 employees were participating in the plan.

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS

The other postemployment benefits (OPEB) for the District includes two separate plans. The District provides an implicit rate subsidy for retiree health insurance premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan.

The District's two OPEB plans are presented in the aggregate on the Statement of Net Position. The amounts on the financial statements relate to the plans as follows:

	<u>Implicit Rate Subsidy Plan</u>	<u>PERS RHIA Plan</u>	<u>Totals</u>
Net OPEB Asset	\$ -	\$ 91,597	\$ 91,597
Deferred Outflow of Resources	69,242	21,635	90,877
Total OPEB Liability	342,238	-	342,238
Deferred Inflow of Resources	-	14,310	14,310
OPEB Expense (Benefit)	50,191	(9,245)	40,946

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Implicit Rate Subsidy Plan

Plan Description and Benefits

Per ORS 243.303, the District provides health insurance coverage on a self-pay basis for retirees and eligible dependents until they are Medicare eligible. Healthcare premiums rates must be based on all plan members, both active employees and retirees. The medical premium rates charged for coverage are typically less than actual expected retiree claim costs due to medical premium rates being determined by blending both active employee and retiree. This difference constitutes an implicit subsidy for OPEB. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements.

As of the valuation date of July 1, 2019, the following employees were covered by the benefit terms:

Active participants	90
Inactive participants	<u>1</u>
Total participants	<u><u>91</u></u>

Total OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the District reported total OPEB liability of \$342,238. The total OPEB liability was measured as of June 30, 2021 and determined by an actuarial valuation as of July 1, 2019. For the year ended June 30, 2021, the District recognized an OPEB expense of \$50,191. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$ 17,544
Changes in Assumptions	<u>51,698</u>
Total deferred outflows / inflows of resources	<u><u>\$ 69,242</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

<u>Year Ended June 30,</u>	<u>Net Deferred Outflow/ (Inflows) of Resources</u>
2022	\$ (12,231)
2023	(12,231)
2024	(12,231)
2025	(12,231)
2026	(12,234)
Thereafter	<u>(8,084)</u>
	<u><u>\$ (69,242)</u></u>

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Implicit Rate Subsidy Plan (Continued)

Actuarial Methods and Assumptions

Actuarial Valuations

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2019
Measurement date	June 30, 2021
Experience study	2016, published July 26, 2017
Actuarial cost method	Entry age normal, level percent of salary
Actuarial assumptions:	
Discount rate	2.25%, based on the 20-year general obligation bond yield index published by the Bond Buyer
General inflation rate	2.00%
Projected salary increases	3.50% plus adjustments for merit based on length of service
Healthcare cost trend rate	Medical: Starts at 5.00% in 2019, varies between 4.60% and 6.00% percent per year before decreasing to 4.50% in 2038 Dental and vision: No implicit subsidy assumed due to dental or vision costs.
Participation rate	50% of active employees enrolled in a medical plan.
Plan enrollment	Current and future retirees are assumed to remain enrolled in the plan in which they are currently enrolled, if any.
Beneficiaries	70% of future retirees electing coverage are assumed to cover a spouse as well. Males are assumed to be 3 years older than their female spouses. Actual marital status and ages as of the valuation date are used for current retirees. No impact of dependent children on the implicit subsidy.
Mortality	Basic table: Pub-2010 Teachers table, separate Employee/Healthy Annuitant, sex distinct, generational, no setback. Mortality rates for active male participants are 120% of the above rates, and for active female participants are 100% of the above rates.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Implicit Rate Subsidy Plan (Continued)

Actuarial Methods and Assumptions (Continued)

Actuarial Valuations (Continued)

Actuarial assumptions (Continued):

Beneficiaries: Pub-2010 General Employees table, Healthy Annuitant, sex distinct, generational, set back 12 months for males, no setback for females.

Improvement scale: Unisex Social Security Data Scale (60-year average) with data through 2015.

Turnover, Disability, Retirements Rates Based on valuation of benefits for PERS (see Note 6)

Changes in Total OPEB Liability

Balance as of June 30, 2020	\$ 312,712
Changes for the year	
Service cost	30,336
Interest	7,624
Benefit payments	<u>(8,434)</u>
Balance as of June 30, 2021	<u><u>\$ 342,238</u></u>

Sensitivity of the Total OPEB Liability

The following presents the District's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

	<u>1% Decrease (1.25%)</u>	<u>Current Discount Rate (2.25%)</u>	<u>1% Increase (3.25%)</u>
Discount Rate:			
Total OPEB Liability	\$ 372,457	\$ 342,238	\$ 313,863
Healthcare Cost Trend:			
Total OPEB Liability	\$ 291,602	\$ 342,238	\$ 404,002

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

PERS Retirement Health Insurance Account (RHIA)

As a participating employer in PERS, certain employees are eligible to participate in the PERS Retirement Health Insurance Account (RHIA), which is established by ORS 238.420. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired on or after August 29, 2003. PERS issues a publicly available financial report that can be obtained at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Plan Benefits

RHIA provides up to \$60 toward the monthly cost of health insurance for eligible PERS members. To be eligible to receive this monthly payment toward the premium costs the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions

The District's employer contribution rates effective July 1, 2019 through June 30, 2021 are 0.06% of covered payroll for Tier 1/Tier 2 members and 0.00% of covered payroll for OPSRP members. For the year ended June 30, 2021, employer contributions were \$824. Beginning July 1, 2021, the District's contribution rates, based on the December 31, 2019 actuarial valuation, will be 0.05% of covered payroll for Tier 1/Tier 2 members and 0.00% of covered payroll for OPSRP members.

Net OPEB Asset, OPEB Benefit, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the District reported an asset of \$91,597 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018 and rolled forward to June 30, 2020. The District's proportion of the net OPEB asset was determined by comparing the District's actual, legally required contributions made during the measurement year with the total contributions made by all employers during the measurement year. At the June 30, 2020 measurement date, the District's proportion was 0.04495324%.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

PERS Retirement Health Insurance Account (RHIA) (Continued)

Net OPEB Asset, OPEB Benefit, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the year ended June 30, 2021, the District recognized an OPEB benefit of \$9,245 for the PERS RHIA. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 9,364
Changes in Assumptions	-	4,869
Net difference between projected and actual earnings on investments	10,186	-
Changes in proportionate share	<u>10,625</u>	<u>77</u>
Total prior to post-measurement date contributions)	20,811	14,310
Contributions subsequent to the measurement date	<u>824</u>	<u>-</u>
Total deferred outflows / inflows of resources	<u><u>\$ 21,635</u></u>	<u><u>\$ 14,310</u></u>

The \$824 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

Year Ended June 30,	Net Deferred Outflow/ (Inflows) of Resources
2022	\$ (3,603)
2023	3,126
2024	3,765
2025	<u>3,213</u>
	<u><u>\$ 6,501</u></u>

Actuarial Methods and Assumptions

Other than the methods and assumption discussed below, the actuarial methods and assumptions are consistent with those disclosed for the PERS Defined Benefit Pension Plan. See Note 6 for additional information on Actuarial Assumptions and Methods, including the Discount Rate, Assumed Asset Allocation, Long-Term Expected Rate of Return, and Depletion Date Projection.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

PERS Retirement Health Insurance Account (RHIA) (Continued)

Actuarial Methods and Assumptions (Continued)

Actuarial Valuations

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using an assumed retiree participation rate of 32% for healthy retirees and 20% of disabled retirees. Healthcare cost trend rates are not applicable as ORS stipulates \$60 monthly payment for healthcare insurance.

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

The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 7.20%, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.20%) or 1-percentage-point higher (8.2%) than the current rate:

Discount Rate:	<u>1% Decrease (6.2%)</u>	<u>Current Discount Rate (7.2%)</u>	<u>1% Increase (8.2%)</u>
Net OPEB Asset	\$ 73,949	\$ 91,597	\$ 106,686

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PERS financial report.

8. TERMINATION BENEFITS

Supervisory and Confidential Employees

If a supervisory or confidential employee that has worked for the District for more than 10 consecutive years gives notice to the Superintendent at least 90 days prior to retirement, retires, and is receiving benefits under PERS, the employee is eligible for an early retirement program. The program includes medical and dental single-party coverage at a rate not to exceed the rate in the certified contract for 48 consecutive months. Additionally, the retired employee will receive monthly payments of 1/12 of 1.5% of the last annual salary for each full year of service to the District to a maximum of 12% for a maximum period of 48 months. The monthly payments are terminated as of the end of the month at the earliest that the retired employee dies, the retired employee qualifies for social security, or 48 payments are made. For the year ended June 30, 2021, the District made \$26,071 in payments related to this early retirement program.

Licensed Employees

As part of the collective bargaining agreement for licensed employees, the District offered a severance incentive. Licensed employees that are between 5 years prior to full PERS eligibility and 4 years after PERS eligibility that retire or resign with 60 days prior notice are eligible for a \$24,000 payment. For the year ended June 30, 2021, the District made no payments related to this severance incentive.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

9. INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2021 is as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 646,983	\$ -
Federal Programs Fund	-	353,467
Student Investment Account Fund	-	293,516
Totals	<u>\$ 646,983</u>	<u>\$ 646,983</u>

The outstanding balances between funds results from grant awards which require the expenditure of funds prior to reimbursement, causing a due to other funds and due from other funds until reimbursement is received.

Interfund transfers were made to provide resources as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 62,200	\$ 122,782
Capital Improvements Fund	-	37,200
Non-Major Funds	122,782	25,000
Totals	<u>\$ 184,982</u>	<u>\$ 184,982</u>

The \$25,000 transfer from the Energy Projects Fund to the General Fund was to purchase energy saving products and improvements as part of the Energy Efficient Schools Program. The \$122,782 transfer from the General Fund to the Food Service Fund was to support the food service program. The \$37,200 transfer from the Capital Improvement Fund to the General Fund was to move unrestricted resource back to the General Fund.

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District does not engage in risk financing activities where the risk is retained (self-insurance). Settlements have not exceeded insurance coverage for any of the preceding three years ended June 30, 2021.

11. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by these agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the District. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although District management expects such amounts, if any, to be immaterial.

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

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

11. COMMITMENTS AND CONTINGENCIES (Continued)

The District, in the regular course of business, is a defendant in various lawsuits. The likely outcome of these lawsuits is not presently determinable; however, in the opinion of the District's management the resolution of these matters will not have a material adverse effect on the financial condition of the District.

At June 30, 2021, approximately 84.6% of the District's employees were covered by one of two collective bargaining agreements the District has with employees. These agreements expire June 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES (USES), AND CHANGES IN FUND BALANCE – BUDGET AND ACTUALS****GENERAL FUND****YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,880,900	\$ 1,880,900	\$ 1,930,112	\$ 49,212
Local sources	420,500	420,500	119,709	(300,791)
Intermediate sources	201,200	201,200	202,439	1,239
State school fund	9,681,300	9,681,300	9,933,199	251,899
State sources	577,903	577,903	936,921	359,018
Federal sources	43,349	43,349	89,778	46,429
TOTAL REVENUES	12,805,152	12,805,152	13,212,158	407,006
EXPENDITURES				
Instruction	8,099,879	7,969,879	8,063,779	(93,900)
Support services	4,573,104	4,992,540	4,920,689	71,851
Facilities acquisition and construction	2,340,000	100,000	121,093	(21,093)
Debt Service	401,329	3,195,215	359,373	2,835,842
Operating Contingency	50,000	50,000	-	50,000
TOTAL EXPENDITURES	15,464,312	16,307,634	13,464,934	2,842,700
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,659,160)	(3,502,482)	(252,776)	3,249,706
OTHER FINANCING SOURCES (USES)				
Loan proceeds	115,000	115,000	128,290	13,290
Transfers in	25,000	679,874	62,200	(617,674)
Transfers out	(230,000)	(230,000)	(122,782)	107,218
TOTAL OTHER FINANCING SOURCES (USES)	(90,000)	564,874	67,708	(497,166)
NET CHANGE IN FUND BALANCE	(2,749,160)	(2,937,608)	(185,068)	2,752,540
FUND BALANCE - BEGINNING	4,167,425	4,689,569	4,689,569	-
FUND BALANCE - ENDING	\$ 1,418,265	\$ 1,751,961	\$ 4,504,501	\$ 2,752,540

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES (USES), AND CHANGES IN FUND BALANCE - BUDGET AND ACTUALS**

FEDERAL PROGRAM FUND

YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Federal sources	\$ 269,983	\$ 684,079	\$ 73,163	\$ (610,916)
EXPENDITURES				
Instruction	255,990	270,086	351,376	(81,290)
Support services	13,993	413,993	70	413,923
Operating Contingency	7,726	7,726	-	7,726
TOTAL EXPENDITURES	277,709	691,805	351,446	340,359
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(7,726)	(7,726)	(278,283)	(270,557)
FUND BALANCE - BEGINNING	7,726	7,726	7,726	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ (270,557)	\$ (270,557)

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES (USES), AND CHANGES IN FUND BALANCE – BUDGET AND ACTUALS**

STUDENT INVESTMENT ACCOUNT FUND

YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
State sources	\$ 923,697	\$ 923,697	\$ 293,516	\$ (630,181)
EXPENDITURES				
Instruction	497,128	497,128	193,516	303,612
Support services	156,569	156,569	100,000	56,569
Debt service	270,000	270,000	-	270,000
TOTAL EXPENDITURES	<u>923,697</u>	<u>923,697</u>	<u>293,516</u>	<u>630,181</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF THE PROPORTIONATE SHARE OF NET PENSION
LIABILITY (ASSET) – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

LAST TEN YEARS

<u>Fiscal Year</u> ¹	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2021	0.07140853%	\$ 15,583,797	\$ 6,370,567	244.6%	75.8%
2020	0.07848107%	13,575,346	6,150,338	220.7%	80.2%
2019	0.08128783%	12,314,036	5,977,140	206.0%	82.1%
2018	0.08542246%	11,514,980	6,056,983	190.1%	83.1%
2017	0.08611782%	12,928,284	6,190,790	208.8%	80.5%
2016	0.07357420%	4,224,234	4,448,673	95.0%	91.9%
2015	0.06638067%	(1,504,660)	3,309,801	-45.5%	103.6%
2014	0.06638067%	3,387,503	3,993,964	84.8%	92.0%
2013	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²
2012	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²

¹Measurement date is one year in arrears.

²10-year trend information required by GASB Statement 68 will be presented prospectively.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF PENSION CONTRIBUTIONS –
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

LAST TEN YEARS

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payrol</u>
2021	\$ 1,780,565	\$ 1,780,565	\$ -	\$ 6,857,796	26.0%
2020	1,683,382	1,683,382	-	6,370,567	26.4%
2019	1,416,216	1,416,216	-	6,150,338	23.0%
2018	1,331,102	1,331,102	-	5,977,140	22.3%
2017	1,131,812	1,131,812	-	6,056,983	18.7%
2016	1,140,569	1,140,569	-	6,190,790	18.4%
2015	1,107,454	1,107,454	-	4,448,673	24.9%
2014	800,398	800,398	-	3,309,801	24.2%
2013	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2012	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹

¹10-year trend information required by GASB Statement 68 will be presented prospectively.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF THE PROPORTIONATE SHARE OF NET OPEB
LIABILITY (ASSET) – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

LAST TEN YEARS

<u>Fiscal Year</u> ¹	<u>Proportion of the net OPEB liability (asset)</u>	<u>Proportionate share of the net OPEB liability (asset)</u>	<u>Covered payroll</u>	<u>Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
2021	0.04495324%	\$ (91,597)	\$ 6,370,567	-1.4%	150.1%
2020	0.05535483%	(106,966)	6,150,338	-1.7%	144.4%
2019	0.05508308%	(61,488)	5,977,140	-1.0%	124.0%
2018	0.05599488%	(23,369)	6,056,983	-0.4%	108.9%
2017	0.05767113%	15,661	6,190,790	0.3%	N/A ²
2016	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²
2015	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²
2014	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²
2013	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²
2012	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²

¹Measurement date is one year in arrears.

²10-year trend information required by GASB Statement 75 will be presented prospectively.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF OPEB CONTRIBUTIONS -
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

LAST TEN YEARS

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payrol</u>
2021	\$ 824	\$ 824	\$ -	\$ 6,857,796	0.0%
2020	2,859	2,859	-	6,370,567	0.0%
2019	27,464	27,464	-	6,150,338	0.4%
2018	26,439	26,439	-	5,977,140	0.4%
2017	27,877	27,877	-	6,056,983	0.5%
2016	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2015	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2014	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2013	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2012	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹

¹10-year trend information required by GASB Statement 75 will be presented prospectively.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF CHANGES IN TOTAL OPEB
LIABILITY AND RELATED RATIOS – IMPLICIT RATE SUBSIDY**

LAST TEN YEARS

<u>Fiscal Year</u>	<u>Beginning total OPEB liability</u>	<u>Service costs</u>	<u>Interest</u>	<u>Differences between expected and actual experience</u>	<u>Changes of assumptions or other inputs</u>	<u>Benefit payments</u>	<u>Ending total OPEB liability</u>	<u>Covered-employee payroll</u>	<u>Total OPEB liability as a percentage of covered payroll</u>
2021	\$ 312,712	\$30,336	\$ 7,624	\$ -	\$ -	\$ (8,434)	\$ 342,238	\$6,609,195	5.2%
2020	250,537	19,746	10,061	22,556	13,808	(3,996)	312,712	6,236,991	5.0%
2019	161,581	19,079	8,791	-	65,531	(4,445)	250,537	6,161,241	4.1%
2018	142,334	13,653	5,594	-	-	-	161,581	6,261,170	2.6%
2017	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2016	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2015	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2014	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2013	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2012	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹

¹10-year trend information required by GASB Statement 75 will be presented prospectively.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. BUDGET

Required Supplementary Information includes budgetary comparisons for the General Fund, the Federal Program Fund, and the Student Investment Account Fund. The budgetary comparison information for all other funds can be found in Other Supplementary Information which follows this section. Oregon Local Budget Law requires that budgets be adopted for substantially all funds. The District prepares and adopts budgets for all funds using the modified accrual basis of accounting, with certain adjustments.

Expenditure budgets are appropriated at the following levels for each fund: Instruction, Support Services, Enterprise and Community Services, Facilities Acquisition and Construction, Other Uses - Debt Service and Interfund Transfers, and Operating Contingency. Expenditures cannot legally exceed the adopted appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to unforeseen circumstances that could not be determined at the time the budget was adopted.

Supplemental budgets less than 10% of fund's budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearing before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. During the year ended June 30, 2021, there were two supplemental budgets adopted by the Board.

2. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Pension

Plan Changes

Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future benefits for certain active members are now projected to be lower than prior to the legislation.

Changes in Benefit Terms

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

2. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (Continued)

Pension (Continued)

Changes in Assumptions

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

The actuarial assumptions and methods used to set the actuarial determined pension contributions to PERS is as follows.

<u>Actuarial Valuation:</u>	<u>December 31, 2017</u>	<u>December 31, 2015</u>	<u>December 31, 2013</u>	<u>December 31, 2011</u>
Effective:	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method:	Entry Age Normal	Entry Age Normal	Entry Age Normal	Projected Unit Credit
Amortization method:	Level percentage of payroll			
Asset valuation method	Fair value	Fair value	Fair value	Fair value
Remaining amortization period:	20 years	20 years	20 years	N/A
Actuarial assumptions:				
Inflation rate:	2.50%	2.50%	2.75%	2.75%
Projected salary increases	3.50%	3.50%	3.75%	3.75%
Investment rate of return:	7.20%	7.50%	7.75%	8.00%

Other Post-Employment Benefits (OPEB)

Changes in Assumptions:

The PERS Board adopted assumption changes that were used to measure the June 30, 2018 and 2019 total OPEB liability. The changes include the lowering of the long-term expected rate of return from 7.50 to 7.20 percent. In addition, healthy retiree participation and healthy mortality assumptions were changed to reflect an updated trends and mortality improvement scale for all groups.

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

The actuarial assumptions and methods used to set the actuarial determined OPEB contributions to PERS is as follows.

<u>Actuarial Valuation:</u>	<u>December 31, 2017</u>	<u>December 31, 2015</u>
Effective:	July 2019 - June 2021	July 2017 - June 2019
Actuarial cost method:	Entry Age Normal	Entry Age Normal
Amortization method:	Level percentage of payroll, closed	Level percentage of payroll, closed
Asset valuation method	Market value	Market value
Remaining amortization period:	10 years	20 years
Actuarial assumptions:		
Inflation rate:	2.50%	2.50%
Healthcare cost trend rates:	None. Statute stipulates \$60 monthly payment for healthcare insurance	None. Statute stipulates \$60 monthly payment for healthcare insurance
Projected salary increases	3.50%	3.50%
Investment rate of return:	7.20%	7.50%

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

3. IMPLICIT RATE SUBSIDY PLAN

The District has no assets accumulated in a trust to pay benefits related to the District' Implicit Subsidy Plan.

The changes since the prior valuation include a reduction in the discount rate (from 3.75% to 2.25%) to reflect the current municipal bond rates, modifications to premium rates to reflect anticipated experience and current Oregon law, and demographic assumptions were revised to more closely match the most recent experience study for PERS.

OTHER SUPPLEMENTARY INFORMATION

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

COMBINING SCHEDULE OF BALANCE SHEETS

NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2021

	<u>Non-Major Special Revenue Funds</u>			<u>Total</u>
	<u>Food Service Fund</u>	<u>Student Activities Fund</u>	<u>Energy Projects Fund</u>	
ASSETS				
Cash and investments	\$ 12,933	\$ 106,493	\$ 23,039	\$ 142,465
Accounts Receivables	19,036	-	-	19,036
Inventory	8,879	-	-	8,879
TOTAL ASSETS	\$ 40,848	\$ 106,493	\$ 23,039	\$ 170,380
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payables	\$ 12,947	\$ -	\$ -	\$ 12,947
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - other	19,022	-	-	19,022
FUND BALANCES				
Nonspendable	8,879	-	-	8,879
Restricted	-	106,493	23,039	129,532
TOTAL FUND BALANCES	8,879	106,493	23,039	138,411
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 40,848	\$ 106,493	\$ 23,039	\$ 170,380

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, OTHER
FINANCING SOURCES (USES), AND CHANGES IN FUND BALANCE****NON-MAJOR GOVERNMENTAL FUNDS****YEAR ENDED JUNE 30, 2021**

	Non-Major Special Revenue Funds			Total
	Food Service Fund	Student Activities Fund	Energy Projects Fund	
REVENUES				
Local sources:				
Charges for services	\$ 4,609	\$ 42,998	\$ -	\$ 47,607
Other	6,988	-	24,331	31,319
State sources	2,197	-	-	2,197
Federal sources	134,651	-	-	134,651
TOTAL REVENUES	148,445	42,998	24,331	215,774
EXPENDITURES				
Current:				
Instruction	-	26,671	-	26,671
Support services	-	-	-	-
Enterprise and community services	269,569	-	-	269,569
Capital Outlay:				
Facilities acquisition and construction	-	-	-	-
TOTAL EXPENDITURES	269,569	26,671	-	296,240
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(121,124)	16,327	24,331	(80,466)
OTHER FINANCING SOURCES (USES)				
Transfers in	122,782	-	-	122,782
Transfers out	-	-	(25,000)	(25,000)
TOTAL OTHER FINANCING SOURCES (USES)	122,782	-	(25,000)	97,782
NET CHANGES IN FUND BALANCE	1,658	16,327	(669)	17,316
FUND BALANCE - BEGINNING	7,221	90,166	23,708	121,095
FUND BALANCE - ENDING	\$ 8,879	\$ 106,493	\$ 23,039	\$ 138,411

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES (USES), AND CHANGES IN FUND BALANCE – BUDGET AND ACTUALS**

FOOD SERVICE FUND

YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 120,000	\$ 120,000	\$ 11,597	\$ (108,403)
State sources	5,000	5,000	2,197	(2,803)
Federal sources	121,000	121,000	134,651	13,651
TOTAL REVENUES	246,000	246,000	148,445	(97,555)
EXPENDITURES				
Enterprise and community services	426,000	433,221	269,569	163,652
TOTAL EXPENDITURES	426,000	433,221	269,569	163,652
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(180,000)	(187,221)	(121,124)	66,097
OTHER FINANCING SOURCES (USES)				
Transfers in	180,000	180,000	122,782	(57,218)
NET CHANGE IN FUND BALANCE	-	(7,221)	1,658	8,879
FUND BALANCE - BEGINNING	-	7,221	7,221	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 8,879	\$ 8,879

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES (USES), AND CHANGES IN FUND BALANCE – BUDGET AND ACTUALS**

STUDENT ACTIVITIES FUND

YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 300,000	\$ 300,000	\$ 42,998	\$ (257,002)
EXPENDITURES				
Instruction	300,000	300,000	26,671	273,329
Operating Contingency	105,548	90,166	-	90,166
TOTAL EXPENDITURES	405,548	390,166	26,671	363,495
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(105,548)	(90,166)	16,327	106,493
FUND BALANCE - BEGINNING	105,548	90,166	90,166	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 106,493	\$ 106,493

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES (USES), AND CHANGES IN FUND BALANCE – BUDGET AND ACTUALS**

ENERGY PROJECTS FUND

YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 20,000	\$ 20,000	\$ 24,331	\$ 4,331
EXPENDITURES				
Facilities acquisition and construction	16,271	18,708	-	18,708
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,729</u>	<u>1,292</u>	<u>24,331</u>	<u>23,039</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(25,000)	(25,000)	(25,000)	-
NET CHANGE IN FUND BALANCE	<u>(21,271)</u>	<u>(23,708)</u>	<u>(669)</u>	<u>23,039</u>
FUND BALANCE - BEGINNING	<u>21,271</u>	<u>23,708</u>	<u>23,708</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,039</u>	<u>\$ 23,039</u>

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES (USES), AND CHANGES IN FUND BALANCE – BUDGET AND ACTUALS**

CAPITAL IMPROVEMENTS FUND

YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
EXPENDITURES				
Support services	\$ 30,000	\$ 77,200	\$ 77,823	\$ (623)
Facilities acquisition and construction	20,000	3,033,948	99,037	2,934,911
Debt service	-	-	21,478	(21,478)
TOTAL EXPENDITURES	50,000	3,111,148	198,338	2,912,810
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	-	(50,000)
Transfers out	-	(654,874)	(37,200)	617,674
Proceeds from bond issuance	-	4,000,000	4,000,000	-
Bond refunding	-	-	(2,902,408)	(2,902,408)
TOTAL OTHER FINANCING SOURCES (USES)	50,000	3,395,126	1,060,392	(2,334,734)
NET CHANGE IN FUND BALANCE	-	283,978	862,054	578,076
FUND BALANCE - BEGINNING	-	37,200	37,200	-
FUND BALANCE - ENDING	\$ -	\$ 321,178	\$ 899,254	\$ 578,076

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES (USES), AND CHANGES IN FUND BALANCE – BUDGET AND ACTUALS**

MATCHING GRANT FUND

YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
State sources	\$ -	\$ 4,000,000	\$ -	\$ (4,000,000)
EXPENDITURES				
Facilities acquisition and construction	-	4,000,000	-	4,000,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ -	\$ -

OTHER SCHEDULES

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

SCHEDULE OF REVENUES BY FUNCTION – ALL FUNDS**YEAR ENDED JUNE 30, 2021**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Revenue from Local Sources			
1110 Ad Valorem Taxes Levied by District	\$ 1,929,239	\$ -	\$ -
1190 Penalties and Interest on Taxes	873	-	-
1311 Regular Day School Tuition - From Individuals	-	-	-
1500 Earnings on Investments	41,295	-	-
1600 Food Service	-	4,609	-
1700 Extracurricular Activities	185	42,998	-
1910 Rentals	625	-	-
1920 Contributions and Donations From Private Sources	9,412	1,000	-
1940 Services Provided Other Local Education Agencies	23,100	-	-
1960 Recovery of Prior Years' Expenditure	-	-	-
1990 Miscellaneous	45,092	30,319	-
Total Revenue from Local Sources	<u>2,049,821</u>	<u>78,926</u>	<u>-</u>
Revenue from Intermediate Sources			
2101 County School Funds	-	-	-
2102 General ESD Revenue	202,439	-	-
Total Revenue from Intermediate Sources	<u>202,439</u>	<u>-</u>	<u>-</u>
Revenue from State Sources			
3101 State School Fund - General Support	9,935,396	-	-
3102 State School Fund - School Lunch Match	(2,197)	2,197	-
3103 Common School Fund	138,487	-	-
3299 Other Restricted Grants-in-Aid	798,434	293,516	-
Total Revenue from State Sources	<u>10,870,120</u>	<u>295,713</u>	<u>-</u>
Revenue from Federal Sources			
4100 Unrestricted Revenue Direct From the Federal Government	44,021	-	-
4202 Medicaid Reimbursement for Eligible K-12 Expenses (Ages 5-21)	-	-	-
4500 Restricted Revenue From the Federal Government Through the State	45,757	207,814	-
Total Revenue from Federal Sources	<u>89,778</u>	<u>207,814</u>	<u>-</u>
Revenue from Other Sources			
5100 Long Term Debt Financing Sources	128,290	-	4,000,000
5200 Interfund Transfers	62,200	122,782	-
5400 Resources - Beginning Fund Balance	4,689,569	128,821	37,200
Total Revenue from Other Sources	<u>4,880,059</u>	<u>251,603</u>	<u>4,037,200</u>
Grand Totals	<u>\$ 18,092,217</u>	<u>\$ 834,056</u>	<u>\$ 4,037,200</u>

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

SCHEDULE OF EXPENDITURES BY FUNCTION/OBJECT

GENERAL FUND

YEAR ENDED JUNE 30, 2021

	<u>Totals</u>	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>
<u>GENERAL FUND</u>								
Instruction Expenditures								
111 Elementary, K-5 or K-6	\$ 2,812,360	\$ 1,608,926	\$ 1,158,868	\$ 12,273	\$ 32,115	\$ -	\$ 178	\$ -
113 Elementary Extracurricular	-	-	-	-	-	-	-	-
121 Middle/Junior High Programs	1,201,354	776,771	400,705	335	22,365	-	1,178	-
122 Middle/Junior High School Extracurricular	40,474	25,620	13,983	735	41	-	95	-
131 High School Programs	1,630,426	992,565	560,172	14,857	61,809	-	1,023	-
132 High School Extracurricular	222,698	49,512	25,300	138,305	4,242	-	5,339	-
140 Pre-Kindergarten Programs	60	-	-	-	60	-	-	-
1220 Restrictive Programs for Students w/ Disabilities	245,296	50,029	48,294	146,973	-	-	-	-
1250 Less Restrictive Programs for Students w/ Disabilities	14,487,222	671,137	381,303	322,956	16,428	-	26,898	-
1280 Alternative Education	357,034	186,155	97,004	53,410	20,465	-	-	-
1291 English Second Language Programs	115,176	40,619	16,407	10,444	47,508	-	198	-
1400 Summer School	20,179	-	-	-	20,179	-	-	-
Total Instruction Expenditures	8,063,779	4,401,334	2,702,036	700,288	225,212	-	34,909	-
Support Services Expenditures								
210 Attendance and Social Work Services	73	-	-	-	-	-	73	-
2120 Guidance Services	135,046	62,366	34,763	27,370	10,398	-	149	-
2130 Health Services	35,255	23,643	10,033	-	716	-	863	-
2150 Speech Pathology and Audiology Services	85,491	62,154	21,666	180	1,491	-	-	-
2160 Other Student Treatment Services	103,512	66,751	36,761	-	-	-	-	-
2210 Improvement of Instruction Services	104,744	68,485	29,464	6,795	-	-	-	-
2230 Assessment & Testing	56,239	1,378	162	6,551	48,148	-	-	-
2240 Instructional Staff Development	22,918	-	-	22,918	-	-	-	-
2310 Board of Education Services	275,921	-	29,913	53,341	192	121	192,354	-
2320 Executive Administration Services	738,625	304,554	406,927	25,118	(2,870)	-	4,896	-
2410 Office of the Principal Services	896,362	538,741	323,368	6,432	22,151	-	5,670	-
2520 Fiscal Services	105,459	50,736	33,481	8,897	425	-	11,920	-
2540 Operation and Maintenance of Plant Services	745,667	259,239	171,273	279,079	35,408	-	668	-
2550 Student Transportation Services	773,985	298,934	256,197	7,628	18,417	192,806	3	-
2570 Internal Services	174,824	89,296	63,813	17,667	4,048	-	-	-
2640 Staff Services	264,787	-	264,787	-	-	-	-	-
2660 Technology Services	401,781	59,796	38,334	3,642	291,489	-	8,520	-
Total Support Services Expenditures	4,920,689	1,886,073	1,720,942	465,618	430,013	192,927	225,116	-
Facilities Acquisition and Construction Expenditures								
4150 Building Acquisition, Construction, and Improvement Svcs	121,093	-	-	-	-	121,093	-	-
Other Uses Expenditures								
5100 Debt Service	359,373	-	-	-	-	-	359,373	-
5200 Transfers of Funds	122,782	-	-	-	-	-	-	122,782
Total Other Uses Expenditures	482,155	-	-	-	-	-	359,373	122,782
General Fund Totals	\$ 13,587,716	\$ 6,287,407	\$ 4,422,978	\$ 1,165,906	\$ 655,225	\$ 314,020	\$ 619,398	\$ 122,782

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

SCHEDULE OF EXPENDITURES BY FUNCTION/OBJECT

OTHER FUNDS

YEAR ENDED JUNE 30, 2021

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
<u>SPECIAL REVENUE FUNDS</u>								
Instruction Expenditures								
111 Elementary, K-5 or K-6	\$ 100,000	\$ 82,833	\$ 17,167	\$ -	\$ -	\$ -	\$ -	\$ -
122 Middle/Junior High School Extracurricular	4,668	-	-	-	4,668	-	-	-
131 High School Programs	93,516	72,907	20,609	-	-	-	-	-
132 High School Extracurricular	22,003	-	-	-	22,003	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	154,673	85,773	66,382	2,518	-	-	-	-
1272 Title I	78,709	50,343	28,366	-	-	-	-	-
1273 Title II	12,082	-	12,082	-	-	-	-	-
1274 Title IV	10,000	-	10,000	-	-	-	-	-
1299 Other Programs	95,912	11,095	4,009	36,858	43,950	-	-	-
Total Instruction Expenditures	571,563	302,951	158,615	39,376	70,621	-	-	-
Support Services Expenditures								
2120 Guidance Services	100,000	89,571	10,429	-	-	-	-	-
2210 Improvement of Instruction Services	70	-	-	-	70	-	-	-
Total Support Services Expenditures	100,070	89,571	10,429	-	70	-	-	-
Enterprise and Community Services Expenditures								
3100 Food Services	269,569	86,277	60,071	4,179	117,768	-	1,274	-
Other Uses Expenditures								
5200 Transfers of Funds	25,000	-	-	-	-	-	-	25,000
Total Other Uses Expenditures	25,000	-	-	-	-	-	-	25,000
Special Revenue Funds Totals	\$ 966,202	\$ 478,799	\$ 229,115	\$ 43,555	\$ 188,459	\$ -	\$ 1,274	\$ 25,000
<u>CAPITAL PROJECTS FUND</u>								
Support Services Expenditures								
2544 Building Acquisition, Construction, and Improvement Svcs	\$ 77,823	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,823	\$ -
Facilities Acquisition and Construction Expenditures								
4150 Building Acquisition, Construction, and Improvement Svcs	99,037	-	-	-	-	99,037	-	-
Other Uses Expenditures								
5100 Debt Service	2,923,886	-	-	-	-	-	2,923,886	-
5200 Transfers of Funds	37,200	-	-	-	-	-	-	37,200
Total Other Uses Expenditures	2,961,086	-	-	-	-	-	2,923,886	37,200
Capital Projects Fund Totals	\$ 3,137,946	\$ -	\$ -	\$ -	\$ -	\$ 99,037	\$ 3,001,709	\$ 37,200

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SUPPLEMENTAL INFORMATION REQUIRED
BY THE OREGON DEPARTMENT OF EDUCATION**

YEAR ENDED JUNE 30, 2021

A. Energy Bill for Heating - All Funds

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

	Objects 325, 326, 327*
Function 2540	\$ 164,896
Function 2550	\$ 5,410

B. Replacement of Equipment - General Fund:

Includes all General fund expenditures 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.*

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

<u>Federal Grantor/Pass-Through Agency/Program Title</u>	<u>Federal Assistance Number</u>	<u>Pass-Through Number</u>	<u>Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
PASSED THROUGH OREGON DEPARTMENT OF EDUCATION:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	n/a	\$ 53,643
National School Lunch Program	10.555	n/a	86,436
Donated Commodities	10.555	n/a	<u>13,362</u>
Total Child Nutrition Cluster			<u>153,441</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
PASSED THROUGH OREGON DEPARTMENT OF EDUCATION:			
Special Education Cluster (IDEA)			
Special Education Grants to States	84.027	60634	151,796
Special Education Grants to States	84.027	56621	1,517
Special Education Grants to States	84.027	57350	210
Special Education Grants to States	84.027	61420	<u>15,102</u>
Special Education Grants to States Total			<u>168,625</u>
Special Education Preschool Grants	84.173	53936	<u>1,150</u>
Total Special Education Cluster (IDEA)			<u>169,775</u>
Supporting Effective Instruction State Grants	84.367	58730	10,995
Supporting Effective Instruction State Grants	84.367	53502	<u>1,088</u>
Supporting Effective Instruction State Grants Total			<u>12,083</u>
Title I Grants to Local Educational Agencies	84.010	582535	78,710
Student Support and Academic Enrichment Program	84.424	58550	10,000
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425	58550	<u>80,808</u>
TOTAL PASSED THROUGH OREGON DEPARTMENT OF EDUCATION			<u>351,376</u>
PASSED THROUGH OREGON DEPARTMENT OF HEALTH SERVICES:			
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	154900	<u>67,864</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>419,240</u>
FEDERAL FINANCIAL ASSISTANCE GRAND TOTAL			<u>\$ 572,681</u>

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of 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 or changes in net assets of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. INDIRECT COST RATE

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

4. SUBRECIPIENTS

The District does not pass-through federal awards to any subrecipients.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH OREGON STATE REGULATIONS**



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH OREGON STATE REGULATIONS**

Board of Directors
Corbett School District No. 39
Corbett, Oregon

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Corbett School District No. 39, Multnomah County, Oregon, (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 February 28, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

COMPLIANCE

As part of obtaining reasonable assurance about whether 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 162-10-000 through 162-10-330 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing, nothing came to our attention that caused us to believe 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 162-10-000 through 162-10-330 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

- In our test sample of six teachers, out of a population of 59 teachers, the District misreported years of experience for four teachers. For years in District, there were two teachers with experience over reported by one year and one teacher that was under reported by one year. For years in Oregon, there were two teachers with experience over reported by one year and two teachers that were under reported by one year. For years out of Oregon, there was one teacher with experience over reported by two years.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH OREGON STATE REGULATIONS (Continued)**

Board of Directors
Corbett School District No. 39

COMPLIANCE (Continued)

- The following expenditures were in excess of appropriations:
 - \$93,900 for instruction in the General Fund
 - \$21,093 for facilities acquisition and construction in the General Fund
 - \$81,290 for instruction in the Federal Programs Fund
 - \$623 for support services in the Capital Improvements Fund
 - \$21,478 for debt service in the Capital Improvements Fund

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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as communicated in a separate letter to management dated February 28, 2022, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider certain deficiencies as communicated in a separate letter to management dated February 28, 2022 be material weaknesses.

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. We consider certain deficiencies as communicated in a separate letter to management dated February 28, 2022 to be significant deficiencies.

PURPOSE OF THIS REPORT

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



Portland, Oregon
February 28, 2022