

**MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended
June 30, 2022**



MORROW COUNTY SCHOOL DISTRICT

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**MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON**

**BOARD OF DIRECTORS AND OFFICIALS
For the Fiscal Year Ended June 30, 2022**

BOARD OF DIRECTORS

Name	Position	Position
Brian Kollman	1	Director
Jacob Cain	2	Director
Richard Cole	3	Vice-Chair
Becky Kindle	4	Chair
Mary Killion	5	Director
Vacant	6	Director
Rosa Delgado	7	Director

Administrative Staff

Dirk Dirkson	District Office	Superintendent
Beth O'Hanlon	Intermountain ESD	CFO
Gabriel Hansen	Intermountain ESD	Business Manager/Deputy Clerk
Erin Stocker	District Office	Executive Director of Human Resources
Stephanie Ewing	A.C. Houghton Elementary School	Principal
Kaira Rysdam	Irrigon Elementary School	Principal
Ryan Keefauver	Irrigon Junior/Senior High School	Principal
Dieter Waite	Heppner Elementary	Principal
Matt Combe	Heppner Junior/Senior High School	Principal
David Norton	Riverside Junior/Senior High School	Principal
Jill Ledbetter	Sam Boardman Elementary School	Principal
John Christy	Windy River Elementary School	Principal
Marie Shimer	Morrow Education Center	Principal and Director of Educational Services
Rose Palmer	Irrigon Junior/Senior High School	Vice Principal
Steven Sheller	Riverside Junior/Senior High School	Vice Principal
Jami Carbray	Sam Boardman Elementary School	Vice Principal



MORROW COUNTY SCHOOL DISTRICT

FINANCIAL SECTION



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Certified Public Accountants and Business Advisors

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Morrow County School District
Morrow County, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Morrow County School District (the District), as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2022, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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.

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

A

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and government auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedules of the District's Proportionate Share of the Net Pension Liability (Asset) and the District's Contributions to the Oregon Public Employees Retirement System, Schedule of Proportionate Share of Net OPEB Liability (Asset), Schedule of Contributions OPERS Retirement Health Insurance Account, Schedule of Changes in the District's OPEB Liability and Related Ratios, and Notes to Required Supplementary information as listed in the table of contents), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards

Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to management's discussion and analysis and the schedule of the District's Proportionate Share of the Net Pension Liability (Asset) and the District's Contributions to the Oregon Public Employees Retirement System, Schedule of Proportionate Share of Net OPEB Liability (Asset), Schedule of Contributions OPERS Retirement Health Insurance Account, Schedule of Changes in the District's OPEB Liability and Related Ratios, and Notes to 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 management's discussion and analysis and the schedule of the District's Proportionate Share of the Net Pension Liability (Asset) and the District's Contributions to the Oregon Public Employees Retirement System, Schedule of Proportionate Share of Net OPEB Liability (Asset), Schedule of Contributions OPERS Retirement Health Insurance Account, Schedule of Changes in the District's OPEB Liability and Related Ratios, and Notes to Required Supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budget and actual schedules for the General Fund and Special Revenue Fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare financial statements. The 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 records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplemental information, as listed in the Table of Contents, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 supplemental information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 31, 2022, on our consideration of the District's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320. 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.

Dickey and Tremper, LLP

Dickey and Tremper, LLP
Certified Public Accountants
Pendleton, Oregon

December 31, 2022



MORROW COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

MORROW COUNTY SCHOOL DISTRICT
Heppner, Morrow County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

As management of Morrow County School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- Reported in the government-wide financial statement at June 30, 2022, the District's assets plus deferred outflows of resources outstripped liabilities plus deferred inflows of resources, causing an overarching *surplus* totaling \$5,142,548. This surplus resulted from improved support from federal, state and local grants. The federal COVID grants, the State Student Investment Account grant and large grants from the Morrow Education Foundation and gift from Amazon helped build the District's financial position. Notably, the District continues to carry significant liabilities due to its portion of the state's unfunded pension liability (PERS, \$14,476,070) and OPEB liability (health insurance, \$2,266,958). The District, like other government agencies across the State have a growing PERS liability due to the contractual defined benefit plan for more tenured State employees. The District's investment in capital assets net of related debt totaled \$15,946,559.
- The 2021-2022 budget was supported by 49% of the State's \$9.3B Basic School Support in the first year of the 2021-2023 biennium. For the fiscal year ended June 30, 2022, the District received Basic School Support revenue of \$18,152,751 which was \$256,338 less than the prior year. The budget also included a large Student Improvement Act grant funded by the State's new Corporate Activity Tax. Other resources included Federal COVID grants and state grants for summer school and targeted learning. The District received a higher reimbursement on its food service program as a result of the federal focus on feeding students during the pandemic.
- The District continued wrap-around services, which provide mental health counselors, CARE coordinators and Safety Resource Officers in our schools. The District honored negotiated employment agreements with COLAs and higher health insurance benefits.
- The District property continues to be maintained for a safe and healthy learning environment. Major projects included HVAC upgrades and replacing a wheel chair lift. Other larger purchases included security cameras and fire panel replacements.
- The District sold PERS bonds at face value in the amount of \$18,300,000. Rates were decreased significantly.
- The COVID-19 pandemic continued to effect daily operations in the 2021-2022 school year. The Federal and State offered additional financial support which allowed for the purchase of hot spots and other technology for on-line learning, after school support and summer school.
- At June 30, 2022, the unassigned fund balance for the General Fund was \$5,057,409 or 17.73% of total General Fund expenditures (including transfers) for the fiscal year. In addition, the District continued to maintain a PERS Reserve Fund (\$1,448,889) to offset the rising costs of PERS over the next two Biennium. None of the reserve fund was utilized in 2021-2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves 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 basic financial statements. This report also contains supplementary information in addition to the basic financial statements that will enhance the reader's understanding of the financial condition of the District.

MORROW COUNTY SCHOOL DISTRICT
Heppner, Morrow County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

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

Statement of Net Position. The Statement of Net Position presents information on all of the assets and liabilities of the District at year end. Net position is what remains after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Statement of Activities. The Statement of Activities presents information showing how the net position of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

Fund Financial Statements - The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Morrow County School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are within the governmental fund category.

Governmental funds. The governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Position and Activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and Special Revenues Fund, which are considered to be major funds. Data for the Capital Projects Fund and Debt Service Fund are combined in a single aggregated presentation. Individual fund data for each non-major governmental fund is provided in the form of combining schedules.

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

MORROW COUNTY SCHOOL DISTRICT
Heppner, Morrow County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information and other financial schedules reflect combining schedules for non-major governmental funds and detail budget to actual analysis for the fiscal year ending June 30, 2022.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Current and Other Assets on the tables below primarily consist of cash, accounts receivable from grants and property taxes. At June 30, 2022, cash totaled \$14,474,239. Receivables total \$2,049,626, primarily owing from state and federal Grants, \$1,751,419.

Capital assets consist of the District's land, buildings, building improvements, vehicles, and equipment; which represent approximately 48.68% of total assets. For the year ended June 30, 2022, larger investments in capital assets included basketball hoops at Sam Boardman, video systems with door unlock, and replacing a wheel chair lift. The District also invested in improvements to the North District Office in Irrigon.

Deferred outflows of resources related to pensions totaled \$25,990,631 and primarily comprise of investment earnings and changes in assumptions (discount rate), combined with contributions subsequent to the measurement date and differences between expected and actual experience. The District also carried a smaller deferred outflow from OPEB and the refunding of pension bonds.

The District's largest debt obligation consists of two PERS Bond issued in 2002 and 2021. The bonds were sold to fund or partially fund the Agencies PERS unfunded actuarial liability (UAL). The amount of bonds sold in 2021 totaled \$18,300,000. At June 30, 2022, the bonds balance totaled \$22,282,774. As mentioned earlier, the District has a net pension liability totaling \$14,476,070. The pension liability reflects the District's proportionate share of the State of Oregon's Unfunded Actuarial Liability. This liability has decreased from \$25,320,598 the previous year as the pension bond paid down the UAL.

The District carries an outstanding Qualified School Construction Bonds totaling \$590,000 at June 30, 2022.

The District reported Deferred Inflows of Resources resulting primarily from the net difference between projected and actual earnings on pension investments totaling \$11,605,488. The accrual is also driven by the changes in proportion and differences between employer contributions and proportionate share of contributions. The Deferred Inflow of Resources related to OPEB totaled \$1,041,913.

The majority of the District's surplus net position \$5,142,548, is due to the increase in cash due to the improved support from federal, state and local grants.

MORROW COUNTY SCHOOL DISTRICT
 Heppner, Morrow County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2022

Net Position at June 30, 2022					
Governmental Activities					
		2022		2021	Increase/ (Decrease)
Current and Other Assets	\$	17,436,127	\$	12,663,788	\$ 4,772,339
Capital Assets, net accum. depreciation		16,536,559		16,878,995	(342,436)
Total Assets		33,972,686		29,542,783	4,429,903
Deferred amounts on refunding		-		-	-
Deferred outflows related to pensions		25,990,631		8,670,452	17,320,179
Deferred outflows related to OPEB		402,015		398,960	3,055
Total Deferred Outflows of Resources		26,392,646		9,069,412	17,323,234
Current Liabilities		4,187,978		2,308,060	1,879,918
Net OPEB Liability		2,266,958		2,631,985	(365,027)
Net Pension Liability		14,476,070		25,320,598	(10,844,528)
Long-Term Liabilities		21,644,377		5,617,402	16,026,975
Total Liabilities		42,575,383		35,878,045	6,697,338
Deferred Inflows of Resources		12,647,401		2,258,807	10,388,594
Net Position:					
Investment in Capital Assets		15,946,559		16,288,895	(342,336)
Restricted For:					
Debt Service		361,195		351,402	9,793
Special Programs		3,216,698		2,428,632	788,066
Capital Projects		270,000		-	270,000
Unrestricted		(14,651,904)		(18,593,586)	3,941,682
Total Net Position	\$	5,142,548	\$	475,343	\$ 4,667,205

Governmental Activities - During the current fiscal year, the District's net position increased by \$4,667,205. Key elements of the change in the District's net position for the year ended June 30, 2022 are as follows:

- Revenues increased 11% overall, with fluctuation between categories. Operating grants & contributions improved from \$7,116,935 to \$9,216,163. Notably, the Federal COVID-19 Stimulus funding fueled the increase. The district was gifted money from Amazon and capital grants increased from \$127,413 to 2,976,126. Revenues totaled \$43,359,639 compared to \$39,018,317 for the same time period last year.
- Expenditures were also higher, primarily due to the increase in costs associated with the four additional days added to the calendar and also COVID-19 safety prevention and distance learning. Also, the District hired additional employees to serve students and families. Employees received the negotiated COLA and benefits per the collective bargaining agreement.

MORROW COUNTY SCHOOL DISTRICT
Heppner, Morrow County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

Changes in Net Position for the Year Ended June 30, 2022			
Governmental Activities			
	2022	2021	Increase/ (Decrease)
Revenues:			
Program Revenues			
Charges for Services	\$ 451,767	\$ 311,103	\$ 140,664
Operating Grants & Contributions	9,216,163	7,116,935	2,099,228
Capital Grants & Contributions	2,976,126	127,413	2,848,713
General Revenues:			
Property Taxes	10,122,241	11,434,201	(1,311,960)
State School Sources	18,152,751	18,409,089	(256,338)
Other Federal, State and Local Sources	491,021	424,091	66,930
Interest on Investments	70,557	84,292	(13,735)
Other	1,879,013	1,111,193	767,820
Total Revenues	43,359,639	39,018,317	4,341,322
Sale of Capital Assets	-	-	-
Expenses:			
Instruction	23,642,035	21,669,166	1,972,869
Support Services	13,255,118	13,283,855	(28,737)
Enterprise & Community Services	1,060,340	1,429,085	(368,745)
Facilities Construction and Improvement	102,278	65,665	36,613
Interest on long-term debt	632,663	386,292	246,371
Total Expenses	38,692,434	36,834,063	1,858,371
Change in Net Position	4,667,205	2,184,254	2,482,951
Net Position, Beginning	475,343	(1,708,911)	2,184,254
Net Position, Ending	\$ 5,142,548	\$ 475,343	\$ 4,667,205

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with various regulatory requirements.

Governmental Funds - The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a District's net resources available for spending at the end of a fiscal year.

MORROW COUNTY SCHOOL DISTRICT
Heppner, Morrow County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

At June 30, 2022, the District's governmental funds reported combined ending fund balances of \$13,836,161, an increase of \$4,222,405 in comparison with the prior year. The increase in the ending fund balance primarily resulted in additional revenue as discussed previously. The General Fund carried an unassigned ending fund balance totaling \$5,057,409, which is available for spending at the District's discretion. The remaining fund balance included \$339,118 restricted for debt service, \$3,216,698 restricted by state grants or contributions, \$148,795 committed for technology investments, \$3,228,646 assigned for capital projects with \$270,000 restricted to capital improvements and \$1,448,889 assigned for future increases to PERS rates.

General Fund. The General Fund is the primary operating fund of the District. As of June 30, 2022, the fund balance was \$6,632,904, including the \$1,448,889 balance in the PERS Reserve Fund. Notably, GASB 54 does not allow Special Revenue funds without a restricted or committed revenue source, the PERS Reserve fund is carried on the Financial Statements as an assigned balance in the General Fund. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The fund balance represents approximately 23.26% of total General Fund expenditures (including transfers). The fund balance increased by \$675,767 during the current fiscal year and remains well within the prescribed resources to maintain a quality education for its students.

Overall, General Fund revenues rose from \$29,065,735 in the 2021 fiscal year to \$29,192,669 in the current year. This improvement primarily resulted of improved property tax collections. Tax revenue totaled \$10,123,644 compared with \$9,218,649 in the prior year. The improvement is driven by the economic growth in Morrow County, with new commercial and residential properties on the tax roll.

General Fund expenditures were higher with new teachers and counselors, along with increased COLAs, and health benefits.

Special Revenues Fund. The Special Revenues Fund is a combination of 25 funds and has an aggregate ending fund balance totaling \$3,365,493. The fund balance improved by \$572,275 with larger increases in federal funding for COVID-19 and food service, Student Improvement Act grant and contributions from the Morrow Education Foundation. Expenditures were also higher due to the District's response to COVID-19, there were additional cleaning, distance learning, and summer school activities as a result of the pandemic.

Debt Service Fund. The Debt Service Fund has a fund balance of \$339,118, all of which is restricted for the payment of debt. This fund was created to account for the payment of the District's general obligation bond and PERS UAL bonds.

Capital Projects Fund. The Capital Projects Fund has a fund balance of \$3,498,646. The General Fund made a transfer to Capital Projects in 2022, \$300,000. The fund balance increased by \$2,941,108 due to a donation from Amazon of about \$2.3 million and some donations for the Irrigon track and Sam Boardman Gym.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund Budget is primarily driven by the State School Support, which includes property taxes and the State School Fund. For the year ended June 30, 2022, the State School Fund – General Support provided 63.05% of the District's program resources for the General Fund. The percentage climbs to 97.73% when taxes and other state formula sources are included. The District continued to invest in additional staff, improve wages and benefits, and maintain operations. With strong state support, the District was not required to utilize the PERS reserve.

MORROW COUNTY SCHOOL DISTRICT
 Heppner, Morrow County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - As shown in the table below, at June 30, 2022, the District had \$16,536,559 invested in a broad range of capital assets, including land, buildings and improvements, vehicles and equipment. This amount represents a net decrease (including additions, deletions and depreciation) of \$342,436 from the previous year.

Capital Assets (net of depreciation)

June 30, 2022

		Governmental Activities	
Land	\$	813,833	
Construction in Progress		165,820	
Buildings & Improvements		14,049,538	
Equipment & Vehicles		742,565	
	\$	16,536,559	

Long-term Debt - At the end of the current fiscal year, the District bonded debt outstanding totaled \$22,872,774 consisting of general obligation bonds and pension bonds.

	Outstanding Debt Obligations		
	2022	2021	Difference
General Obligation Bonds			
2010A Bond Issue	\$ 590,000	\$ 590,000	\$ -
Limited Tax Pension Bond			
PERS Bond Issue	4,470,000	5,030,000	(560,000)
2021 PERS Bond refunding	17,815,000	-	17,815,000
Less: deferred discount	(2,226)	(2,598)	372
Total	\$ 22,872,774	\$ 5,617,402	\$ 17,255,372

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2022-2023 budget is supported by 51% of the State's \$9.3B Basic School Support for second year in the biennium. The District's estimated stable enrollment from the previous year totaling 2,264 ADMr. Morrow County's robust economy continues to drive higher property tax collections as the private industry moves from enterprise zones to the tax rolls. The District also benefits from continued support from the community via the Morrow Education

MORROW COUNTY SCHOOL DISTRICT
Heppner, Morrow County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

Foundation, Columbia River Enterprise Zone and Morrow Recreation District.

Morrow County awarded the District a \$868,487 thousand grant from the County's income from Wheatridge, a new wind farm. The grant funds an expansion of STEM (Science, Technology, Engineering and Math) and STEAM (Art and Music) instruction. Science, Technology, Engineering, Art and Music (STEAM) district.

The District also received significant federal funding (COVID-19) and state grants via the Student Investment Act and an initiative from the Governor for summer school.

On the expenditure side, new positions include a STEM elementary teacher, a technology teacher, elementary music teacher and a KG-12 STEAM teacher. In addition, the District honored the negotiated cost of living adjustment to salaries and health insurance. Program improvements were also made to summer school, after school, nursing and bussing. The District budgeted for improvements to HVAC systems to improve air quality.

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information can be obtained by calling the District's business manager (541) 922-4016 or by sending a written request to: Morrow County School District, Business Office; PO Box 100; Heppner, OR 97836.



MORROW COUNTY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

**MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
STATEMENT OF NET POSITION
June 30, 2022**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 14,474,239
Receivables:	
Property taxes	298,207
Accounts	1,751,419
Prepaid items	142,993
Restricted assets:	
Cash and cash equivalents	284,174
Net OPEB asset	358,498
Lease assets, net	126,597
Capital assets:	
Land	813,833
Construction in progress	165,820
Depreciable assets, net of depreciation	15,556,906
Total assets	33,972,686
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	25,990,631
Deferred outflows related to OPEB	402,015
Total deferred outflows of resources	26,392,646
LIABILITIES	
Accounts payable and accrued expenses	2,179,084
Unearned revenue	651,297
Net OPEB obligation	2,266,958
Net pension liability	14,476,070
Long-term liabilities	
Due within one year	1,357,597
Due in more than one year	21,644,377
Total liabilities	42,575,383
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	11,605,488
Deferred inflows related to OPEB	1,041,913
Total deferred inflows of resources	12,647,401
NET POSITION	
Net investment in capital assets	15,946,559
Restricted for:	
Debt service	361,195
Special programs	3,216,698
Capital projects	270,000
Unrestricted	(14,651,904)
Total net position	\$ 5,142,548

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

MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 23,642,035	\$ 323,000	\$ 5,360,304	\$ 121,543	\$ (17,837,188)
Support services	13,255,118	108,849	2,317,146	-	(10,829,123)
Enterprise and community services	1,060,340	7,917	1,538,714	-	486,291
Facility acquisition and construction	102,278	12,000	-	2,854,583	2,764,305
Interest on long-term obligations	632,663	-	-	-	(632,663)
Total governmental activities	<u>\$ 38,692,434</u>	<u>\$ 451,767</u>	<u>\$ 9,216,163</u>	<u>\$ 2,976,126</u>	<u>(26,048,378)</u>
General revenues:					
Taxes:					
Property taxes levied for general purposes					10,114,488
Property taxes levied for debt service					7,753
State School Fund - general support					18,152,751
Common School Fund - general support					236,828
Other unrestricted funds					254,193
Interest and investment earnings					70,557
Miscellaneous					1,879,013
Total general revenues, special items, and transfers					<u>30,715,583</u>
Change in net position					4,667,205
Net position, beginning					<u>475,343</u>
Net position, ending					<u>\$ 5,142,548</u>

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



MORROW COUNTY SCHOOL DISTRICT

FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

The General Fund accounts for the financial operations of the District not accounted for in any other fund. Principal sources of revenue are property taxes and state shared revenues. Expenditures are primarily for general operating expenditures and capital improvement costs.

Special Revenues Fund

The Special Revenues Fund accounts for revenue from specific sources that are legally restricted to expenditures for specified purposes.

Debt Services Fund

The Debt Services Fund accounts for expenditure for payment made for principal and interest on long-term debt for governmental funds

Capital Projects Fund

The Capital Projects Fund accounts for all resources for the acquisition of capital facilities or major renovations to existing facilities.

MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General Fund (GAAP)	Special Revenues Fund	Debt Service Fund	Capital Projects Fund	Totals
ASSETS					
Cash and cash equivalents	\$ 7,899,379	\$ 2,795,226	\$ 328,160	\$ 3,735,648	\$ 14,758,413
Receivables:					
Property taxes	265,172	-	33,035	-	298,207
Accounts	291,167	1,460,252	-	-	1,751,419
Prepaid items	126,606	16,387	-	-	142,993
 Total assets	 <u>\$ 8,582,324</u>	 <u>\$ 4,271,865</u>	 <u>\$ 361,195</u>	 <u>\$ 3,735,648</u>	 <u>\$ 16,951,032</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 1,687,007	\$ 255,075	\$ -	\$ 237,002	\$ 2,179,084
Unearned revenue	-	651,297	-	-	651,297
 Total liabilities	 <u>1,687,007</u>	 <u>906,372</u>	 <u>-</u>	 <u>237,002</u>	 <u>2,830,381</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	262,413	-	22,077	-	284,490
FUND BALANCES					
Nonspendable	126,606	16,387	-	-	142,993
Restricted	-	3,216,698	339,118	270,000	3,825,816
Committed	-	132,408	-	-	132,408
Assigned	1,448,889	-	-	3,228,646	4,677,535
Unassigned	5,057,409	-	-	-	5,057,409
 Total fund balances	 <u>6,632,904</u>	 <u>3,365,493</u>	 <u>339,118</u>	 <u>3,498,646</u>	 <u>13,836,161</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 8,582,324</u>	 <u>\$ 4,271,865</u>	 <u>\$ 361,195</u>	 <u>\$ 3,735,648</u>	 <u>\$ 16,951,032</u>

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

**MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2022**

Fund balances - total governmental funds	\$ 13,836,161
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.	16,536,559
Lease assets and the related leases payable are not financial resources or payable in the current period and are not reported in the funds.	(2,603)
Net pension liabilities and related deferred outflows and deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.	(90,927)
Net OPEB assets/liabilities and related deferred outflows and deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.	(2,548,358)
Property tax revenue is deferred in the governmental fund statements until collected. However, the revenue is earned when levied, therefore no deferral is necessary.	284,490
Long-term liabilities, including bonds and the related bond premium/discount, are not due and payable in the current period, and, therefore, are not reported in the fund statements.	<u>(22,872,774)</u>
Net position of governmental activities	<u><u>\$ 5,142,548</u></u>

MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2022

	General Fund (GAAP)	Special Revenues Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES					
Property taxes	\$10,123,644	\$ -	\$ 31,216	\$ -	\$ 10,154,860
Other local sources:					
Revenues from other local governments	-	847,750	-	-	847,750
Charges for services	-	322,251	-	-	322,251
Rentals	-	-	-	12,000	12,000
Donations	1,700	988,458	-	2,854,583	3,844,741
Miscellaneous	265,367	229,414	1,643,861	-	2,138,642
Intermediate sources:					
County school funds	72,088	-	1,939	-	74,027
Payment in lieu of taxes	194,927	-	-	-	194,927
Restricted Revenue	-	361,973	-	-	361,973
State sources	18,406,067	2,663,201	-	-	21,069,268
Federal sources	58,437	4,242,825	-	-	4,301,262
Interest on investments	70,439	59	59	-	70,557
TOTAL REVENUES	<u>29,192,669</u>	<u>9,655,931</u>	<u>1,677,075</u>	<u>2,866,583</u>	<u>43,392,258</u>
EXPENDITURES					
Current:					
Instruction	17,185,965	5,385,246	-	-	22,571,211
Support services	10,906,037	2,182,133	-	254,449	13,342,619
Enterprise and community services	-	1,191,179	-	-	1,191,179
Facilities acquisition and construction	-	-	-	89,320	89,320
Capital outlay	-	417,548	-	88,467	506,015
Debt service	32,450	-	1,830,759	-	1,863,209
TOTAL EXPENDITURES	<u>28,124,452</u>	<u>9,176,106</u>	<u>1,830,759</u>	<u>432,236</u>	<u>39,563,553</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,068,217</u>	<u>479,825</u>	<u>(153,684)</u>	<u>2,434,347</u>	<u>3,828,705</u>
OTHER FINANCING SOURCES (USES)					
Sale of property	-	-	-	206,761	206,761
Issuance of debt	-	-	18,300,000	-	18,300,000
PERS UAL lump sum payment	-	-	(18,113,061)	-	(18,113,061)
Transfers in	-	92,450	-	300,000	392,450
Transfers out	(392,450)	-	-	-	(392,450)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(392,450)</u>	<u>92,450</u>	<u>186,939</u>	<u>506,761</u>	<u>393,700</u>
NET CHANGE IN FUND BALANCE	675,767	572,275	33,255	2,941,108	4,222,405
FUND BALANCE, Beginning	<u>5,957,137</u>	<u>2,793,218</u>	<u>305,863</u>	<u>557,538</u>	<u>9,613,756</u>
FUND BALANCE, Ending	<u>\$ 6,632,904</u>	<u>\$ 3,365,493</u>	<u>\$ 339,118</u>	<u>\$ 3,498,646</u>	<u>\$ 13,836,161</u>

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

**MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022**

Net change in fund balance - governmental funds \$ 4,222,405

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied. (32,619)

Repayment of long-term obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. (17,255,000)

Governmental funds report lease financing as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as amortization expense. This is the amount by which amortization exceeded lease financing. (2,603)

Some expenses reported in the Statement of Activities do not require the use of current financial resources, and are not reported as expenditures in governmental funds.
Amortization of bond premiums and discounts (372)

Net pension liabilities and the related deferred outflows and deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds. The change in these balances effect expenses in the Statement of Activities. 17,792,269

Net OPEB liabilities and the related deferred outflows and deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds. The change in these balances effect expenses in the Statement of Activities. 285,561

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets are allocated over the useful lives and reported as depreciation expense.
Capital asset additions \$ 662,864
Depreciation expense (1,005,300)
(342,436)

Change in net position - governmental activities \$ 4,667,205



MORROW COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

**MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

School districts in the state of Oregon are created by legislative action. Morrow County School District (the District) consists of a unified school district for Morrow County, with the exception of the City of Lone, with financial information from the eight different sites consolidated into this financial report. The administration of the District is vested in a seven-member board of directors, principals at each school location, a superintendent at the District office in Irrigon, and a CFO and business manager/deputy clerk located at Intermountain ESD.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America, as applicable to governmental units. The following is a summary of significant accounting policies used by the District in the preparation of the accompanying financial statements.

A. Financial Reporting Entity

A seven-member board of directors exercises governance responsibilities over all entities related to public elementary and secondary school education within the jurisdiction of the District as set by the State of Oregon. The board receives funding from local, state, and federal sources. However, the District is not included in any other governmental reporting entity as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the primary government's financial accountability. The criteria used to determine financial accountability include whether the primary government appoints a voting majority, the primary government can impose its will on the component unit, whether there is financial benefit or burden on the primary government, and if the component unit has a fiscal dependency on the primary government. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is financially accountable. Based upon the application criteria established by the Governmental Accounting Standards Board (GASB), there are no component units of the District.

B. Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are financed primarily through property taxes, intergovernmental revenues, and charges for services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or others for tuition, fees, rentals, material, supplies or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Net position is reported as restricted when constraints placed on net asset use are either externally restricted, imposed by creditors (such as through grantors, contributors, or laws) or through constitutional provisions or enabling resolutions.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting include property taxes. Other revenue items are included when earned. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

The *General Fund* is the primary operating fund of the District. It accounts for all financial resources of the District, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. Included in the General Fund is the budgeted Fund 299, PERS Reserve.

Special Revenues Fund accounts for revenues and expenditures legally restricted for use in accordance with various grant requirements, which are legally restricted, or assigned to finance particular functions or activities.

Debt Service Fund accounts for the financial resources that are restricted, committed, or assigned to expenditure for payment made for principal and interest on long-term debt for governmental funds.

Capital Projects Fund accounts for all resources for the acquisition of capital facilities or major renovations to existing facilities.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this rule are actual charges for services between functions of the government. Elimination of these charges would distort the direct costs of program revenues reporting in the various functions concerned.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Position or Equity

1. Cash, Cash Equivalents, and Investments

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

Oregon Revised Statutes authorize school districts to invest in obligations of the U.S. Treasury, agencies and instrumentalities of the United States, commercial paper, banker's acceptances guaranteed by a qualified financial institution, repurchase agreements, interest bearing bonds of any city, county, port, or school district in Oregon (subject to specific standards), and the state local government investment pool, among others.

The District maintains merged bank accounts and investments for its funds in a central pool of cash and investments. The investment policy of the District is to invest in the Local Government Investment Pool (LGIP) and interest-bearing demand deposits with local banks and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035, which specifies the types of investments authorized for municipal corporations. The District records general earnings on investments within the general fund as this fund is the main operating fund of the District and is the primary fund maintaining invested balances throughout the year. Interest from the Debt service investments are recorded in the debt service fund as they are restricted for debt service purposes.

Investments in the LGIP are stated at amortized cost, which approximates fair value. All other investments are stated at fair value.

2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not available expendable financial resources. Other receivables including accounts, entitlements, and shared revenues are reported in accordance with the policies enumerated in Paragraph C above.

3. Inventories and Prepaid Items

Inventory of supplies are charged to expenditures when purchased. The items in inventory remain at a relatively constant level and the amount is not material. No physical inventory of supplies was taken during the year.

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

4. Capital Assets

Capital assets, which include land and improvements, buildings, equipment, and vehicles, are reported in the government-wide financial statements. The District defines capital assets as assets with an individual cost of \$5,000, or more, and having an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	10 to 20
Buildings and improvements	10 to 50
Equipment	5 to 15

5. Lease Assets

Lease assets are assets which the District leases for a term of more than one year. The value of leases is determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

6. Restricted Assets

Certain resources are set aside for repayment of debt and are classified as restricted assets on the Statement of Net Position because their use is restricted.

7. Long-Term Obligations

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

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

8. Leases Payable

In the government-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

9. Compensated Absences

Accumulated unpaid vacation is not accrued in the financial statements. The District does not compensate employees for unused vacation. A liability for accumulated sick pay does exist, however, it is not able to be estimated. Each employee may accumulate sick leave and carry it over to the succeeding year. In a year when sick leave is used, the teacher is paid the regular contract salary during the absence to the extent of sick leave earned. Substitutes must be hired by the District. When a teacher becomes employed by another District, the accumulated sick leave is transferred to that District.

10. Pensions

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

11. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenditures, expenses and other disclosures. Accordingly, actual results could differ from those estimates.

12. Governmental Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that met the definition of GASB 54: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

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

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash and include inventories and prepaid amounts.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the school board passes a resolution that places specific constraints on how the resources may be used. The school board can modify or rescind the resolution at any time through passage of an additional resolution.

Fund balance is reported as assigned when resources are constrained by the government's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the school board approves which resources should be assigned to expenditures of particular purposes during the adoption of the annual budget. The school board or business manager uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the fund financial statements.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned, for specific purposes beyond the normal scope of the District.

13. Use of Restricted Resources

When the option is available to use restricted or unrestricted resources for any purpose, the District expends restricted resources first. When the option is available to use committed, assigned, or unassigned resources for any purpose, the District expends committed resources before assigned resources, and assigned resources before unassigned resources.

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits. The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2022. If bank deposits at year end are not entirely insured or collateralized by the District or by its agent in the District's name, the District must disclose the custodial credit risk that exists.

The District's deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. For deposits in excess of federal depository insurance, Oregon Revised Statutes require that Public officials report to the Office of the State Treasurer (OST) all bank depositories in which they deposit public funds and bank depositories will then report financial information and total public funds deposits quarterly to OST. OST will then calculate the required collateral that must be pledged by the bank based on this information and the depository's FDIC assigned capitalization category. Bank depositories will then have a shared liability in the event of a bank loss. For the fiscal year ended June 30, 2022, the carrying amount of the District's deposits was \$1,406,274 and the bank balance was \$2,353,478. All deposits are held in the name of the District. Of the bank balance, \$785,003 was covered by federal depository insurance. The remaining \$1,568,475 was collateralized under ORS 295.

Custodial credit risk for deposits is the risk that, in the event of bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk.

Restricted Cash in Escrow - The District is responsible for Limited Tax Pension Obligations issued for financing of payment of the District's Oregon Public Employee Retirement System (PERS) unfunded liability and QSCB bonds. The State of Oregon withholds a portion of the District's State School Funding payment and transfers this portion to a trustee escrow account administered by the State of Oregon for the purpose of repayment of scheduled bond principal and interest, as required since the bonds were issued by the Oregon School Board Association. The amount held in the escrow account for payment of future scheduled payments at June 30, 2022 was \$284,174.

Investments. The District has invested funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool during the year. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an unrated external investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry as defined by GASB Statement No. 40.

In addition, The Oregon State Treasury LGIP distributes investment income on an amortized cost basis and the participant's equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the District's cash position.

Credit Risk - State statutes authorize the District to invest primarily in general obligations of the US Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's investment pool, among others. The District has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk - The District is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The District has no such investments.

Interest Rate Risk - The District has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Investments held by the District at June 30, 2022 are as follows:

	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Carrying Amount/ Fair Value</u>
Local Government Investment Pool	1 day	100%	\$ 12,819,841
Wells Fargo investments in federal obligations			101
BNY Mellon QSCB bond account			284,070
Investments in LGIP held by Morrow County			248,127
Less amounts classified as cash equivalents			<u>(13,352,139)</u>
Total Investments			<u>\$ -</u>

A reconciliation of cash and cash equivalents as shown on the combined balance sheet is as follows:

Deposits with financial institutions	\$ 1,406,274
Local government investment pool	12,819,841
Wells Fargo investments in federal obligations	101
BNY Mellon QSCB bond account	284,070
Investments in LGIP held by Morrow County	<u>248,127</u>
Total cash and cash equivalents	<u>\$ 14,758,413</u>
Funds:	
General	\$ 7,899,379
Special Revenues	2,795,226
Debt Service	328,160
Capital Projects	<u>3,735,648</u>
Total cash and cash equivalents	<u>\$ 14,758,413</u>

B. Receivables

Uncollected property taxes are shown on the Statement of Net Position as receivables. Property taxes are assessed and attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable on November 15. They may be paid in installments due November 15, February 15, and May 15. Taxes unpaid as of May 16 are considered delinquent. Taxes are billed and collected by Morrow County and remittance to the District is made at periodic intervals.

For the fiscal year 2021-2022, the District levied property taxes for a general levy and bonds in the amount of \$10,474,886 for Morrow County and \$0 for Gilliam County. The tax rate for the fiscal year was \$4.0342 per \$1,000 of assessed value for Morrow County. The assessed valuation for the District as of January 1, 2022 was \$2,700,490,342.

Receivables as of fiscal year-end for the governmental activities individual major funds are as follows:

	General Fund	Special Revenue Funds	Debt Service Fund	Total Governmental Activities
Property taxes	\$ 265,172	\$ -	\$ 33,035	\$ 298,207
Intergovernmental	291,167	1,379,093	-	1,670,260
Total receivables	<u>\$ 556,339</u>	<u>\$ 1,379,093</u>	<u>\$ 33,035</u>	<u>\$ 1,968,467</u>

Other accounts and intergovernmental receivables are considered to be fully collectible. Accordingly, no provision for estimated uncollectibles has been established.

C. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2022 was as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 813,833	\$ -	\$ -	\$ 813,833
Construction in progress	148,783	163,220	(146,183)	165,820
Total non-depreciable	962,616	163,220	(146,183)	979,653
Land improvements	3,515,125	11,250	-	3,526,375
Buildings	27,806,157	413,687	-	28,219,844
Vehicles and equipment	2,471,800	220,889	-	2,692,689
Total depreciable	33,793,082	645,826	-	34,438,908
Accumulated depreciation				
Land improvements	(2,599,718)	(161,854)	-	(2,671,572)
Buildings	(13,496,022)	(674,284)	-	(14,170,306)
Vehicles and equipment	(1,780,963)	(169,161)	-	(1,950,124)
Total accumulated depreciation	(17,876,703)	(1,005,299)	-	(18,882,002)
Total depreciable capital assets, net	15,916,379	(359,473)	-	15,556,906
Governmental activities capital assets, net	<u>\$ 16,878,995</u>	<u>\$ (196,253)</u>	<u>\$ (146,183)</u>	<u>\$ 16,536,559</u>

Depreciation expense has been allocated to the following functions on the Statement of Activities:

Instruction	\$ 682,923
Supporting services	292,895
Enterprise and community services	16,522
Facilities	12,959
Total	<u>\$ 1,005,299</u>

D. Lease Assets

Lease activities for the year ended June 30, 2022 was as follows:

Description	Beginning			Ending
	Balance	Additions	Disposals	Balance
Equipment Leased Asset	\$ 15,854	\$ 140,256	\$ -	\$ 156,110
Leased Equipment Amortization	-	(29,513)	-	(29,513)
Equipment Leased Asset, Net	\$ 15,854	\$ 110,743	\$ -	\$ 126,597

E. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The District has deferred amounts relating to pensions and other post-employment benefits. This amount is deferred and recognized as an outflow of resources in the period when the District recognizes pension and other post-employment expense/expenditures. Deferred outflows are included in the government-wide Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has items that qualify for reporting in this category. Unavailable revenues from property taxes are reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that amount becomes available. The District also reports deferred amounts related to pensions and other post-employment benefits. This amount is deferred and recognized as an inflow of resources in the period when the District recognizes pension and other post-employment benefit income. Deferred inflows are included in the government-wide Statement of Net Position.

The governmental funds report unavailable revenues of \$262,413 in the General Fund and \$22,077 in the Debt Service Fund.

F. Long-Term Liabilities from Direct Borrowings and Direct Placements

1. Limited Tax Pension Bonds

On October 9, 2002, the District issued \$7,434,060 in limited tax pension bonds to finance the unfunded pension liability to the Oregon Public Employees Retirement System. These bonds have interest rates that range from 2.06% to 6.10%. Interest payments are to be made semiannually on June 30 and December 31. Principal payments are to be made on June 30 of each year. Debt service is financed by a self-imposed pension expense based on a percentage of payroll costs.

The debt service requirements to maturity on June 30, 2022 are as follows:

Fiscal Year Ended	Principal	Interest
2023	\$ 635,000	\$ 247,704
2024	710,000	212,843
2025	795,000	173,438
2026	885,000	129,315
2027	985,000	80,198
2028	460,000	25,530
	<u>\$ 4,470,000</u>	<u>\$ 869,028</u>

On August 19, 2022, the District issued \$18,300,000 in limited tax pension bonds to finance the unfunded pension liability to the Oregon Public Employees Retirement System. These bonds have interest rates that range from 0.18% to 2.90%. Interest payments are to be made semiannually on June 30 and December 31. Principal payments are to be made on June 30 of each year. Debt service is financed by a self-imposed pension expense based on a percentage of payroll costs. Final maturity of these bonds is June 30, 2040.

The debt service requirements to maturity are as follows:

Fiscal Year Ended	Principal	Interest
2023	\$ 690,000	\$ 371,213
2024	795,000	369,060
2025	685,000	364,354
2026	685,000	358,367
2027	730,000	350,805
2028-2032	4,410,000	1,565,258
2033-2037	6,020,000	1,041,176
2038-2040	3,800,000	201,347
	<u>\$ 17,815,000</u>	<u>\$ 4,250,367</u>

2. General Obligation Bonds

On July 1, 2010, Qualified School Construction Bonds (QSCB) were issued in the amount of \$1,750,000. The QSCB receive subsidy payments from the United States Treasury, which are used to offset the interest component of financing. Interest is payable in semi-annual installments of varying principal and interest amounts each December 30 and June 30. Final maturity of these bonds is June 30, 2025.

The District has entered into an Intercept Agreement with the Oregon Department of Education and the QSCB trustee to make periodic intercept payments, which when combined with direct payments to be made by the United States Treasury are expected to be sufficient to make semi-annual installments.

The debt service requirements to maturity are as follows:

Fiscal Year Ended	Net Annual Payments	Expected Direct Payments	Interest Component	Principal
2023	\$ 118,000	\$ 32,450	\$ 32,450	\$ -
2024	118,000	32,450	32,450	-
2025	118,000	32,450	32,450	590,000
	<u>\$ 354,000</u>	<u>\$ 97,350</u>	<u>\$ 97,350</u>	<u>\$ 590,000</u>

3. Changes in Long-Term Liabilities from Direct Borrowings and Direct Placements

Long-term liability activity for the year ending June 30, 2022 is as follows:

	Beginning Balance	Additions	Redemptions	Ending Balance	Due Within One Year
General obligation bonds					
2010A Bond issue	\$ 590,000	\$ -	\$ -	\$ 590,000	\$ -
Limited tax pension bonds					
PERS Bond issue	5,030,000	-	(560,000)	4,470,000	635,000
2021 PERS Bond Issue	-	18,300,000	(485,000)	17,815,000	690,000
Less: deferred discount	(2,598)	-	372	(2,226)	-
Long-term liabilities	<u>\$ 5,617,402</u>	<u>\$ 18,300,000</u>	<u>\$ (1,044,628)</u>	<u>\$ 22,872,774</u>	<u>\$ 1,325,000</u>

G. Leases Payable

Leases payable transactions for the year ended June 30, 2022 are as follows:

Description	Outstanding			Outstanding June 30, 2022	Due Within One Year
	July 1, 2021	Additions	Decreases		
Copier Leases	\$ -	\$ 140,257	\$ 21,015	\$ 119,242	\$ 26,399
Postal Equipment Leases	15,854	-	5,896	9,958	6,198
Total	<u>\$ 15,854</u>	<u>\$ 140,257</u>	<u>\$ 26,911</u>	<u>\$ 129,200</u>	<u>\$ 32,597</u>

Future maturities are as follows:

Year ending June 30,	Principal	Interest	Total
2023	\$ 32,597	\$ 5,720	\$ 38,317
2024	31,510	4,075	35,585
2025	29,170	2,592	31,762
2026	30,662	1,100	31,762
2027	5,261	33	5,294
	<u>\$ 129,200</u>	<u>\$ 13,520</u>	<u>\$ 142,720</u>

H. Fund Balance Classifications

Fund balances by classification for the year ended June 30, 2022 were as follows:

	General Fund	Special Revenues Fund	Capital Project Fund	Debt Services Fund	Total Governmental Funds
Fund Balance					
Non-spendable:					
Prepays	\$ 126,606	\$ 16,387	\$ -	\$ -	\$ 142,993
Restricted for:					
Debt service	-	-	-	339,118	339,118
Grant programs	-	3,216,698	-	-	3,216,698
Capital Projects	-	-	270,000	-	270,000
Committed for:					
Technology improvement	-	132,408	-	-	132,408
Assigned for:					
PERS reserve	1,448,889	-	-	-	1,448,889
Capital projects	-	-	3,228,646	-	3,228,646
Unassigned:					
Unassigned	5,057,409	-	-	-	5,057,409
Total Fund Balance	<u>\$ 6,632,904</u>	<u>\$ 3,365,493</u>	<u>\$3,498,646</u>	<u>\$ 339,118</u>	<u>\$13,836,161</u>

I. Operating Transfers

Interfund transfers in the fund financial statements are as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 392,450
Special Revenues Fund	92,450	-
Capital Projects Fund	300,000	-
Total all funds	<u>\$ 392,450</u>	<u>\$ 392,450</u>

The transfers out of the General Fund are transfers to the Special Revenue Funds to provide for the operation of the food service program and early retirement insurance benefits. Transfers to the Capital Projects Fund are for future improvements.

III. Other Information

A. 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. Workers compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year and the District has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years.

The District makes unemployment payments as the expense is incurred and is charged to the general fund. No liability has been recorded for any future projected claims.

B. Defined Benefit Pension Plan – Public Employees Retirement System

Plan Description

Employees of the Morrow County School District are provided with pensions through the Oregon Public Employees Retirement System (OPERS), a cost sharing, multiple employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at:

<http://www.oregon.gov/pers/emp/Pages/actuarial-financial-information.aspx>.

Benefits Provided

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. 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 \$197,730 in 2021 and will be indexed with inflation in later years.

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 ORS Chapter 238 Defined Benefit Pension Plan is 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 (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The COLA is capped at 2%.

2. OPSRP Defined Benefit Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

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 \$197,730 in 2021, and will be indexed with inflation in later years.

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and \$750 plus 0.15 percent on annual benefits above \$60,000.

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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).

Upon retirement, a member of the OPSRP Individual Account Program (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. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

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

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

1. Employer Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions. Employer contributions for the year ended June 30, 2022 were \$1,381,120 excluding amounts to fund employer specific liabilities and \$3,025 to fund the retirement health insurance account (RHIA). The rates in effect at the beginning of the fiscal year ended June 30, 2022 excluding the RHIA rate of .05% Tier One/Tier Two and .00% OPSRP, were 19.25 percent for Tier One/Tier Two General Service Members, and 16.19 percent for OPSRP Pension Program General Service Members. Following the issuance of limited tax pension bonds during the fiscal year, the rates dropped

to 9.71 percent for Tier One/Tier Two General Service Members and 6.65 percent for OPSRP Pension Program General Service Members.

The District has a large side account balance from prepaid pension costs funded with Pension Bonds, which reduced the rates by 7.53 percent at the beginning of the fiscal year and by 17.07 percent after the new bond issuance. The District paid a PERS UAL lump sum payment of \$18,113,061 during the year with bond proceeds.

2. Employee Contributions

Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the member's behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements. As permitted, the District has opted to pick-up the contributions on behalf of employees; contributions were \$940,382 for the year ended June 30, 2022, which is not included in employer contributions above.

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than \$2,500 per month (increased to \$2,535 per month on January 1, 2021) 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the District reported a liability of \$14,476,070 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2021, the District's proportionate share was 0.12097183 percent, which was increased from its proportionate share of 0.11602478 percent measured as of June 30, 2020.

For the year ended June 30, 2022, the District's recognized pension expense (income) of \$4,694,726. Pension expense includes the District's proportionate share of the collective system pension expense, adjusted for amortization of deferred amounts of \$2,110,483, employee contributions picked up by the District of \$940,382, and self-imposed expense for PERS bond retirement of \$1,643,861.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,355,055	\$ -
Changes of assumptions	3,623,796	38,098
Net difference between projected and actual earnings on investments	-	10,716,522
Changes in proportionate share	821,375	621,711
Differences between employer contributions and employer's proportionate share of system contributions	350,118	229,157
Total (prior to post-MD contributions)	6,150,344	11,605,488
Contributions subsequent to the measurement date	1,727,226	-
Total	<u>\$ 7,877,570</u>	<u>\$ 11,605,488</u>

\$19,840,287 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

Year ended June 30:	
2023	(879,853)
2024	(1,062,952)
2025	(1,513,070)
2026	(2,420,420)
2027	421,150
Total	<u>\$ (5,455,145)</u>

Actuarial assumptions

The employer contribution rates effective July 1, 2021, through June 30, 2022, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

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

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2019
Measurement Date	June 30, 2021
Experience Study Report	2018, published July 24, 2019
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.4 percent
Long-Term Expected Rate of Return	6.9 percent
Discount Rate	6.9 percent
Projected salary increases	3.4 percent
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	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active Members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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

Long-term expected rate of return

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

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

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Total	100.00%	
Assumed Inflation - Mean		2.50%

Discount rate

The discount rate used to measure the total pension liability was 6.9 percent. 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 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.

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability 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 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 GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- 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 assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are not 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 our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.9 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9 percent) or 1-percentage-point higher (7.9 percent) than the current rate:

	<u>1% Decrease (5.9%)</u>	<u>Discount Rate (6.9%)</u>	<u>1% Increase (7.9%)</u>
Proportionate share of the net pension liability (asset)	\$28,427,538	\$ 14,476,070	\$ 2,803,754

Pension plan fiduciary net position

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

Payables to the pension plan

The District reports payables in the amount of \$511,242 to the pension plan.

Changes in Plan Provisions During the Measurement Period

A legislative change that occurred during the measurement period affected the plan provisions reflected for financial reporting purposes. Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age.

For GASB 67 and 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 Total Pension Liability.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2021 measurement period that require disclosure, except that the discount rate decreased from 7.20 percent to 6.9 percent.

C. Other Post-Employment Benefits

The OPEB for the District combines two separate plans. The District provides an Explicit Medical Benefit, as well as an Implicit Medical Benefit for retiree Health Insurance (HIC) premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple employer defined benefit plan Retirement Health Insurance Account (RHIA).

Morrow County School District Retiree Health Plan

Plan Description. The District provides Other (than Pension) Post—Employment Benefits (OPEBs) with two main components, as follows:

- Explicit Medical Benefits – The District pays a portion of the medical premium for eligible retirees until Medicare eligibility. This explicit benefit is required to be valued under GASB Statement 75.
- Implicit Medical Benefits – In addition to the explicit medical benefits for certain retirees, continued medical coverage is offered to the District's eligible retirees and their spouses and dependents until Medicare eligibility. The active premium rate (whether paid by the District or by the retiree) still applies. However, in some cases the premium itself does not represent the full cost of covering these retirees (since they are older than the active population, retirees can be expected to generate higher medical claims and therefore higher premiums for the active population). This additional cost is called the "implicit rate subsidy" and is required to be valued under GASB 75.

Retirement Eligibility. The retiree must be eligible to receive benefits from Oregon PERS. Eligibility requirements for earliest retirement under Oregon PERS are as follows:

- Tier 1/Tier 2 members: Earlier of age 55, or any age with 30 years of service.
- OPSRP members: Age 55 with 5 years of service.

Explicit Medical Benefits

Eligible Class of Employees.

Administrators: 10 years of continuous service with the District immediately preceding retirement;

Classified: Age 58 with 15 years of service with the District;

Confidential: 15 years of continuous service with the District immediately preceding retirement;

Licensed:

- Option 1: As of July 1, 2003, completed 20 years of service teaching (10 of which must have been with the District).
- Option 2: Completed 10 years of service with the District by July 1, 2002, and not eligible for Option 1.

Benefit Amount.

- *Administrators*: The District will pay for medical, dental, and vision insurance for the employee and spouse under the District's current administrative plan, capped at the amount the District is paying at the time of retirement.
- *Classified*: The District will pay for existing medical insurance for the employee and family, capped at the amount the District is paying at the time of retirement.
- *Confidential*: The District will pay for existing medical insurance for the employee and spouse, capped at the amount the District is paying at the time of retirement.
- *Licensed*: For Option 1, the District will pay for existing medical insurance for the employee and spouse, capped at the amount the District is paying at the time of retirement. For Option 2, the District will pay 1/35th of the cap amount for each year of service before July 1, 2002.

The cap amount for 2022-23 is \$1,700 for all employee groups.

Benefit Durations

- *Administrators*: Payments continue until the earlier of Medicare eligibility or 10 years from retirement.
- *Classified*: Payments continue until the earlier of age 62 or 4 years from retirement.
- *Confidential*: Payment continue until the earlier of Medicare eligibility or 7 years from retirement.
- *Licensed*: Payments continue until the earlier of Medicare eligibility or 7 years from retirement.

Survivor Eligibility

- *All Groups*: Coverage will continue to the deceased retiree's surviving spouse until earlier of retiree's or survivor's eligibility for Medicare, or the original duration of coverage has elapsed.

Implicit Medical Benefits

Eligible Class of Employees

All classes of employees are eligible to continue coverage upon retirement.

Dependent Eligibility

Qualified spouses, domestic partners, and children may qualify for coverage.

Benefit Duration

Coverage for retirees and eligible dependents continues until Medicare eligibility for everyone (or until dependent children become ineligible).

Benefit Amount

There is an implicit subsidy with respect to retired employees because the medical premium rates charged for coverage typically are less than actual expected retiree claims costs. This is due to medical premium rates being determined by blending both active employee and retiree experience.

Current premiums:

The District offers a variety of options to their participants so premiums vary as to the plan selected by each participant. Monthly premiums blended to align with the fiscal year ending June 30, 2023 are as follows:

- *Health Plans*: Cost of health plans range from a low of \$531 per month coverage for employee only coverage to a high of \$2,271 per month for family coverage.
- *Dental Plans*: Cost of dental plans range from a low of \$47 per month for employee only coverage to a high of \$213 per month for family coverage.
- *Vision Plans*: Cost of vision plans range from a low of \$8 per month for employee only coverage to \$71 per month for family coverage.

Membership in the plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

	<u>Admin</u>	<u>Classified</u>	<u>Confidential</u>	<u>Licensed</u>	<u>Total</u>
Participant Counts					
Number of Active Participants	11	124	7	167	309
Number of Inactive Participants	1	5	1	6	13
Total Number of Participants	12	129	8	173	322
Participant Statistics					
Active Participants					
Average Age	47.2	47.1	49.9	43.5	45.2
Average Service	13.2	9.8	14.2	9.1	9.6
Inactive Participants					
Average Age	64.1	62.8	60.4	63.7	63.1

Contribution

The obligation of the District to contribute to the plan is established and may be amended by the board of directors. For the fiscal year ended June 30, 2022, the District's average contribution rate was 15.10% of total covered payroll of \$15,011,355. District employees are not required to contribute to the plan.

Total OPEB Liability

The District's total OPEB liability of \$2,266,958 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022.

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date	June 30, 2022	
Measurement Date	June 30, 2022 and June 30, 2023	
Fiscal Year Ends	June 30, 2022 and June 30, 2023	
Actuarial Cost Method	Entry Age Normal, level percent of salary	
Assumptions		
Interest Rate for Discounting Future Liabilities	3.5% per year, based on all years discounted at municipal bond rate (based Bond Buyer 20-Bond General Obligation Index as of June 30, 2022)	
General Inflation	2.0 percent per year	
Payroll Growth	3.0 percent per year	
Salary Merit Scale	Total payroll increase is overall payroll growth plus merit table below. Sample rates are as follows:	
	Duration	School District
	0	4.15%
	5	2.98%
	10	1.79%
	15	0.72%
	20	-0.11%
	25	-0.55%
	30+	-0.59%

Annual Premium Increase Rate				
	Year	Rate	Year	Rate
	2022-23	3.50%	2032-33	5.50%
	2023-24	4.00%	2033-34	5.40%
	2024-25	4.50%	2034-35	5.30%
	2025-26	5.00%	2035-36	5.20%
	2026-27	5.50%	2036-37	5.10%
	2027-28	6.00%	2037-38	5.00%
	2028-29	5.90%	2038-39	4.90%
	2029-30	5.80%	2039-40	4.80%
	2030-31	5.70%	2040-42	4.70%
	2031-32	5.60%	2041-42	4.60%
	The initial rates above are based in part on the 2022 Segal Health Plan Cost Trend Survey, tempered by our expectation of the impact of ORS 243.866, as amended in 2017. Rates are trended down in subsequent years in accordance with prevalent actuarial practice, based in part of the Society of Actuaries - Getzen Long Term Healthcare Trends Resource Model, as updated October 2020.			
Mortality Rates	Basic table: Pub-2010 Employee Tables for Teachers, sex distinct, projected generationally.			
	Mortality rates for active male participants are 125% of the above rates, and for active female participants are 100% of the above rates.			
	Beneficiaries: Pub-2010 General Employees table, Healthy Annuitant, sex distinct, generational, set back 12 months for males, no set back for females.			
	Improvement Scale: Unisex Social Security Data Scale (60 year average), with data through 2017			
Turnover Rates	As developed for the valuation of benefits under Oregon PERS.			
	Years of Service	Males	Females	
	0	16.63%	13.50%	
	5	6.86%	7.13%	
	10	3.31%	3.85%	
	15	2.30%	2.68%	
	20	1.62%	1.95%	
	25	1.20%	1.50%	
	30+	1.20%	1.50%	
Disability Rates	As developed for the valuation of benefits under Oregon PERS.			
			School District	
			Age	Rate
			30	0.0164%
			35	0.0252%
			40	0.0406%
			45	0.0666%
			50	0.1151%

Retirement Rates	As developed for the valuation of benefits under Oregon PERS. However, Administrators were assumed not to retire prior to eligibility for Explicit Medical Benefits. Further, Licensed employees within two years of eligibility for Explicit Medical Benefits were assumed to defer retirement until first eligible. It is also assumed employees will retire by the time both employee and dependent have reached age 65, the age at which they can no longer receive subsidized health benefits.						
	Tier 1 / Tier 2			OPSRP			
	Years of Service			Years of Service			
	Age	<15	15-29	30+	<15	15-29	30+
	<55	0.00%	0.00%	25.00%	0.00%	0.00%	0.00%
	55	1.50%	3.50%	25.00%	0.50%	2.50%	5.00%
	56	1.50%	3.50%	25.00%	0.50%	2.50%	5.00%
	57	1.50%	3.50%	25.00%	1.00%	2.50%	7.50%
	58	1.50%	11.00%	27.50%	1.50%	3.00%	30.00%
	59	4.50%	11.00%	27.50%	1.50%	3.00%	25.00%
	60	6.50%	12.50%	27.50%	2.50%	3.75%	20.00%
	61	6.50%	12.50%	27.50%	2.50%	5.00%	20.00%
	62	15.00%	21.00%	34.00%	6.00%	12.00%	30.00%
	63	13.00%	19.50%	27.50%	6.00%	10.00%	20.00%
	64	13.00%	19.50%	27.50%	6.00%	10.00%	20.00%
	65	25.50%	33.50%	45.00%	12.50%	35.00%	20.00%
	66	23.00%	36.50%	45.00%	12.50%	33.00%	20.00%
	67	21.00%	34.50%	38.00%	11.00%	22.00%	30.00%
	68	21.00%	28.00%	28.50%	9.00%	20.00%	25.00%
	69	21.00%	28.00%	28.50%	9.00%	20.00%	25.00%
	70	21.00%	28.00%	28.50%	9.00%	20.00%	25.00%
	71	21.00%	28.00%	28.50%	9.00%	20.00%	25.00%
	72	21.00%	28.00%	28.50%	9.00%	20.00%	25.00%
	73	21.00%	28.00%	28.50%	9.00%	20.00%	25.00%
	74	21.00%	28.00%	28.50%	9.00%	20.00%	25.00%
	75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Participation	100% of actives eligible for District-paid medical benefits and currently enrolled in a medical plan. 70% of actives not eligible for District-paid medical benefits and currently enrolled in a medical plan.						
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which they're currently enrolled, if any.						
Marital Status	70% of future retirees electing coverage are assumed to cover a spouse as well. Males are assumed to be three years older than their female spouses. Actual marital status and ages as of the valuation date are used for current retirees.						
Coverage of Eligible Children	We have assumed no impact of dependent children on the implicit subsidy.						
Health Care Claims Costs	2022-23 claims costs for an age 64 retiree or spouse are assumed to be:						
	Moda Medical Plans			Moda Medical Plans			
	Plan 1	\$ 15,949	Plan 5	\$ 12,239			
	Plan 2	14,837	Plan 6	12,534			
	Plan 3	13,948	Plan 7	11,698			
	Plan 4	13,237					

Aging Factors	Aging factors are used to adjust the age 64 per capita claims cost. Percentages shown below age 64 reduce the claims cost.	
	Attained Age	Factor
	Under 40	4.00% per year
	40-44	3.75% per year
	45-49	3.50% per year
	50-54	3.00% per year
	55-64	3.25% per year
Dental and Vision Costs	We have assumed no implicit subsidy due to dental or vision costs.	
Changes since Prior Valuation	The interest rate for discounting future liabilities was changed to reflect current municipal bond rates.	
	Demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for Oregon PERS.	

Changes in the Total OPEB Liability

Total OPEB Liability at June 30, 2020	<u>\$ 2,631,985</u>
Changes for the year:	
Service cost	187,212
Interest	60,584
Differences between expected and actual experience	(154,906)
Changes of assumptions or other input	(204,789)
Benefit Payments	<u>(253,128)</u>
Net changes	<u>(365,027)</u>
Total OPEB Liability at June 30, 2021	<u><u>\$ 2,266,958</u></u>

Sensitivity of the total OPEB liability to changes in the discount and trend rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease <u>(2.5%)</u>	Current Discount Rate (3.5%) <u> </u>	1% Increase <u>(4.5%)</u>
Total OPEB liability	\$ 2,437,567	\$ 2,266,958	\$ 2,106,664

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 2,031,772	\$ 2,266,958	\$ 2,544,437

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$5,261. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 215,807
Changes of assumptions or other input	264,265	679,989
Total	<u>\$ 264,265</u>	<u>\$ 895,796</u>

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

Year ended June 30:	
2023	\$ (242,535)
2024	(242,535)
2025	15,329
2026	(59,020)
2027	(51,385)
	<u>\$ (580,146)</u>
	Deferred Deferred

Retirement Health Insurance Account (RHIA)

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

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. The plan was closed to new entrants hired after August 29, 2003. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in 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.

Participating governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.05% of annual covered payroll for Tier I and Tier II employees and 0.00% for OPSRP employees. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2022, 2021, and 2020 were \$3,025, \$2,793, and \$14,890, which equaled the required contributions each year.

Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the District reported an asset of \$358,498 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2021, the District's proportionate share was 0.10439650 percent, which was decreased from its proportionate share of 0.20851125 percent measured as of June 30, 2020.

For the year ended June 30, 2022, the District's recognized OPEB income of \$34,369. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 9,974
Changes of assumptions	7,054	5,333
Net difference between projected and actual earnings on investments	-	85,198
Changes in proportionate share	127,671	45,612
Differences between employer contributions and employer's proportionate share of system contributions	-	-
Total (prior to post-MD contributions)	<u>134,725</u>	<u>146,117</u>
Contributions subsequent to the MD	<u>3,025</u>	<u>-</u>
Net deferred Outflow/(Inflow) of Resources	<u>\$ 137,750</u>	<u>\$ 146,117</u>

\$3,025 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset/liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in expense as follows:

Year ended June 30:	
2023	\$ (413)
2024	35,385
2025	(19,451)
2026	(26,913)
2027	-
	<u>\$ (11,392)</u>

Actuarial Assumptions

The RHIA plan is unaffected by health care cost trends since the benefit is limited to a \$60 monthly payment toward Medicare companion insurance premiums. Consequently, the disclosure of a healthcare cost trend is not applicable. Other significant actuarial assumptions are as follows:

Valuation Date	December 31, 2019
Measurement Date	June 30, 2021
Experience Study	2018, published July 24, 2019
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.4 percent
Long-Term Expected Rate of Return	6.9 percent
Discount Rate	6.9 percent
Projected Salary Increases	3.4 percent overall payroll growth
Cost of living adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active Members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Discount rate

The discount rate used to measure the total OPEB asset at June 30, 2021 was 6.9 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB asset.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

http://www.oregon.gov/pers/documents/financials/CAFR/2021_CAFR.pdf

Depletion date projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB asset/liability. 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. The actuary's opinion is that the plan's Fiduciary Net Position is projected to be sufficient to cover benefit payments and administrative expenses.

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 liability (asset) calculated using the discount rate of 6.9 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9 percent) or 1-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
Total OPEB liability	\$ (317,039)	\$ (358,498)	\$ (393,914)

Pension plan fiduciary net position

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

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2021 measurement period that require disclosure, except that the discount rate decreased from 7.2 percent to 6.9 percent.

Changes in Plan Provisions Subsequent to Measurement Date

We are not aware of any changes subsequent to the June 30, 2021 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

Aggregate Net OPEB Asset/Liability and Deferred Outflows/Inflows

The aggregate Net OPEB Asset/Liability was reported as a net liability in the financial statements. A summary of the aggregate Net OPEB Asset/Liability and Deferred Outflows/Inflows for the two plans is as follows:

	Net OPEB (Asset) Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB (Income) Expense
Health Insurance Continuation	\$ 2,266,958	\$ 264,265	\$ 895,796	\$ 5,261
Retirement Health Insurance Account (RHIA)	(358,498)	137,750	146,117	(34,369)
Aggregate amounts related to OPEB	<u>\$ 1,908,460</u>	<u>\$ 402,015</u>	<u>\$ 1,041,913</u>	<u>\$ (29,108)</u>

D. Commitments and Contingencies

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

The District is dependent on the State of Oregon for a substantial portion of its operating funds. Due to funding uncertainties at the state level, future funding for school districts may be reduced. The ultimate effect of this possible reduction in funding on the District's future operations is not yet determinable.

E. Tax Abatement Disclosures

The GASB issued Statement No. 77, Tax Abatement Disclosures in August, 2015. GASB 77 requires governments that enter into tax abatement agreements to disclose information about those agreements. GASB Statement No. 77 was effective for the District for fiscal year ending June 30, 2017. The District has no tax abatements that affect them directly at June 30, 2022. Tax abatements that affect the District indirectly are as follows:

Exemption Program	Project	Tax Abatement Amount
Morrow County School - Enterprise Zone	Columbia River Tech	\$ 267,249
Morrow County School - Enterprise Zone	Lamb Weston Inc LTR	599,243
Morrow County School - Enterprise Zone	Lamb Weston Inc.	14,703
Morrow County School - Enterprise Zone	Amazon Web Serv. (L&C)	2,679,465
Morrow County School - Enterprise Zone	Amazon Web Serv. (Rippe Rd)	3,259,954
Morrow County School - Enterprise Zone	Amazon Web Serv. LTR	4,495,035
Morrow County School - Enterprise Zone	Amazon Web Serv. LTR Olson Rd	2,678,916
Morrow County School - Enterprise Zone	MCGG	25,455
Morrow County School - Enterprise Zone	WOW PNW Threemile Project	137,606
Morrow County School - Enterprise Zone	Boardman Sleep Inn	18,464
Morrow County School - Strategic Investment Program	Echo Project	37,158
Morrow County School - Strategic Investment Program	PGE Carty	1,785,371
Morrow County School - Strategic Investment Program	Orchard Wind Project	157,447
Morrow County School - Strategic Investment Program	Wheatridge Wind Project	1,802,149
		<u>\$ 17,958,214</u>

The District received \$100,000 in Strategic Investment Program monies during the year.

F. GASB Pronouncements

It is the District's policy to implement new GASB pronouncements no later than the required effective date. Upcoming pronouncements which may have an effect on the District are listed below:

GASB Statement No. 87, Leases. This Statement was issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 was implemented by the District for fiscal year ending June 30, 2022. On implementation, the District recorded beginning lease assets and lease liabilities of \$15,854. Implementation resulted in a zero net restatement for the District.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement was issued May 2020 to establish a definition for SBITAs, provide uniform guidance for accounting and financial reporting for transactions that meet the definition, and result in greater consistency in practice. This Statement establishes that a SBITA results in a right-to-use subscription intangible asset with a corresponding subscription liability and provides criteria for the capitalization of outlays including implementation costs. GASB Statement No. 96 will be effective for the District for fiscal year ending June 30, 2023.

G. Construction in Progress

The District began a project to update HVAC systems in several buildings. At the end of the fiscal year ended June 30, 2022, the District has expended \$116,133 for the engineering and design phase of the project, which is 100% complete. The construction phase of the project is 0% complete at the end of the fiscal year and is expected to begin in FY 2023. The total cost for construction is expected to be \$2,477,383.

The District is in the process of replacing a wheel chair lift and has expended \$47,088 at the end of the fiscal year. This project is 75% complete and is expected to cost a total of \$62,784 at completion.

The District is building a baseball hitting facility and has incurred \$2,600 at the end of the fiscal year, which represents 1% completion of the expected total cost to the District of \$310,915.

H. Subsequent Events

The District has evaluated all events after year end through the date of the release of the financial statements and no other significant items were noted.

REQUIRED SUPPLEMENTARY INFORMATION

MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 9,699,778	\$ 9,699,778	\$ 10,123,644	\$ 423,866
Other local sources	463,000	463,000	267,067	(195,933)
Intermediate sources	205,000	205,000	267,015	62,015
State sources	17,371,694	17,371,694	18,406,067	1,034,373
Federal sources	82,183	82,183	58,437	(23,746)
Interest on investments	100,000	100,000	70,439	(29,561)
TOTAL REVENUES	<u>27,921,655</u>	<u>27,921,655</u>	<u>29,192,669</u>	<u>1,271,014</u>
EXPENDITURES				
Instruction	18,220,316	18,220,316	17,185,965	1,034,351
Support services	12,232,746	12,232,746	10,906,037	1,326,709
Debt service	118,000	118,000	32,450	85,550
TOTAL EXPENDITURES	<u>30,571,062</u>	<u>30,571,062</u>	<u>28,124,452</u>	<u>2,446,610</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,649,407)</u>	<u>(2,649,407)</u>	<u>1,068,217</u>	<u>3,717,624</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	596,756	596,756	-	(596,756)
Transfers out	(616,000)	(616,000)	(392,450)	223,550
TOTAL OTHER FINANCING SOURCES (USES)	<u>(19,244)</u>	<u>(19,244)</u>	<u>(392,450)</u>	<u>(373,206)</u>
NET CHANGE IN FUND BALANCE	(2,668,651)	(2,668,651)	675,767	3,344,418
FUND BALANCE, Beginning	<u>3,668,651</u>	<u>3,668,651</u>	<u>4,508,248</u>	<u>839,597</u>
FUND BALANCE, Ending	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	5,184,015	<u>\$ 4,184,015</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
PERS Reserve Fund			<u>1,448,889</u>	
GAAP Fund Balance			<u>\$ 6,632,904</u>	

See auditor's report.

MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUES FUND
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other local sources	\$ 2,979,187	\$ 2,979,187	\$ 2,387,873	\$ (591,314)
Intermediate sources	868,488	868,488	361,973	(506,515)
State sources	3,263,178	3,263,178	2,663,201	(599,977)
Federal sources	8,923,213	8,923,213	4,242,825	(4,680,388)
Interest on investments	<u>150</u>	<u>150</u>	<u>59</u>	<u>(91)</u>
TOTAL REVENUES	<u>16,034,216</u>	<u>16,034,216</u>	<u>9,655,931</u>	<u>(6,378,285)</u>
EXPENDITURES				
Instruction	8,020,438	8,020,438	5,417,475	2,602,963
Support services	5,342,543	5,342,543	2,317,441	3,025,102
Enterprise and community services	1,618,470	1,618,470	1,191,179	427,291
Facilities acquisition and construction	2,761,456	2,761,456	250,011	2,511,445
Contingency	<u>852,133</u>	<u>852,133</u>	<u>-</u>	<u>852,133</u>
TOTAL EXPENDITURES	<u>18,595,040</u>	<u>18,595,040</u>	<u>9,176,106</u>	<u>9,418,934</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,560,824)</u>	<u>(2,560,824)</u>	<u>479,825</u>	<u>3,040,649</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	316,000	316,000	92,450	(223,550)
Transfers out	<u>(596,756)</u>	<u>(596,756)</u>	<u>-</u>	<u>596,756</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(280,756)</u>	<u>(280,756)</u>	<u>92,450</u>	<u>373,206</u>
NET CHANGE IN FUND BALANCE	(2,841,580)	(2,841,580)	572,275	3,413,855
FUND BALANCE, Beginning	<u>3,267,205</u>	<u>3,267,205</u>	<u>4,242,107</u>	<u>974,902</u>
FUND BALANCE, Ending	<u>\$ 425,625</u>	<u>\$ 425,625</u>	4,814,382	<u>\$ 4,388,757</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
PERS Reserve Fund			<u>(1,448,889)</u>	
GAAP Fund Balance			<u>\$ 3,365,493</u>	

See auditor's report.

MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF MCSD'S PROPRATIONATE SHARE OF NET PENSION
LIABILITY (ASSET)
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years*

Measurement date June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.12097183%	0.11602478%	0.12279383%	0.12268672%	0.11743264%	0.11978354%	0.12546154%	0.13554359%	0.13554359%
District's proportionate share of the net pension liability (asset)	\$ 14,476,070	\$ 25,320,598	\$ 21,240,392	\$ 18,585,422	\$ 15,829,964	\$ 17,982,291	\$ 7,203,326	\$ (3,072,386)	\$ 6,916,988
District's covered payroll	\$ 15,160,918	\$ 13,885,041	\$ 12,539,148	\$ 11,866,748	\$ 11,403,861	\$ 10,699,010	\$ 9,935,155	\$ 9,374,234	\$ 9,533,181
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	95.48%	182.36%	169.39%	156.62%	138.81%	168.07%	72.50%	-32.77%	72.56%
Plan fiduciary net position as a percentage of the total pension liability	87.57%	75.79%	80.23%	82.07%	83.12%	80.50%	91.88%	103.59%	91.97%

MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
SCHEDULE OF MCSD'S CONTRIBUTIONS TO THE
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years*

Reporting date June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 1,381,120	\$ 3,101,989	\$ 2,803,124	\$ 1,839,439	\$ 1,797,599	\$ 1,244,150	\$ 1,199,335	\$ 1,440,013	\$ 1,395,268
Contributions in relation to the contractually required contributions	(1,381,120)	(3,101,989)	(2,803,124)	(1,839,439)	(1,797,599)	(1,244,150)	(1,199,335)	(1,440,013)	(1,395,268)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 15,506,686	\$ 15,160,918	\$ 13,885,041	\$ 12,539,148	\$ 11,886,748	\$ 11,403,861	\$ 10,699,010	\$ 9,935,155	\$ 9,374,234
Contributions as a percentage of covered payroll	8.91%	20.46%	20.19%	14.67%	15.12%	10.91%	11.21%	14.49%	14.88%

* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

See auditor's report.

**MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
SCHEDULE OF MCSD's PROPORATIONATE SHARE OF NET OPEB LIABILITY (ASSET)
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT
Last 10 Fiscal Years***

Measurement Date June 30,	(a) MCSD's proportion of the net OPEB pension liability (asset)	(b) MCSD's proportionate share of the net OPEB pension liability (asset)	(c) MCSD's covered payroll	(b/c) MCSD's proportionate share of the OPEB pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.10439650%	\$ (358,498)	\$ 15,160,918	-2.36%	183.86%
2020	0.20851125%	\$ (424,863)	\$ 13,885,041	-3.06%	150.07%
2019	0.11410343%	\$ (220,489)	\$ 12,539,148	-1.76%	144.00%
2018	0.11360462%	\$ (126,814)	\$ 11,886,748	-1.07%	124.00%
2017	0.11140699%	\$ (46,495)	\$ 11,403,861	-0.41%	108.88%
2016	0.11173408%	\$ 30,343	\$ 10,699,010	0.28%	94.15%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement

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

**MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
SCHEDULE OF MCSD's CONTRIBUTIONS
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT
Last 10 Fiscal Years***

Reporting date June 30,	2022	2021	2020	2019	2018	2017
Contractually required contributions	\$ 3,025	\$ 2,793	\$ 14,890	\$ 56,552	\$ 55,008	\$ 55,213
Contributions in relation to the contractually required contributions	3,025	2,793	14,890	56,552	55,008	55,213
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 15,506,686	\$ 15,160,918	\$ 13,885,041	\$ 12,539,148	\$ 11,886,748	\$ 11,403,861
Contributions as a percentage of covered payroll	0.02%	0.02%	0.11%	0.45%	0.46%	0.48%

See auditor's report.

**MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY AND
RELATED RATIOS
Last 10 Fiscal Years ***

	2022	2021	2020	2019	2018	2017	2016
Total OPEB liability							
Service cost	\$ 187,212	\$ 180,881	\$ 147,075	\$ 142,101	\$ 187,395	\$ 187,395	\$ 187,395
Interest	60,584	61,261	106,500	108,514	127,744	129,808	131,920
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(154,906)	-	(125,573)	-	(39,454)	-	-
Changes of assumptions or other inputs	(204,789)	-	72,146	520,428	(1,765,601)	-	-
Benefit payments	(253,128)	(303,996)	(398,476)	(362,205)	(382,366)	(389,688)	(389,688)
Net change in total OPEB liability	(365,027)	(61,854)	(198,328)	408,838	(1,872,282)	(72,485)	(70,373)
Total OPEB liability - beginning	2,631,985	2,693,839	2,892,167	2,483,329	4,355,611	4,428,096	4,498,469
Total OPEB liability - ending	<u>\$ 2,266,958</u>	<u>\$ 2,631,985</u>	<u>\$ 2,693,839</u>	<u>\$ 2,892,167</u>	<u>\$ 2,483,329</u>	<u>\$ 4,355,611</u>	<u>\$ 4,428,096</u>
Estimated covered payroll	<u>\$ 15,011,355</u>	<u>\$ 14,832,934</u>	<u>\$ 14,331,337</u>	<u>\$ 12,629,478</u>	<u>\$ 12,202,394</u>	<u>\$ 10,973,450</u>	<u>\$ 10,653,835</u>
Total OPEB liability, as a percentage of covered payroll	15.10%	17.74%	18.80%	22.90%	20.35%	39.69%	41.56%

* The amounts presented for the fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

See auditor's report.

**MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022**

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all governmental funds, except the PERS Reserve Fund is combined with the Special Revenues Fund for budgetary reporting, but included with the General Fund for GAAP reporting. All annual appropriations lapse at fiscal year-end.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget.

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

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of budgetary control is established at the instruction, support services, enterprise and community services, facility acquisition and construction, and debt service. Unexpected additional resources may be added to the budget and appropriated for expenditure through the use of a supplemental budget. The supplemental budget process requires a hearing before the public, publication in the newspaper, and approval by the Board of Education. Oregon Local Budget Law also provides certain specific exceptions to the supplemental budget process to increase appropriations. Management must obtain Board authorization for all appropriation transfers and supplementary budgetary appropriations.

During the year ended June 30, 2022 appropriation increases and transfers were approved. Appropriations are limited to a single fiscal year; therefore, all spending authority of the District lapses as of year-end.

B. Net Pension Liability (Asset)

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 of future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates schedules 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.

A legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. 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 2021, annual salary in excess of \$197,730 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation and was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

A legislative change that occurred after the December 31, 2019 actuarial valuation date affected the plan provisions reflected for June 30, 2021 financial reporting liability calculations. Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age. For GASB 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 Total Pension Liability. While Senate Bill 111 also made changes to certain aspects of the System's funding and administration, the change in the death benefit provision is the only change that affects the measured Total Pension Liability. As a result, the death benefit provision is the only difference between June 30, 2020 and June 30, 2021 in the plan provisions basis used to determine the Total Pension Liability as of those two respective measurement dates.

Changes of 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% and lowering the assumed inflation to 2.50%. For June 30, 2018, the long-term expected rate of return was lowered to 7.20%. 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. The PERS Board selected a lower long-term expected rate of investment return assumption of 6.90% (reduced from 7.20%) on July 23, 2021 to be used in the December 31, 2020 and December 31, 2021 actuarial valuations for funding purposes. At the same time, the PERS Board reduced the inflation and payroll growth assumptions to 2.40% and 3.40% respectively. 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.

C. Other Post-Employment Benefits

Changes in Benefit Terms

There were no significant changes in benefit terms for Other Post-Employment Benefits

Changes of Assumptions

There were no significant changes in assumptions for the RHIA Other Post-Employment Benefits, except for the PERS changes described above. The RHIA OPEB valuation is tied to the PERS system, contributions, and assumptions.

The District's health insurance continuation OPEB liability calculation uses the Bond Buyer 20 Year General Obligation Bond Index for the discount rate. The discount rate in effect for the June 30, 2022 and June 30, 2023 reporting dates is 3.5%, which increased from 2.25% from 2020 to 2021.



MORROW COUNTY SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

**MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
COMBINING BALANCE SHEET
GENERAL FUND (GAAP)
June 30, 2022**

	<u>General Fund</u>	<u>PERS Reserve Fund</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 6,450,490	\$ 1,448,889	\$ 7,899,379
Receivables:			
Property taxes	265,172	-	265,172
Accounts	291,167	-	291,167
Prepaid items	<u>126,606</u>	<u>-</u>	<u>126,606</u>
 Total assets	 <u>\$ 7,133,435</u>	 <u>\$ 1,448,889</u>	 <u>\$ 8,582,324</u>
LIABILITIES			
Accounts payable and accrued liabilities	<u>\$ 1,687,007</u>	<u>\$ -</u>	<u>\$ 1,687,007</u>
 Total liabilities	 <u>1,687,007</u>	 <u>-</u>	 <u>1,687,007</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>262,413</u>	<u>-</u>	<u>262,413</u>
FUND BALANCES			
Nonspendable	126,606	-	126,606
Assigned	-	1,448,889	1,448,889
Unassigned	<u>5,057,409</u>	<u>-</u>	<u>5,057,409</u>
 Total fund balances	 <u>5,184,015</u>	 <u>1,448,889</u>	 <u>6,632,904</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 7,133,435</u>	 <u>\$ 1,448,889</u>	 <u>\$ 8,582,324</u>

**MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND (GAAP)
For the Fiscal Year Ended June 30, 2022**

	General Fund	PERS Reserve Fund	Total
REVENUES			
Property taxes	\$ 10,123,644	\$ -	\$ 10,123,644
Other local sources:			
Donations	1,700	-	1,700
Miscellaneous	265,367	-	265,367
Intermediate sources:			
County school funds	72,088	-	72,088
Payment in lieu of taxes	194,927	-	194,927
State sources	18,406,067	-	18,406,067
Federal sources	58,437	-	58,437
Interest on investments	70,439	-	70,439
TOTAL REVENUES	<u>29,192,669</u>	<u>-</u>	<u>29,192,669</u>
EXPENDITURES			
Current:			
Instruction	17,185,965	-	17,185,965
Support services	10,906,037	-	10,906,037
Debt service	32,450	-	32,450
TOTAL EXPENDITURES	<u>28,124,452</u>	<u>-</u>	<u>28,124,452</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,068,217</u>	<u>-</u>	<u>1,068,217</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(392,450)	-	(392,450)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(392,450)</u>	<u>-</u>	<u>(392,450)</u>
NET CHANGE IN FUND BALANCE	675,767	-	675,767
FUND BALANCE, Beginning	4,508,248	1,448,889	5,957,137
FUND BALANCE, Ending	<u>\$ 5,184,015</u>	<u>\$ 1,448,889</u>	<u>\$ 6,632,904</u>

See auditor's report.



MORROW COUNTY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULES

Pursuant to the provisions of Oregon Revised Statute 297.465, Oregon Administrative Rule #162-010-0130, *Minimum Standards for Audits of Oregon Municipal Corporations*, requires an individual schedule of revenues, expenditures/expenses, and changes in fund balances/net assets, budget and actual be displayed for each fund where legally adopted budgets are required.

In accordance with GASB Statement #34, the District's General Fund and Special Revenues Fund are presented in the Basic Financial Statement section. All other budgetary comparisons are displayed in the following pages as supplemental information.



MORROW COUNTY SCHOOL DISTRICT

**SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

Governmental Funds

PERS Reserve Fund

Capital Projects Fund

Debt Service Fund

**MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PERS RESERVE FUND
For the Fiscal Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Contingency	\$ 852,133	\$ 852,133	\$ -	\$ 852,133
TOTAL EXPENDITURES	<u>852,133</u>	<u>852,133</u>	<u>-</u>	<u>852,133</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(596,756)</u>	<u>(596,756)</u>	<u>-</u>	<u>596,756</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(596,756)</u>	<u>(596,756)</u>	<u>-</u>	<u>596,756</u>
NET CHANGE IN FUND BALANCE	(1,448,889)	(1,448,889)	-	1,448,889
FUND BALANCE, Beginning	<u>1,448,889</u>	<u>1,448,889</u>	<u>1,448,889</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,448,889</u>	<u>\$ 1,448,889</u>

**MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ 31,216	\$ 31,216
Other local sources	2,115,979	2,115,979	1,643,861	(472,118)
Intermediate sources	-	-	1,939	1,939
Interest on investments	-	-	59	59
TOTAL REVENUES	<u>2,115,979</u>	<u>2,115,979</u>	<u>1,677,075</u>	<u>(438,904)</u>
EXPENDITURES				
Debt service	2,115,979	2,115,979	1,830,759	285,220
TOTAL EXPENDITURES	<u>2,115,979</u>	<u>2,115,979</u>	<u>1,830,759</u>	<u>285,220</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(153,684)</u>	<u>(153,684)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	24,615,876	24,615,876	18,300,000	(6,315,876)
PERS UAL lump sum payment	(24,615,876)	(24,615,876)	(18,113,061)	6,502,815
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>186,939</u>	<u>186,939</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>33,255</u>	<u>33,255</u>
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>305,863</u>	<u>305,863</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,118</u>	<u>\$ 339,118</u>

**MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other local sources	\$ 300,000	\$ 300,000	\$ 2,866,583	\$ 2,566,583
TOTAL REVENUES	<u>300,000</u>	<u>300,000</u>	<u>2,866,583</u>	<u>2,566,583</u>
EXPENDITURES				
Support services	425,000	425,000	301,537	123,463
Facilities acquisition and construction	<u>575,000</u>	<u>575,000</u>	<u>130,699</u>	<u>444,301</u>
TOTAL EXPENDITURES	<u>1,000,000</u>	<u>1,000,000</u>	<u>432,236</u>	<u>567,764</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(700,000)</u>	<u>(700,000)</u>	<u>2,434,347</u>	<u>3,134,347</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	206,761	206,761
Transfers in	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>300,000</u>	<u>300,000</u>	<u>506,761</u>	<u>206,761</u>
NET CHANGE IN FUND BALANCE	(400,000)	(400,000)	2,941,108	3,341,108
FUND BALANCE, Beginning	<u>400,000</u>	<u>400,000</u>	<u>557,538</u>	<u>157,538</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,498,646</u>	<u>\$ 3,498,646</u>

OTHER FINANCIAL SCHEDULES

SUPPLEMENTAL INFORMATION

School District Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included.
 Part A is needed for computing Oregon’s full allocation for ESSA, Title I & other Federal Funds for Education.

A. Energy Bill for Heating - All Funds:
 Please enter your expenditures for electricity, heating fuel, and water & sewage for these Functions & Objects.

	Objects 325 & 326 & *327
Function 2540	\$ 654,868
Function 2550	\$

B. Replacement of Equipment – General Fund:
 Include all General Fund expenditures in object 542, except for the following exclusions:

Exclude these functions:

\$

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

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

Morrow County School District No. 1
Morrow County, Oregon
District Audit Revenue Summary
Supplemental Information as Required by the Oregon Department of Education (3211c)
For the Year Ended June 30, 2022

Revenue from Local Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
1110 Ad Valorem Taxes Levied by District	\$10,121,662	\$0	\$29,687	\$0	\$0	\$0	\$0	\$10,151,349
1120 Local Option Ad Valorem Taxes Levied by District	0	0	0	0	0	0	0	0
1190 Penalties and Interest on Taxes	1,982	0	1,529	0	0	0	0	3,511
1200 Revenue from Local Governmental Units Other Than Districts	0	847,750	0	0	0	0	0	847,750
1311 Regular Day School Tuition - From Individuals	0	0	0	0	0	0	0	0
1312 Regular Day School Tuition - Other Dist Within State	0	0	0	0	0	0	0	0
1313 Regular Day School Tuition - Other Districts Outside	0	0	0	0	0	0	0	0
1320 Adult/Continuing Education Tuition	0	0	0	0	0	0	0	0
1330 Summer School Tuition	0	0	0	0	0	0	0	0
1411 Transportation Fees - From Individuals	0	0	0	0	0	0	0	0
1412 Transportation Fees - Other Dist Within State	0	0	0	0	0	0	0	0
1413 Transportation Fees - Other Districts Outside	0	0	0	0	0	0	0	0
1420 Summer School Transportation Fees	0	0	0	0	0	0	0	0
1500 Earnings on Investments	70,439	59	59	0	0	0	0	70,557
1600 Food Service	0	4,313	0	0	0	0	0	4,313
1700 Extracurricular Activities	0	317,937	0	0	0	0	0	317,937
1800 Community Services Activities	0	0	0	0	0	0	0	0
1910 Rentals	0	0	0	12,000	0	0	0	12,000
1920 Contributions and Donations From Private Sources	1,700	988,458	0	2,854,583	0	0	0	3,844,741
1930 Rental or Lease Payments From Private Contractors	0	0	0	0	0	0	0	0
1940 Services Provided Other Local Education Agencies	60,815	0	0	0	0	0	0	60,815
1950 Textbook Sales and Rentals	0	0	0	0	0	0	0	0
1960 Recovery of Prior Years' Expenditure	63,761	9,869	0	0	0	0	0	73,630
1970 Services Provided Other Funds	0	0	1,643,861	0	0	0	0	1,643,861
1980 Fees Charged to Grants	0	0	0	0	0	0	0	0
1990 Miscellaneous	140,791	219,546	0	0	0	0	0	360,337
Total Revenue from Local Sources	10,461,150	2,387,932	1,675,136	2,866,583	0	0	0	17,390,801

Revenue from Intermediate Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
2101 County School Funds	29,490	0	0	0	0	0	0	29,490
2102 Education Service District Apportionment	42,598	0	0	0	0	0	0	42,598
2105 Natural Gas, Oil, and Mineral Receipts	0	0	0	0	0	0	0	0
2110 Intermediate "I" Tax	0	0	0	0	0	0	0	0
2199 Other Intermediate Sources	0	0	0	0	0	0	0	0
2200 Restricted Revenue	0	361,974	0	0	0	0	0	361,974
2800 Revenue in Lieu of Taxes	194,927	0	1,939	0	0	0	0	196,866
2900 Revenue for/on Behalf of the District	0	0	0	0	0	0	0	0
Total Revenue from Intermediate Sources	267,015	361,974	1,939	0	0	0	0	630,928

Revenue from State Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
3101 State School Fund - General Support	18,152,751	0	0	0	0	0	0	18,152,751
3102 State School Fund - School Lunch Match	0	0	0	0	0	0	0	0
3103 Common School Fund	236,828	0	0	0	0	0	0	236,828
3104 State Managed County Timber	0	0	0	0	0	0	0	0
3106 State School Fund - Accrual	0	0	0	0	0	0	0	0
3199 Other Unrestricted Grants-in-Aid	0	0	0	0	0	0	0	0
3200 Restricted Grants-in-Aid	0	0	0	0	0	0	0	0
3222 State School Fund (SSF) Transportation Equipment	0	0	0	0	0	0	0	0
3299 Other Restricted Grants-in-Aid	16,488	2,663,200	0	0	0	0	0	2,679,688
3800 Revenue in Lieu of Taxes	0	0	0	0	0	0	0	0
3900 Revenue for/on Behalf of the District	0	0	0	0	0	0	0	0
Total Revenue from State Sources	18,406,067	2,663,200	0	0	0	0	0	21,069,267

Revenue from Federal Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
4100 Unrestricted Revenue Direct From the Federal Government	0	0	0	0	0	0	0	0
4200 Unrestricted Revenue From the Federal Government Through the State	0	0	0	0	0	0	0	0
4300 Restricted Revenue From the Federal Government	0	0	0	0	0	0	0	0
4500 Restricted Revenue From the Federal Government Through the State	30,600	4,103,281	0	0	0	0	0	4,133,881
4700 Grants-In-Aid From the Federal Gov't Through Other Agencies	0	39,803	0	0	0	0	0	39,803
4801 Federal Forest Fees	27,837	0	0	0	0	0	0	27,837
4802 Impact Aid to School Districts for Operation (PL 874)	0	0	0	0	0	0	0	0
4803 Coos Bay Wagon Road Funds	0	0	0	0	0	0	0	0
4899 Other Revenue in Lieu of Taxes	0	0	0	0	0	0	0	0
4900 Revenue for/on Behalf of the District	0	99,742	0	0	0	0	0	99,742
Total Revenue from Federal Sources	58,437	4,242,826	0	0	0	0	0	4,301,263

Revenue from Other Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
5100 Long Term Debt Financing Sources	0	0	18,300,000	0	0	0	0	18,300,000
5200 Interfund Transfers	0	92,450	0	300,000	0	0	0	392,450
5300 Sale of or Compensation for Loss of Fixed Assets	0	0	0	206,761	0	0	0	206,761
5400 Resources - Beginning Fund Balance	4,508,248	4,242,107	305,863	557,538	0	0	0	9,613,756
Total Revenue from Other Sources	4,508,248	4,334,557	18,605,863	1,064,299	0	0	0	28,512,967

Grand Totals

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
Grand Totals	\$33,700,917	\$13,990,489	\$20,282,938	\$3,930,882	\$0	\$0	\$0	\$71,905,226

Morrow County School District No. 1
Morrow County, Oregon
District Audit Expenditure Summary
Supplemental Information as Required by the Oregon Department of Education (3211c)
For the Year Ended June 30, 2022

Fund: General Fund									
Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Primary, K-3	\$5,298,726	\$3,202,534	\$1,768,549	\$5,685	\$321,958	\$0	\$0	\$0
1112	Intermediate Programs	0							
1113	Elementary Extracurricular	0							
1121	Middle/Junior High Programs	1,492,637	951,028	531,469	1,100	9,040	0	0	0
1122	Middle/Junior High School Extracurricular	0	0	0	0	0	0	0	0
1131	High School Programs	3,982,992	2,406,254	1,334,700	15,455	226,404	0	179	0
1132	High School Extracurricular	0	0	0	0	0	0	0	0
1140	Pre-Kindergarten Programs	384,138	0	0	384,138	0	0	0	0
1210	Programs for the Talented and Gifted	34,233	25,279	8,633	0	321	0	0	0
1220	Restrictive Programs for Students with Disabilities	0	0	0	0	0	0	0	0
1250	Less Restrictive Programs for Students with Disabilities	1,614,628	1,045,974	556,352	3,775	8,377	0	150	0
1260	Early Intervention	0	0	0	0	0	0	0	0
1271	Remediation	0	0	0	0	0	0	0	0
1272	Title I	0	0	0	0	0	0	0	0
1280	Alternative Education	604,904	290,205	146,900	98,476	69,067	0	256	0
1291	English Second Language Programs	3,773,709	2,363,060	1,409,995	0	654	0	0	0
1292	Teen Parent Program	0	0	0	0	0	0	0	0
1293	Migrant Education	0	0	0	0	0	0	0	0
1294	Youth Corrections Education	0	0	0	0	0	0	0	0
1295	English Second Language Programs	0	0	0	0	0	0	0	0
1299	Other Programs	0	0	0	0	0	0	0	0
1300	Adult/Continuing Education Programs	0	0	0	0	0	0	0	0
1400	Summer School Programs	0	0	0	0	0	0	0	0
Total Instruction Expenditures		17,185,967	10,284,334	5,756,598	508,629	635,821	0	585	0
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	141,130	31,198	22,696	82,025	5,211	0	0	0
2120	Guidance Services	159,077	99,655	58,052	20	1,350	0	0	0
2130	Health Services	340	0	0	0	340	0	0	0
2140	Psychological Services	0	0	0	0	0	0	0	0
2150	Speech Pathology and Audiology Services	0	0	0	0	0	0	0	0
2160	Other Student Treatment Services	0	0	0	0	0	0	0	0
2190	Service Direction, Student Support Services	0	0	0	0	0	0	0	0
2210	Improvement of Instruction Services	538,692	324,969	209,316	474	2,076	0	1,857	0
2220	Educational Media Services	337,113	173,576	139,444	0	23,958	0	135	0
2230	Assessment & Testing	51,398	38,702	12,696	0	0	0	0	0
2240	Instructional Staff Development	46,304	12,983	3,821	27,601	1,899	0	0	0
2310	Board of Education Services	184,224	0	0	64,053	4,786	0	115,385	0
2320	Executive Administration Services	449,107	256,374	120,564	30,311	37,256	0	4,602	0
2410	Office of the Principal Services	2,804,174	1,759,980	924,914	15,443	87,917	5,903	10,017	0
2490	Other Support Services - School Administration	448	0	0	448	0	0	0	0
2510	Direction of Business Support Services	0	0	0	0	0	0	0	0
2520	Fiscal Services	366,052	140,180	91,813	82,630	50,324	0	1,105	0
2540	Operation and Maintenance of Plant Services	3,814,778	1,149,483	711,288	1,469,997	231,200	61,341	191,469	0
2550	Student Transportation Services	1,403,014	3,900	1,285	1,396,239	1,590	0	0	0
2570	Internal Services	2,786	0	2,786	0	0	0	0	0
2610	Direction of Central Support Services	0	0	0	0	0	0	0	0
2620	Planning, Research, Development, Evaluation Services, Grant Writing	0	0	0	0	0	0	0	0
2630	Information Services	0	0	0	0	0	0	0	0
2640	Staff Services	20,938	0	0	0	20,938	0	0	0
2660	Technology Services	586,459	116,002	85,266	296,021	82,670	0	6,500	0
2670	Records Management Services	0	0	0	0	0	0	0	0
2690	Other Support Services - Central	0	0	0	0	0	0	0	0
2700	Supplemental Retirement Program	0	0	0	0	0	0	0	0
Total Support Services Expenditures		10,906,034	4,107,002	2,383,941	3,465,262	551,515	67,244	331,070	0
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	0	0	0	0	0	0	0	0
3200	Other Enterprise Services	0	0	0	0	0	0	0	0
3300	Community Services	0	0	0	0	0	0	0	0
3500	Custody and Care of Children Services	0	0	0	0	0	0	0	0
Total Enterprise and Community Services Expenditures		0	0	0	0	0	0	0	0
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	0	0	0	0	0	0	0	0
4120	Site Acquisition and Development Services	0	0	0	0	0	0	0	0
4150	Building Acquisition, Construction, and Improvement Services	0	0	0	0	0	0	0	0
4190	Other Facilities Construction Services	0	0	0	0	0	0	0	0
Total Facilities Acquisition and Construction Expenditures		0	0	0	0	0	0	0	0
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	32,450	0	0	0	0	0	32,450	0
5200	Transfers of Funds	392,450	0	0	0	0	0	0	392,450
5300	Apportionment of Funds by ESD	0	0	0	0	0	0	0	0
Total Other Uses Expenditures		424,900	0	0	0	0	0	32,450	392,450
Grand Totals		28,516,901	14,391,336	8,140,539	3,973,891	1,187,336	67,244	364,105	392,450

Morrow County School District No. 1
Morrow County, Oregon
District Audit Expenditure Summary
Supplemental Information as Required by the Oregon Department of Education (3211c)
For the Year Ended June 30, 2022

Fund: Special Revenues								
Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$1,625,804	\$901,092	\$425,604	\$17,000	\$279,396	\$0	\$2,712	\$0
1112 Intermediate Programs	0	0	0	0	0	0	0	0
1113 Elementary Extracurricular	19,135	0	0	0	19,135	0	0	0
1121 Middle/Junior High Programs	176,692	104,516	50,834	0	7,956	0	13,386	0
1122 Middle/Junior High School Extracurricular	82,122	56,759	14,446	10,417	0	0	500	0
1131 High School Programs	980,123	365,860	168,016	209,002	188,998	32,229	16,018	0
1132 High School Extracurricular	1,114,605	431,359	111,451	106,464	410,196	0	55,135	0
1140 Pre-Kindergarten Programs	0	0	0	0	0	0	0	0
1210 Programs for the Talented and Gifted	0	0	0	0	0	0	0	0
1220 Restrictive Programs for Students with Disabilities	0	0	0	0	0	0	0	0
1221 Learning Centers	0	0	0	0	0	0	0	0
1250 Less Restrictive Programs for Students with Disabilities	38,306	5,230	1,527	1,389	30,160	0	0	0
1260 Early Intervention	0	0	0	0	0	0	0	0
1271 Remediation	0	0	0	0	0	0	0	0
1272 Title I	450,435	295,772	154,663	0	0	0	0	0
1280 Alternative Education	267,378	112,342	58,689	95,934	413	0	0	0
1291 English Second Language Programs	115,029	61,950	38,126	0	14,953	0	0	0
1292 Teen Parent Program	0	0	0	0	0	0	0	0
1293 Migrant Education	0	0	0	0	0	0	0	0
1294 Youth Corrections Education	0	0	0	0	0	0	0	0
1295 English Second Language Programs	0	0	0	0	0	0	0	0
1299 Other Programs	0	0	0	0	0	0	0	0
1300 Adult/Continuing Education Programs	0	0	0	0	0	0	0	0
1400 Summer School Programs	547,848	193,404	69,394	0	114,067	0	170,983	0
Total Instruction Expenditures	5,417,477	2,528,284	1,092,750	440,206	1,065,274	32,229	258,734	0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	430,187	177,067	132,923	120,197	0	0	0	0
2120 Guidance Services	418,477	215,264	115,040	88,173	0	0	0	0
2130 Health Services	153,489	0	0	153,489	0	0	0	0
2140 Psychological Services	0	0	0	0	0	0	0	0
2150 Speech Pathology and Audiology Services	0	0	0	0	0	0	0	0
2160 Other Student Treatment Services	0	0	0	0	0	0	0	0
2190 Service Direction, Student Support Services	0	0	0	0	0	0	0	0
2210 Improvement of Instruction Services	80,358	53,590	17,595	4,630	4,543	0	0	0
2220 Educational Media Services	6,226	3,365	2,861	0	0	0	0	0
2230 Assessment & Testing	0	0	0	0	0	0	0	0
2240 Instructional Staff Development	15,051	11,084	2,373	999	595	0	0	0
2310 Board of Education Services	0	0	0	0	0	0	0	0
2321 Office of the Superintendent Services	17,810	1,359	729	0	15,722	0	0	0
2410 Office of the Principal Services	45,537	29,488	16,049	0	0	0	0	0
2490 Other Support Services - School Administration	0	0	0	0	0	0	0	0
2510 Direction of Business Support Services	3,344	1,978	1,366	0	0	0	0	0
2520 Fiscal Services	0	0	0	0	0	0	0	0
2540 Operation and Maintenance of Plant Services	126,486	2,070	1,082	0	0	123,334	0	0
2550 Student Transportation Services	182,773	0	0	180,892	1,881	0	0	0
2570 Internal Services	0	0	0	0	0	0	0	0
2610 Direction of Central Support Services	0	0	0	0	0	0	0	0
2620 Planning, Research, Development, Evaluation Services, Grant Writing	0	0	0	0	0	0	0	0
2630 Information Services	0	0	0	0	0	0	0	0
2640 Staff Services	0	0	0	0	0	0	0	0
2660 Technology Services	647,454	1,832	1,353	26,223	530,541	11,974	75,531	0
2670 Records Management Services	0	0	0	0	0	0	0	0
2690 Other Support Services - Central	0	0	0	0	0	0	0	0
2700 Supplemental Retirement Program	190,247	0	190,247	0	0	0	0	0
Total Support Services Expenditures	2,317,439	497,097	481,618	574,603	553,282	135,308	75,531	0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	1,191,177	269,670	166,640	26,224	723,914	0	4,729	0
3200 Other Enterprise Services	0	0	0	0	0	0	0	0
3300 Community Services	0	0	0	0	0	0	0	0
3500 Custody and Care of Children Services	0	0	0	0	0	0	0	0
Total Enterprise and Community Services Expenditures	1,191,177	269,670	166,640	26,224	723,914	0	4,729	0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	0	0	0	0	0	0	0	0
4120 Site Acquisition and Development Services	0	0	0	0	0	0	0	0
4150 Building Acquisition, Construction, and Improvement Services	250,011	0	0	0	0	250,011	0	0
4190 Other Facilities Construction Services	0	0	0	0	0	0	0	0
Total Facilities Acquisition and Construction Expenditures	250,011	0	0	0	0	250,011	0	0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	0	0	0	0	0	0	0	0
5200 Transfers of Funds	0	0	0	0	0	0	0	0
5300 Apportionment of Funds by ESD	0	0	0	0	0	0	0	0
Total Other Uses Expenditures	0	0	0	0	0	0	0	0
Grand Totals	\$9,176,104	\$3,295,051	\$1,741,008	\$1,041,033	\$2,342,470	\$417,548	\$338,994	\$0

Morrow County School District No. 1
Morrow County, Oregon
District Audit Expenditure Summary
Supplemental Information as Required by the Oregon Department of Education (3211c)
For the Year Ended June 30, 2022

Fund: Debt Service									
Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Primary, K-3	\$0	0	0	0	0	0	0	0
1112	Intermediate Programs	0	0	0	0	0	0	0	0
1113	Elementary Extracurricular	0	0	0	0	0	0	0	0
1121	Middle/Junior High Programs	0	0	0	0	0	0	0	0
1122	Middle/Junior High School Extracurricular	0	0	0	0	0	0	0	0
1131	High School Programs	0	0	0	0	0	0	0	0
1132	High School Extracurricular	0	0	0	0	0	0	0	0
1140	Pre-Kindergarten Programs	0	0	0	0	0	0	0	0
1210	Programs for the Talented and Gifted	0	0	0	0	0	0	0	0
1220	Restrictive Programs for Students with Disabilities	0	0	0	0	0	0	0	0
1250	Less Restrictive Programs for Students with Disabilities	0	0	0	0	0	0	0	0
1260	Early Intervention	0	0	0	0	0	0	0	0
1271	Remediation	0	0	0	0	0	0	0	0
1272	Title I	0	0	0	0	0	0	0	0
1280	Alternative Education	0	0	0	0	0	0	0	0
1291	English Second Language Programs	0	0	0	0	0	0	0	0
1292	Teen Parent Program	0	0	0	0	0	0	0	0
1293	Migrant Education	0	0	0	0	0	0	0	0
1294	Youth Corrections Education	0	0	0	0	0	0	0	0
1299	Other Programs	0	0	0	0	0	0	0	0
1300	Adult/Continuing Education Programs	0	0	0	0	0	0	0	0
1400	Summer School Programs	0	0	0	0	0	0	0	0
Total Instruction Expenditures		0	0	0	0	0	0	0	0
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	0	0	0	0	0	0	0	0
2120	Guidance Services	0	0	0	0	0	0	0	0
2130	Health Services	0	0	0	0	0	0	0	0
2140	Psychological Services	0	0	0	0	0	0	0	0
2150	Speech Pathology and Audiology Services	0	0	0	0	0	0	0	0
2160	Other Student Treatment Services	0	0	0	0	0	0	0	0
2190	Service Direction, Student Support Services	0	0	0	0	0	0	0	0
2210	Improvement of Instruction Services	0	0	0	0	0	0	0	0
2220	Educational Media Services	0	0	0	0	0	0	0	0
2230	Assessment & Testing	0	0	0	0	0	0	0	0
2240	Instructional Staff Development	0	0	0	0	0	0	0	0
2310	Board of Education Services	0	0	0	0	0	0	0	0
2320	Executive Administration Services	0	0	0	0	0	0	0	0
2410	Office of the Principal Services	0	0	0	0	0	0	0	0
2490	Other Support Services - School Administration	0	0	0	0	0	0	0	0
2510	Direction of Business Support Services	0	0	0	0	0	0	0	0
2520	Fiscal Services	0	0	0	0	0	0	0	0
2540	Operation and Maintenance of Plant Services	0	0	0	0	0	0	0	0
2550	Student Transportation Services	0	0	0	0	0	0	0	0
2570	Internal Services	0	0	0	0	0	0	0	0
2610	Direction of Central Support Services	0	0	0	0	0	0	0	0
2620	Planning, Research, Development, Evaluation Services, Grant Writing	0	0	0	0	0	0	0	0
2630	Information Services	0	0	0	0	0	0	0	0
2640	Staff Services	0	0	0	0	0	0	0	0
2660	Technology Services	0	0	0	0	0	0	0	0
2670	Records Management Services	0	0	0	0	0	0	0	0
2690	Other Support Services - Central	0	0	0	0	0	0	0	0
2700	Supplemental Retirement Program	0	0	0	0	0	0	0	0
Total Support Services Expenditures		0	0	0	0	0	0	0	0
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	0	0	0	0	0	0	0	0
3200	Other Enterprise Services	0	0	0	0	0	0	0	0
3300	Community Services	0	0	0	0	0	0	0	0
3500	Custody and Care of Children Services	0	0	0	0	0	0	0	0
Total Enterprise and Community Services Expenditures		0	0	0	0	0	0	0	0
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	0	0	0	0	0	0	0	0
4120	Site Acquisition and Development Services	0	0	0	0	0	0	0	0
4150	Building Acquisition, Construction, and Improvement Services	0	0	0	0	0	0	0	0
4190	Other Facilities Construction Services	0	0	0	0	0	0	0	0
Total Facilities Acquisition and Construction Expenditures		0	0	0	0	0	0	0	0
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	1,830,759	0	0	0	0	0	1,830,759	0
5200	Transfers of Funds	0	0	0	0	0	0	0	0
5300	Apportionment of Funds by ESD	0	0	0	0	0	0	0	0
Total Other Uses Expenditures		1,830,759	0	0	0	0	0	1,830,759	0
Grand Totals		\$1,830,759	\$0	\$0	\$0	\$0	\$0	\$1,830,759	\$0

Morrow County School District No. 1
Morrow County, Oregon
District Audit Expenditure Summary
Supplemental Information as Required by the Oregon Department of Education (3211c)
For the Year Ended June 30, 2022

Fund: Capital Projects		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures									
1111	Primary, K-3	\$0	0	0	0	0	0	0	0
1112	Intermediate Programs	0	0	0	0	0	0	0	0
1113	Elementary Extracurricular	0	0	0	0	0	0	0	0
1121	Middle/Junior High Programs	0	0	0	0	0	0	0	0
1122	Middle/Junior High School Extracurricular	0	0	0	0	0	0	0	0
1131	High School Programs	0	0	0	0	0	0	0	0
1132	High School Extracurricular	0	0	0	0	0	0	0	0
1140	Pre-Kindergarten Programs	0	0	0	0	0	0	0	0
1210	Programs for the Talented and Gifted	0	0	0	0	0	0	0	0
1220	Restrictive Programs for Students with Disabilities	0	0	0	0	0	0	0	0
1250	Less Restrictive Programs for Students with Disabilities	0	0	0	0	0	0	0	0
1260	Early Intervention	0	0	0	0	0	0	0	0
1271	Remediation	0	0	0	0	0	0	0	0
1272	Title I	0	0	0	0	0	0	0	0
1280	Alternative Education	0	0	0	0	0	0	0	0
1291	English Second Language Programs	0	0	0	0	0	0	0	0
1292	Teen Parent Program	0	0	0	0	0	0	0	0
1293	Migrant Education	0	0	0	0	0	0	0	0
1294	Youth Corrections Education	0	0	0	0	0	0	0	0
1299	Other Programs	0	0	0	0	0	0	0	0
1300	Adult/Continuing Education Programs	0	0	0	0	0	0	0	0
1400	Summer School Programs	0	0	0	0	0	0	0	0
Total Instruction Expenditures		0	0	0	0	0	0	0	0
Support Services Expenditures									
2110	Attendance and Social Work Services	0	0	0	0	0	0	0	0
2120	Guidance Services	0	0	0	0	0	0	0	0
2130	Health Services	0	0	0	0	0	0	0	0
2140	Psychological Services	0	0	0	0	0	0	0	0
2150	Speech Pathology and Audiology Services	0	0	0	0	0	0	0	0
2160	Other Student Treatment Services	0	0	0	0	0	0	0	0
2190	Service Direction, Student Support Services	0	0	0	0	0	0	0	0
2210	Improvement of Instruction Services	0	0	0	0	0	0	0	0
2220	Educational Media Services	0	0	0	0	0	0	0	0
2230	Assessment & Testing	0	0	0	0	0	0	0	0
2240	Instructional Staff Development	0	0	0	0	0	0	0	0
2310	Board of Education Services	0	0	0	0	0	0	0	0
2320	Executive Administration Services	0	0	0	0	0	0	0	0
2410	Office of the Principal Services	0	0	0	0	0	0	0	0
2490	Other Support Services - School Administration	0	0	0	0	0	0	0	0
2510	Direction of Business Support Services	0	0	0	0	0	0	0	0
2520	Fiscal Services	0	0	0	0	0	0	0	0
2540	Operation and Maintenance of Plant Services	301,537	0	0	205,172	248	47,088	49,029	0
2550	Student Transportation Services	0	0	0	0	0	0	0	0
2570	Internal Services	0	0	0	0	0	0	0	0
2610	Direction of Central Support Services	0	0	0	0	0	0	0	0
2620	Planning, Research, Development, Evaluation Services, Grant Writing	0	0	0	0	0	0	0	0
2630	Information Services	0	0	0	0	0	0	0	0
2640	Staff Services	0	0	0	0	0	0	0	0
2660	Technology Services	0	0	0	0	0	0	0	0
2670	Records Management Services	0	0	0	0	0	0	0	0
2690	Other Support Services - Central	0	0	0	0	0	0	0	0
2700	Supplemental Retirement Program	0	0	0	0	0	0	0	0
Total Support Services Expenditures		301,537	0	0	205,172	248	47,088	49,029	0
Enterprise and Community Services Expenditures									
3100	Food Services	0	0	0	0	0	0	0	0
3200	Other Enterprise Services	0	0	0	0	0	0	0	0
3300	Community Services	0	0	0	0	0	0	0	0
3500	Custody and Care of Children Services	0	0	0	0	0	0	0	0
Total Enterprise and Community Services Expenditures		0	0	0	0	0	0	0	0
Facilities Acquisition and Construction Expenditures									
4110	Service Area Direction	0	0	0	0	0	0	0	0
4120	Site Acquisition and Development Services	0	0	0	0	0	0	0	0
4150	Building Acquisition, Construction, and Improvement Services	130,698	0	0	89,319	0	41,379	0	0
4190	Other Facilities Construction Services	0	0	0	0	0	0	0	0
Total Facilities Acquisition and Construction Expenditures		130,698	0	0	89,319	0	41,379	0	0
Other Uses Expenditures									
5100	Debt Service	0	0	0	0	0	0	0	0
5200	Transfers of Funds	0	0	0	0	0	0	0	0
5300	Apportionment of Funds by ESD	0	0	0	0	0	0	0	0
Total Other Uses Expenditures		0	0	0	0	0	0	0	0
Grand Totals		\$432,235	\$0	\$0	\$294,491	\$248	\$88,467	\$49,029	\$0

Morrow County School District No. 1
Morrow County, Oregon
District Audit Expenditure Summary
Supplemental Information as Required by the Oregon Department of Education (3211c)
For the Year Ended June 30, 2022

Fund: Internal Service									
Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Primary, K-3	\$0	0	0	0	0	0	0	0
1112	Intermediate Programs	0	0	0	0	0	0	0	0
1113	Elementary Extracurricular	0	0	0	0	0	0	0	0
1121	Middle/Junior High Programs	0	0	0	0	0	0	0	0
1122	Middle/Junior High School Extracurricular	0	0	0	0	0	0	0	0
1131	High School Programs	0	0	0	0	0	0	0	0
1132	High School Extracurricular	0	0	0	0	0	0	0	0
1140	Pre-Kindergarten Programs	0	0	0	0	0	0	0	0
1210	Programs for the Talented and Gifted	0	0	0	0	0	0	0	0
1220	Restrictive Programs for Students with Disabilities	0	0	0	0	0	0	0	0
1250	Less Restrictive Programs for Students with Disabilities	0	0	0	0	0	0	0	0
1260	Early Intervention	0	0	0	0	0	0	0	0
1271	Remediation	0	0	0	0	0	0	0	0
1272	Title I	0	0	0	0	0	0	0	0
1280	Alternative Education	0	0	0	0	0	0	0	0
1291	English Second Language Programs	0	0	0	0	0	0	0	0
1292	Teen Parent Program	0	0	0	0	0	0	0	0
1293	Migrant Education	0	0	0	0	0	0	0	0
1294	Youth Corrections Education	0	0	0	0	0	0	0	0
1299	Other Programs	0	0	0	0	0	0	0	0
1300	Adult/Continuing Education Programs	0	0	0	0	0	0	0	0
1400	Summer School Programs	0	0	0	0	0	0	0	0
Total Instruction Expenditures		0	0	0	0	0	0	0	0
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	0	0	0	0	0	0	0	0
2120	Guidance Services	0	0	0	0	0	0	0	0
2130	Health Services	0	0	0	0	0	0	0	0
2140	Psychological Services	0	0	0	0	0	0	0	0
2150	Speech Pathology and Audiology Services	0	0	0	0	0	0	0	0
2160	Other Student Treatment Services	0	0	0	0	0	0	0	0
2190	Service Direction, Student Support Services	0	0	0	0	0	0	0	0
2210	Improvement of Instruction Services	0	0	0	0	0	0	0	0
2220	Educational Media Services	0	0	0	0	0	0	0	0
2230	Assessment & Testing	0	0	0	0	0	0	0	0
2240	Instructional Staff Development	0	0	0	0	0	0	0	0
2310	Board of Education Services	0	0	0	0	0	0	0	0
2320	Executive Administration Services	0	0	0	0	0	0	0	0
2410	Office of the Principal Services	0	0	0	0	0	0	0	0
2490	Other Support Services - School Administration	0	0	0	0	0	0	0	0
2510	Direction of Business Support Services	0	0	0	0	0	0	0	0
2520	Fiscal Services	0	0	0	0	0	0	0	0
2540	Operation and Maintenance of Plant Services	0	0	0	0	0	0	0	0
2550	Student Transportation Services	0	0	0	0	0	0	0	0
2570	Internal Services	0	0	0	0	0	0	0	0
2610	Direction of Central Support Services	0	0	0	0	0	0	0	0
2620	Planning, Research, Development, Evaluation Services, Grant Writing	0	0	0	0	0	0	0	0
2630	Information Services	0	0	0	0	0	0	0	0
2640	Staff Services	0	0	0	0	0	0	0	0
2660	Technology Services	0	0	0	0	0	0	0	0
2670	Records Management Services	0	0	0	0	0	0	0	0
2690	Other Support Services - Central	0	0	0	0	0	0	0	0
2700	Supplemental Retirement Program	0	0	0	0	0	0	0	0
Total Support Services Expenditures		0	0	0	0	0	0	0	0
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	0	0	0	0	0	0	0	0
3200	Other Enterprise Services	0	0	0	0	0	0	0	0
3300	Community Services	0	0	0	0	0	0	0	0
3500	Custody and Care of Children Services	0	0	0	0	0	0	0	0
Total Enterprise and Community Services Expenditures		0	0	0	0	0	0	0	0
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	0	0	0	0	0	0	0	0
4120	Site Acquisition and Development Service:	0	0	0	0	0	0	0	0
4150	Building Acquisition, Construction, and Improvement Service:	0	0	0	0	0	0	0	0
4190	Other Facilities Construction Services	0	0	0	0	0	0	0	0
Total Facilities Acquisition and Construction Expenditures		0	0	0	0	0	0	0	0
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	0	0	0	0	0	0	0	0
5200	Transfers of Funds	0	0	0	0	0	0	0	0
5300	Apportionment of Funds by ESD	0	0	0	0	0	0	0	0
Total Other Uses Expenditures		0	0	0	0	0	0	0	0
Grand Totals		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Morrow County School District
Continuing Disclosure for Bonded Debt:
June 30, 2022**

2021-22 Assessed Valuation of District taxable property: \$ 2,700,490,342
Tax Rate (Dollars per \$1,000 assessed value) \$ 4.0342

Ratio of annual debt service requirements for bonded debt to total General Fund Expenditures & Transfers:

	Principal	Interest	Total Bonded Debt Service	General Fund Expenditures & Transfers	Ratio of Debt Service to General Fund Expenditures & Transfers
2021-22	1,045,000	632,291	1,677,291	28,516,902.00	5.88%

Ratio of Net Bonded Debt to Assessed Value:

Assessed Valuation	Net Bonded Debt (1)	Ratio of Net Bonded Debt to Assessed Value
\$ 2,700,490,342	\$ 22,535,882	0.835%

(1) Computed as gross bonded debt less amount available for retirement of debt in Debt Service Funds

Principal Tax Payers in Morrow County, Oregon

Private Enterprises:

Amazon Data Services, Inc.	\$ 857,928,370
Threemile Canyon Farms, LLC	224,326,566
Lamb Weston, Inc	120,402,530
Columbia River Processing, Inc.	51,565,300
Union Pacific Railroad Co.	28,214,290
Port View Apartments, LLC	23,307,340

Public Utilities

Avista Corporation	208,351,000
Portland General Electric Co.	119,822,730
Gas Transmission Northwest Corp	112,982,000
Port of Morrow	32,161,542

All Other Taxpayers

1,156,931,538
<u>\$ 2,935,993,206</u>

**Morrow County School District
Continuing Disclosure for Bonded Debt:
June 30, 2022**

Summary of General Fund Revenue:

FY	<u>State Sources</u>	State Sources As % of <u>Total Revenues</u>	<u>Total Revenues</u>
2021-22	18,406,067.00	63.05%	29,192,669.00

Computation of Legal Debt Margin

Real Market Value (RMV)	\$ 7,547,930,702.00
Allowable Portion	<u>0.0795</u>
Debt Limit: 7.95% of RMV	\$ 600,060,490.81
Amount of debt applicable to debt limit:	
Bonded Debt:	\$ 22,875,000.00
Less: Amount available in Debt Service Funds	<u>(339,118.00)</u>
Amount of debt applicable to debt limit:	\$ 22,535,882.00
Legal Debt Margin	<u><u>\$ 577,524,608.81</u></u>

(1) ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Aggregates are governed by RMV of all taxable properties within the district based on the following:

A. For each grade from K-8 for which the District operates schools, fifty-five one hundreds of one percent of the RMV. (.0055*9)

B. For each grade from 9-12 for which the District operates schools, seventy-five one-hundredths of one percent of the RMV. (.0075*4)

Allowable Percentage of RMV:

A. Grades K-8	4.95%
B. Grades 9-12	<u>3.00%</u>
	<u><u>7.95%</u></u>

**REPORTS OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS**



Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

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Required by Oregon State Regulations

We have audited the basic financial statements of Morrow County School District (District) as of and for the year ended June 30, 2022 and have issued our report thereon dated December 31, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

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

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

In connection with our testing nothing came to our attention that caused us to believe 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 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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

We noted certain matters that were reported to management of the District in the Schedule of Findings and Questioned Costs.

This report is intended solely for the information and use of the board of directors/council members/commissioners and management of the District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Dickey and Tremper, LLP

Dickey and Tremper, LLP

December 31, 2022



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

December 31, 2022

To the Governing Body of the Morrow County School
District No. 1, Morrow County, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Morrow County School District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 31, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Dickey and Tremper, LLP
Certified Public Accountants
Pendleton, Oregon

December 31, 2022



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

To the Governing Body of the Morrow County School
District No. 1, Morrow County, Oregon

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Morrow County School District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Education Stabilization Fund Program- Elementary and Secondary School Emergency Relief (ESSER) Fund

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Morrow County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund Program-ESSER for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Morrow County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

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

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

Matter(s) Giving Rise to Qualified Opinion on Education Stabilization Fund Program-ESSER

As described in the accompanying schedule of findings and questioned costs, Morrow County School District did not comply with requirements regarding Assistance Listing No. 84.425D Education Stabilization Fund Program-ESSER as described in finding number 2022-003 for Special Tests relating to prevailing wage requirements.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on Morrow County School District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questions costs. The District's response was not subjected

to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-003 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-004 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on Morrow County School District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Dickey and Tremper, LLP
Certified Public Accountants
Pendleton, Oregon

December 31, 2022

**MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2022**

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Morrow County School District (District) under programs of the federal government for the year ended June 30, 2022. The information is presented on the modified accrual basis of accounting. 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 net position and changes in net position of the District.

Note B – Indirect Cost Rate

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

Note C – Non-Cash Assistance

The District received and disbursed \$99,742 market value of commodities under the School Nutrition Commodities CFDA# 10.555.

Note D – Loans or Loan Guarantees

The District received \$30,600 in QSCB interest direct payment by the United States Treasury with an unknown CFDA number.

Note E – Federal Forest Fees

Federal forest fees passed through Morrow County, Oregon of \$27,837 are included on the SEFA and are considered federal financial assistance, but are not subject to Uniform Guidance.

Morrow County School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

Federal Grantor	CFDA	Grant Number	Grant Amount	Receipts	Estimated
Pass through Grantor	Number				Expenditures
US Department of Agriculture:					
<i>Passed through Oregon Department of Education</i>					
<u>Child Nutrition Cluster</u>					
National School Lunch Program - Breakfast	10.553	2513001	\$ -	\$ 374,767	\$ 374,767
Child Nutrition Programs Commodities	10.555	2513001	\$ -	\$ 99,742	\$ 99,742
National School Lunch Program - Lunch	10.555	2513001	\$ -	\$ 1,002,432	\$ 1,002,432
Total CFDA #10.555				\$ 1,102,174	\$ 1,102,174
National School Lunch Program, Summer Food	10.559	2513001	\$ -	\$ 46,474	\$ 46,474
Total Child Nutrition Cluster			\$ -	\$ 1,523,415	\$ 1,523,415
<i>Passed through Oregon Department of Education</i>					
CNP SNAP State and Local P-EBT Admin	10.649		\$ -	\$ 3,063	\$ 3,063
<i>Passed through Morrow County, Oregon</i>					
Federal Forest Fees	10.666	n/a	\$ -	\$ 27,837	\$ 27,837
Total U.S Department of Agriculture			\$ -	\$ 1,554,315	\$ 1,554,315
US Department of Education:					
<i>Passed through Oregon Department of Education</i>					
Title I Part A/D	84.010	58313	\$ 595,015	\$ 41,533	\$ 41,533
Title I-A 21-22	84.010	67022	\$ 589,705	\$ 408,902	\$ 408,902
ESSA Partnerships 20-21	84.010	60405	\$ 134,780	\$ 108,397	\$ 108,397
ESSA Partnerships 19-20 Supplement	84.010	65128	\$ 135,300	\$ 23,024	\$ 23,024
Total CFDA 84.010			\$ 1,454,800	\$ 581,856	\$ 581,856
English Language Acquisition 20-21 (Title III)	84.365	58488	\$ 64,087	\$ 48,405	\$ 48,405
Title II A Improving Teacher Quality	84.367	58805	\$ 86,537	\$ 4,825	\$ 4,825
Title II-A - Teacher Quality 21-22	84.367	67455	\$ 74,542	\$ 74,542	\$ 74,542
Total CFDA 84.367			\$ 86,537	\$ 79,367	\$ 79,367
Student Support & Ac Enrichment (Title IV-A)	84.424	58631	\$ 35,747	\$ 5,047	\$ 5,047
<u>Special Education Cluster</u>					
IDEA Part B, Section 2019-2020	84.027	54187	\$ 336,782	\$ 17,577	\$ 17,577
IDEA Part B, Section 611 2021-22	84.027	68644	\$ 365,407	\$ 22,226	\$ 22,226
Total Special Education Cluster			\$ 336,782	\$ 39,803	\$ 39,803
Elementary and Secondary School Emergency Relief Fund-COVID 19	84.425D	64630	\$ 1,943,451	\$ 482,583	\$ 482,583
Elementary and Secondary School Emergency Relief Fund-COVID 19	84.425D	64935	\$ 4,367,778	\$ 1,213,208	\$ 1,213,208
Total CFDA 84.425D			\$ 6,311,229	\$ 1,695,791	\$ 1,695,791
Total Passed through Oregon Department of Education			\$ 8,289,182	\$ 2,450,269	\$ 2,450,269
<i>Passed through Intermountain Education Service District</i>					
Title IC Migrant Education State Grant Program	84.011		\$ 92,500	\$ 65,999	\$ 65,999
Total Department of Education			\$ 8,381,682	\$ 2,516,268	\$ 2,516,268
Total Federal Financial Assistance			\$ 8,381,682	\$ 4,070,583	\$ 4,070,583

**MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2022**

FINDINGS – FINANCIAL STATEMENT AUDIT – PRIOR YEAR

Finding 2021-001

US DEPARTMENT OF EDUCATION

Education Stabilization Fund – CFDA# 84.425C, 84.425D

Condition and criteria: The District should have control processes in place to ensure that allowable costs are properly claimed and reported to the grantor in the correct period. The initial reimbursement requests and reports were corrected by management for timing and identification of allowable costs and additional costs were noted during the audit.

Cause: There were several grant programs during the year with similar allowable costs related to COVID-19 and changing requirements as guidelines became available. In addition, the prior business manager was new to the position.

Context and effect: The District requests reimbursement and reports costs under the ESSER I, ESSER II, and GEER portion of the programs. We performed tests of 100% of the requests and found that management had to correct the reports for timing and identification of additional allowable costs. Final costs claimed and reported appear to be allowable costs and management has notified the State of the changes and final amounts.

Auditor's recommendation: We recommend enhanced oversight and review of staff work and that additional procedures are put in place to assist in identification of costs and reporting.

Current status: The District assigned an experienced administrator over controls of purchases made with grant funds. The business manager reviews those purchases to ensure that they have been approved by the administrator.

Finding 2021-002

US DEPARTMENT OF EDUCATION

Education Stabilization Fund – CFDA# 84.425C, 84.425D

Condition and criteria: Program costs should be paid or expended before submitting a reimbursement request. Related to 2021-001 above, some of the costs claimed on the initial reimbursements and reports were from purchase orders, rather than paid expenses causing some reimbursements to be received prior to paying the costs or incurring the expense.

Cause: There were several grant programs during the year with similar allowable costs related to COVID-19 and changing requirements as guidelines became available. In addition, the prior business manager was new to the position and some costs were paid off of initial purchase orders rather than paid invoices.

Context and effect: The District requests reimbursement and reports costs under the ESSER I, ESSER II, and GEER portion of the programs. We performed tests of 100% of the requests and found that management had to correct all of the reports for ESSER I for timing issues, but by the time actual reimbursement had been received costs incurred exceeded the request. However, the District requested reimbursement of costs totaling \$55,507 in January of 2021 under the GEER portion for costs that were not paid until March of 2021. The amount of earnings, if any, on the advanced funds would be insignificant, but procedures should be in place to ensure costs are paid or incurred prior to requesting reimbursement.

Auditor's recommendation: We recommend enhanced oversight and review of staff work and that additional procedures are put in place to ensure costs are paid prior to requesting reimbursement.

Current status: Experienced staff have been assigned to review reimbursement requests to ensure they fulfill all the requirements. The business manager verifies that all costs have been paid with check prior to requesting reimbursement.

**MORROW COUNTY SCHOOL DISTRICT
MORROW COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2022**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Morrow County School District.
2. Two significant deficiencies in internal control over financial reporting were discovered by the audit of the basic financial statements of Morrow County School District. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the Morrow County School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

Federal Awards

4. One significant deficiency and one material weakness in internal control over major federal programs were disclosed by the audit.
5. The auditor's report on compliance for the major federal award programs for Morrow County School District expresses a qualified opinion on the Educations Stabilization Fund-ESSER program, but an unmodified opinion on all other major programs..
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this schedule.
7. The programs tested as major programs included:

Child Nutrition Cluster:

National School Lunch Program (NSLP)	CFDA# 10.555
National School Lunch Program – Breakfast	CFDA# 10.553
National School Lunch Program – Summer Food Service Program	CFDA# 10.559

Education Stabilization Fund (ESF)

Elementary and Secondary School Emergency Relief (ESSER) Fund	CFDA# 84.425D
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8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Morrow County School District was not determined to be a low-risk auditee.

SECTION II - FINDINGS – FINANCIAL STATEMENTS AUDIT

Significant Deficiencies

2022-001

Condition and criteria: PERS contribution rates decreased after the issuance of PERS bonds and payment of a large PERS UAL lump sum payment in August. September payroll was processed with old rates and was not noticed until final reconciliation after the end of the fiscal year.

Cause: Reconciliation of the liability accounts is mainly done at year end by the District, but was not prepared prior to audit fieldwork causing the balance to be overstated.

Effect: The PERS liability from the September payroll at incorrect rates never cleared out and required a manual reduction of the liability of approximately \$97,000 during the audit field work.

Auditor's recommendation: We recommend a monthly review and reconciliation of PERS expenses and liabilities, as well as a more frequent review of all payroll liability accounts.

Management response: Adjustments to payroll liabilities and expenses will be completed at statement intervals from vendors by the payroll specialist. Review of those accounts will be done by the Business Manager in a timely fashion.

2022-002

Condition and criteria: The District should have control processes in place to ensure that monitoring procedures are in place for large contracts. The District contracted work for the engineering and design of HVAC improvements. For 2 of 3 invoices, payments were made from summary invoices rather than from application and certification of payment. We also did not locate a specific contract for the project, just a proposal. When the application and certification of payments were received, there were errors and changes requiring final reconciliation and accruals.

Cause: There were changes in personnel at the District during the year and the ESSER grant is fairly new to the District. In addition, the invoices from the contractor did not initially contain all of the required information.

Context and effect: We reviewed 100% of the invoices for the project and \$38,324 was accrued as a year end liability and additional expense when the final contractor billing was received. This affected both grant revenue and expenses and led to adjustments on the Schedule of Expenditures of Federal Awards (SEFA).

Auditor's recommendation: We recommend enhanced monitoring procedures for large contracts and that application and certification for payment be reviewed and approved by an official with knowledge of the project and status before payment is issued. We also

recommend contracts containing language applicable to Federal programs be prepared for all large projects.

Management response: To ensure enhanced monitoring of large projects the District has assigned the Business Manager to approve payment on large projects. The Business Manager regularly meets with the maintenance coordinator and the Superintendent to discuss the progress and payment of large contracts. The District will also require signed contracts for projects being funded by Federal programs.

SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

US DEPARTMENT OF EDUCATION

Education Stabilization Fund (ESF)- Elementary and Secondary School Emergency Relief (ESSER) Fund CFDA# 84.425D

Compliance and Material Weakness – Special Tests

2022-003

Condition and criteria: The District should have control processes in place to ensure that allowable projects subject to prevailing wage requirements are performed under those requirements. There was one project that was subject to Federal prevailing wage requirements but did not get performed or documented for those requirements.

Cause: The District did not have policies and procedures set up to monitor the prevailing wage requirements.

Context and effect: The District has few capital projects funded by grant dollars, but there was one project for security improvements that fell under Federal prevailing wage guidelines. The proposal from the contractor said it included prevailing wage rates, but there was not an official contract found that would detail the prevailing wage requirements and we were unable to locate copies of certified payrolls indicating the District was not monitoring this requirement. The total cost of the project was \$133,878 and included costs for the equipment and installation of the security enhancements.

Auditor's recommendation: We recommend the District update their policies and procedures to identify and monitor projects with Federal prevailing wage requirements. We also recommend contracts containing language applicable to Federal programs be prepared for all large projects.

Management response: The District will update its policy to request and require certification for payment of prevailing wage by contractors. The District will also require signed contracts for projects being funded by Federal programs.

Significant Deficiency

2022-004

Condition and criteria: The District should have control processes in place to ensure that monitoring procedures are in place for large contracts. The District contracted work for the engineering and design of HVAC improvements. For 2 of 3 invoices, payments were made from summary invoices rather than from application and certification of payment. We also did not locate a specific contract for the project, just a proposal. When the application and certification of payments were received, there were errors and changes requiring final reconciliation and accruals.

Cause: There were changes in personnel at the District during the year and the ESSER grant is fairly new to the District. In addition, the invoices from the contractor did not initially contain all of the required information.

Context and effect: We reviewed 100% of the invoices for the project and \$38,324 was accrued as a year end liability and additional expense when the final contractor billing was received. This affected both grant revenue and expenses and led to adjustments on the Schedule of Expenditures of Federal Awards (SEFA).

Auditor's recommendation: We recommend enhanced monitoring procedures for large contracts and that application and certification for payment be reviewed and approved by an official with knowledge of the project and status before payment is issued. We also recommend contracts containing language applicable to Federal programs be prepared for all large projects.

Management response: To ensure enhanced monitoring of large projects the District has assigned the Business Manager to approve payment on large projects. The Business Manager regularly meets with the maintenance coordinator and the Superintendent to discuss the progress and payment of large contracts. The District will also require signed contracts for projects being funded by Federal programs.