

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

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



MORROW COUNTY SCHOOL DISTRICT

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

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

**BOARD OF DIRECTORS AND OFFICIALS  
For the Fiscal Year Ended June 30, 2021**

**BOARD OF DIRECTORS**

<u>Name</u>	<u>Position</u>	<u>Position</u>
Brian Kollman	1	Director
Jacob Cain	2	Director
Richard Cole	3	Vice-Chair
Becky Kindle	4	Chair
Mary Killion	5	Director
Barney Lindsay	6	Director
Kalie Davis	7	Director

**Administrative Staff**

Dirk Dirkson	District Office	Superintendent
Beth O'Hanlon	Intermountain ESD	CFO
Jody Deardorff	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**



Dickey and Tremper, LLP  
Certified Public Accountants and Business Advisors

110 SE First Street  
P.O. Box 1533  
Pendleton, OR 97801  
Phone: (541) 276-6862  
Toll Free: 1-800-332-6862  
Fax: (541) 276-9040  
Web: [www.dickeyandtremper.com](http://www.dickeyandtremper.com)

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Morrow County School District (the District), as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, 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.

## ***Other Matters***

### ***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, as listed in the table of contents, 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2, U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

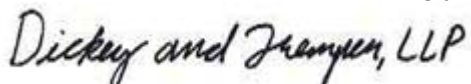
The supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken 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, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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, 2021, 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.



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**Dickey and Tremper, LLP**  
**Certified Public Accountants**  
**Pendleton, Oregon**

December 31, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS



MORROW COUNTY SCHOOL DISTRICT

MORROW COUNTY SCHOOL DISTRICT  
Heppner, Morrow County, Oregon  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2021

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, 2021. 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, 2021, the District's assets plus deferred outflows of resources outstripped liabilities plus deferred inflows of resources, causing an overarching *surplus* totaling \$475,343. This surplus resulted from improved support from federal, state and local grants. The federal COVID grants, the State Student Investment Account grant and a large grant from the Morrow Education Foundation 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, \$25,320,598) and OPEB liability (health insurance, \$2,631,985). 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 \$16,288,895.
- The 2020-2021 budget was supported by 51% of the State's \$9.0B Basic School Support in the second year of the 2019-2021 biennium. For the fiscal year ended June 30, 2021, the District received Basic School Support revenue of \$18,409,089 which was \$927,880 more 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.
- With improved funding, the District added four additional days of instruction to the school calendar. The budget also included three school counselors, two PE teachers, two instructional coaches and one general education teacher. 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. In the second year of the biennium, PERS rates remained level with a Tier 1/Tier 2 of 23.63% and OPSRP of 18.18%.
- The District property continues to be maintained for a safe and healthy learning environment. Major projects included two driveways/parking lots at the Boardman elementary schools to direct increased traffic. The District also repaired roofing and masonry. Other larger purchases included air-conditioning units, security and athletic cameras and hot water heaters.
- The Morrow County made its last payment on District's general obligation bonds in June.
- The COVID-19 pandemic continued to effect daily operations in the 2020-2021 school year. The District started the school year with limited in person instruction and pivoted to full day instruction by the end of September. Although there was on-line instruction with students that were quarantined, most students were in classrooms. 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, 2021, the unassigned fund balance for the General Fund was \$4,406,941 or 15.76% 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 2020-2021.

MORROW COUNTY SCHOOL DISTRICT  
Heppner, Morrow County, Oregon  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2021

## 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.

***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

MORROW COUNTY SCHOOL DISTRICT  
Heppner, Morrow County, Oregon  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2021

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.

**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, 2021.

### **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, 2021, cash totaled \$10,391,818. Receivables total \$1,597,209, primarily owing from state and federal Grants, \$1,251,712.

Capital assets consist of the District's land, buildings, building improvements, vehicles, and equipment; which represent approximately 57.13% of total assets. For the year ended June 30, 2021, larger investments in capital assets included two driveways/parking lots at the Boardman elementary schools to direct increased traffic. The District also repaired roofing of the breezeway to the gym at AC Houghton Elementary and masonry work at Heppner Elementary and Irrigon Junior-Senior High School. Other larger purchases included security cameras at Irrigon Elementary, athletic cameras at Heppner Junior-Senior High School and hot water heaters at Sam Boardman Elementary. The District also invested in improvements to the North District Office in Irrigon.

Deferred outflows of resources related to pensions totaled \$8,670,452 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 2012. The bonds were sold to fund or partially fund the Agencies PERS unfunded actuarial liability (UAL). During the year the District paid off the 2021 PERS Bond. At June 30, 2021, the bonds balance totaled \$5,027,402. As mentioned earlier, the District has a net pension liability totaling \$25,320,598. The pension liability reflects the District's proportionate share of the State of Oregon's Unfunded Actuarial Liability. This liability has risen from \$21,240,392 the previous year as the interest on the liability increased, with current active members get closer to retirement.

The District carries an outstanding Qualified School Construction Bonds totaling \$590,000 at June 30, 2021. A general obligation bond that was voted on and approved by the voters for two new Elementary Schools in Boardman and Irrigon was paid off as of June 30, 2021.

The District reported Deferred Inflows of Resources resulting primarily from the net difference between projected and actual earnings on pension investments totaling \$1,233,050. 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 \$1,025,757.

The majority of the District's surplus net position \$475,343, 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, 2021

**Net Position at June 30, 2021**

	Governmental Activities		
	2021	2020	Increase/ (Decrease)
Current and Other Assets	\$ 12,663,788	\$ 10,067,428	\$ 2,596,360
Capital Assets, net accum. depreciation	16,878,995	17,345,634	(466,639)
Total Assets	29,542,783	27,413,062	2,129,721
Deferred amounts on refunding	-	45,778	(45,778)
Deferred outflows related to pensions	8,670,452	6,958,868	1,711,584
Deferred outflows related to OPEB	398,960	448,463	(49,503)
Total Deferred Outflows of Resources	9,069,412	7,453,109	1,616,303
Current Liabilities	2,308,060	2,248,119	59,941
Net OPEB Liability	2,631,985	2,693,839	(61,854)
Net Pension Liability	25,320,598	21,240,392	4,080,206
Long-Term Liabilities	5,617,402	8,181,781	(2,564,379)
Total Liabilities	35,878,045	34,364,131	1,513,914
Deferred Inflows of Resources	2,258,807	2,210,951	47,856
Net Position:			
Investment in Capital Assets	16,288,895	14,710,883	1,578,012
Restricted For:			
Debt Service	351,402	185,310	166,092
Special Programs	2,428,632	1,429,364	999,268
Unrestricted	(18,593,586)	(18,034,468)	(559,118)
Total Net Position	\$ 475,343	\$ (1,708,911)	\$ 2,184,254

**Governmental Activities** - During the current fiscal year, the District's net position increased by \$2,184,254. Key elements of the change in the District's net position for the year ended June 30, 2021 are as follows:

- Revenues increased 10% overall, with fluctuation between categories. The basic school support increased from \$17,481,209 to \$18,409,089 and property taxes collections also increased from \$10,270,297 to \$11,434,201. Operating grants & contributions also improved from \$5,274,931 to \$7,116,935. Notably, the Federal COVID-19 Stimulus funding fueled the increase. Revenues totaled \$39,018,317 compared to \$35,465,042 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, 2021

**Changes in Net Position for the Year Ended June 30, 2021**

	Governmental Activities		
	2021	2020	Increase/ (Decrease)
<b>Revenues:</b>			
Program Revenues			
Charges for Services	\$ 311,103	\$ 587,368	\$ (276,265)
Operating Grants & Contributions	7,116,935	5,274,931	1,842,004
Capital Grants & Contributions	127,413	137,957	(10,544)
<b>General Revenues:</b>			
Property Taxes	11,434,201	10,270,297	1,163,904
State School Sources	18,409,089	17,481,209	927,880
Other Federal, State and Local Sources	424,091	419,459	4,632
Interest on Investments	84,292	247,899	(163,607)
Other	1,111,193	1,045,922	65,271
<b>Total Revenues</b>	<b>39,018,317</b>	<b>35,465,042</b>	<b>3,553,275</b>
Sale of Capital Assets	0	0	0
<b>Expenses:</b>			
Instruction	21,669,166	21,692,111	(22,945)
Support Services	13,283,855	12,737,176	546,679
Enterprise & Community Services	1,429,085	1,415,437	13,648
Facilities Construction and Improvement	65,665	136,311	(70,646)
Interest on long-term debt	386,292	796,680	(410,388)
<b>Total Expenses</b>	<b>36,834,063</b>	<b>36,777,715</b>	<b>56,348</b>
Change in Net Position	2,184,254	(1,312,673)	3,496,927
Net Position, Beginning	(1,708,911)	(396,238)	(1,312,673)
Net Position, Ending	\$ 475,343	\$ (1,708,911)	\$ 2,184,254

**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

MORROW COUNTY SCHOOL DISTRICT  
Heppner, Morrow County, Oregon  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2021

available for spending at the end of a fiscal year.

At June 30, 2021, the District's governmental funds reported combined ending fund balances of \$9,613,756, an increase of \$2,351,032 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 \$4,406,941, which is available for spending at the District's discretion. The remaining fund balance included \$305,862 restricted for debt service, \$2,428,632 restricted by state grants or contributions, \$364,586 committed for technology investments, \$557,539 assigned for capital projects 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, 2021, the fund balance was \$5,957,137, 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 21.31% of total General Fund expenditures (including transfers). The fund balance increased by \$1,110,299 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 \$27,562,413 in the 2020 fiscal year to \$29,065,735 in the current year. This improvement primarily resulted of improved property tax collections and the increase in State School Funds. Tax revenue totaled \$9,218,649 compared with \$8,582,467 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 \$2,793,218. The fund balance improved by \$1,130,758 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 \$305,862, 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. The District's levy for the general obligation bonds was insufficient to make payment on the general obligation bond and utilized General Funds to cover the shortfall.

*Capital Projects Fund.* The Capital Projects Fund has a fund balance of \$557,539. The General Fund did not make a transfer to Capital Projects in 2021. The fund balance decreased by \$63,378 due to various projects across the District. Roof repairs were completed at AC Houghton and the driveway was completed at Sam Boardman Elementary. Also, the improvements continued to the office space at the Morrow Education Center.

## **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, 2021, the State School Fund – General Support provided 63.97% of the District's program resources for the General Fund. The percentage climbs to 95.69% 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, 2021

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets* - As shown in the table below, at June 30, 2021, the District had \$16,878,995 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 \$466,639 from the previous year.

**Capital Assets (net of depreciation)**  
**June 30, 2021**

		Governmental	
		Activities	
		<u>                    </u>	
Land	\$	813,833	
Construction in Progress		148,783	
Buildings & Improvements		15,225,542	
Equipment & Vehicles		<u>690,837</u>	
	\$	<u>16,878,995</u>	

*Long-term Debt* - At the end of the current fiscal year, the District bonded debt outstanding totaled \$5,617,402 consisting of general obligation bonds and pension bonds.

	<b>Outstanding Debt Obligations</b>		
	<b>2021</b>	<b>2020</b>	<b>Difference</b>
General Obligation Bonds			
2005 Refunding	\$ -	\$ 1,955,000	\$ (1,955,000)
2010A Bond Issue	590,000	590,000	-
Plus: deferred premium	-	89,751	(89,751)
Limited Tax Pension Bond			
PERS Bond Issue	5,030,000	5,030,000	-
2012 PERS Bond refunding	-	520,000	(520,000)
Less: deferred discount	<u>(2,598)</u>	<u>(2,970)</u>	<u>372</u>
Total	<u>\$ 5,617,402</u>	<u>\$ 8,181,781</u>	<u>\$ (2,564,379)</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The 2021-2022 budget is supported by 49% 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

MORROW COUNTY SCHOOL DISTRICT  
Heppner, Morrow County, Oregon  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2021

enterprise zones to the tax rolls. The District also benefits from continued support from the community via the Morrow Education 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.

The District's 2021-2022 budget included the sale of pension obligation bonds \$24,615,876 to reduce its liability with Pension Employee Retirement System (PERS). The bond will help reduce the annual employee retirement cost. Prior to the sale of the PERS bonds, the PERS rates were projected to decrease from 23.63% to 19.30% on Tier 1/Tier 2 employees and from 18.18% to 16.19% on OPSRP employees. After the bond sale, the PERS rates fell to 9.76% on Tier 1/Tier 2 and 6.65% on OPSRP. Notably, the PERS rate reduction is somewhat offset by the annual pension bond payment wish is estimated at 2.48% of the 2021-2022 payroll.

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) 966-3193 or by sending a written request to: Morrow County School District, Business Office; PO Box 100; Heppner, OR 97836.

# **BASIC FINANCIAL STATEMENTS**

**MORROW COUNTY SCHOOL DISTRICT  
MORROW COUNTY, OREGON  
STATEMENT OF NET POSITION  
June 30, 2021**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 10,391,818
Receivables:	
Property taxes	345,497
Accounts	1,251,712
Prepaid items	133,343
Restricted assets:	
Cash and cash equivalents	116,555
Net OPEB asset	424,863
Capital assets:	
Land	813,833
Construction in progress	148,783
Depreciable assets, net of depreciation	15,916,379
Total assets	29,542,783
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	8,670,452
Deferred outflows related to OPEB	398,960
Total deferred outflows of resources	9,069,412
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	2,300,882
Unearned revenue	7,178
Net OPEB obligation	2,631,985
Net pension liability	25,320,598
Long-term liabilities	
Due within one year	560,000
Due in more than one year	5,057,402
Total liabilities	35,878,045
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	1,233,050
Deferred inflows related to OPEB	1,025,757
Total deferred inflows of resources	2,258,807
<b>NET POSITION</b>	
Net investment in capital assets	16,288,895
Restricted for:	
Debt service	351,402
Special programs	2,428,632
Unrestricted	(18,593,586)
Total net position	\$ 475,343

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, 2021**

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	\$ 21,669,166	\$ 178,495	\$ 4,523,161	\$ 32,413	\$ (16,935,096)
Support services	13,283,855	110,717	1,191,110	-	(11,982,028)
Enterprise and community services	1,429,085	9,890	1,402,664	-	(16,531)
Facility acquisition and construction	65,665	12,000	-	95,000	41,335
Interest on long-term obligations	386,292	-	-	-	(386,292)
<b>Total governmental activities</b>	<b><u>\$ 36,834,063</u></b>	<b><u>\$ 311,103</u></b>	<b><u>\$ 7,116,935</u></b>	<b><u>\$ 127,413</u></b>	<b><u>(29,278,612)</u></b>
General revenues:					
Taxes:					
Property taxes levied for general purposes					9,204,149
Property taxes levied for debt service					2,230,052
State School Fund - general support					18,409,089
Common School Fund - general support					178,197
Other unrestricted funds					245,894
Interest and investment earnings					84,292
Miscellaneous					1,111,193
<b>Total general revenues, special items, and transfers</b>					<b><u>31,462,866</u></b>
Change in net position					2,184,254
Net position, beginning					<u>(1,708,911)</u>
Net position, ending					<b><u>\$ 475,343</u></b>

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



MORROW COUNTY SCHOOL DISTRICT



## **FUND FINANCIAL STATEMENTS**

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### **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.

**MORROW COUNTY SCHOOL DISTRICT**  
**MORROW COUNTY, OREGON**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2021**

	General Fund (GAAP)	Special Revenues Fund	Other Governmental Funds	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,536,296	\$ 2,122,888	\$ 849,189	\$ 10,508,373
Receivables:				
Property taxes	280,643	-	64,854	345,497
Accounts	324,662	927,050	-	1,251,712
Prepaid items	101,307	32,036	-	133,343
 Total assets	<u>\$ 8,242,908</u>	<u>\$ 3,081,974</u>	<u>\$ 914,043</u>	<u>\$ 12,238,925</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 2,014,202	\$ 281,578	\$ 5,102	\$ 2,300,882
Unearned revenue	-	7,178	-	7,178
 Total liabilities	<u>2,014,202</u>	<u>288,756</u>	<u>5,102</u>	<u>2,308,060</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	271,569	-	45,540	317,109
<b>FUND BALANCES</b>				
Nonspendable	101,307	-	-	101,307
Restricted	-	2,428,632	305,862	2,734,494
Committed	-	364,586	-	364,586
Assigned	1,448,889	-	557,539	2,006,428
Unassigned	4,406,941	-	-	4,406,941
 Total fund balances	<u>5,957,137</u>	<u>2,793,218</u>	<u>863,401</u>	<u>9,613,756</u>
 Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,242,908</u>	<u>\$ 3,081,974</u>	<u>\$ 914,043</u>	<u>\$ 12,238,925</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, 2021**

<b>Fund balances - total governmental funds</b>	<b>\$ 9,613,756</b>
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.	16,878,995
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.	(17,883,196)
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.	(2,833,919)
Property tax revenue is deferred in the governmental fund statements until collected. However, the revenue is earned when levied, therefore no deferral is necessary.	317,109
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>(5,617,402)</u>
<b>Net position of governmental activities</b>	<b><u><u>\$ 475,343</u></u></b>

**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, 2021**

	General Fund (GAAP)	Special Revenues Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 9,218,649	\$ -	\$ 2,237,317	\$ 11,455,966
Other local sources:				
Revenues from other local governments	-	822,750	-	822,750
Charges for services	-	182,604	-	182,604
Rentals	-	-	12,000	12,000
Donations	129,244	907,935	50,000	1,087,179
Miscellaneous	365,787	212,147	814,047	1,391,981
Intermediate sources:				
County school funds	28,962	-	3,182	32,144
Payment in lieu of taxes	185,157	-	-	185,157
State sources	18,594,078	1,635,816	45,000	20,274,894
Federal sources	459,708	3,051,409	-	3,511,117
Interest on investments	84,150	105	36	84,291
<b>TOTAL REVENUES</b>	<u>29,065,735</u>	<u>6,812,766</u>	<u>3,161,582</u>	<u>39,040,083</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	16,897,254	2,865,992	-	19,763,246
Support services	10,890,438	1,665,735	-	12,556,173
Enterprise and community services	-	1,285,579	-	1,285,579
Facilities acquisition and construction	-	-	57,824	57,824
Capital outlay	-	-	118,562	118,562
Debt service	32,450	-	2,875,217	2,907,667
<b>TOTAL EXPENDITURES</b>	<u>27,820,142</u>	<u>5,817,306</u>	<u>3,051,603</u>	<u>36,689,051</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,245,593</u>	<u>995,460</u>	<u>109,979</u>	<u>2,351,032</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	135,298	-	135,298
Transfers out	(135,298)	-	-	(135,298)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(135,298)</u>	<u>135,298</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,110,295	1,130,758	109,979	2,351,032
<b>FUND BALANCE, Beginning</b>	<u>4,846,842</u>	<u>1,662,460</u>	<u>753,422</u>	<u>7,262,724</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 5,957,137</u>	<u>\$ 2,793,218</u>	<u>\$ 863,401</u>	<u>\$ 9,613,756</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, 2021**

**Net change in fund balance - governmental funds** \$ 2,351,032

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. (21,765)

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. 2,475,000

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.

Change in accrued interest payable	4,480
Amortization of bond premiums and discounts	89,382
Amortization of deferred amounts on refunding	(45,778)
Amortization of prepaid bond insurance	(1,707)

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. (2,573,214)

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. 373,461

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	\$ 510,026
Depreciation expense	<u>(976,663)</u>
	<u>(466,637)</u>

**Change in net position - governmental activities** \$ 2,184,254



MORROW COUNTY SCHOOL DISTRICT

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**MORROW COUNTY SCHOOL DISTRICT  
MORROW COUNTY, OREGON  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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.

The District reports the following non – major governmental funds:

*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. 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.

**6. 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.

**7. 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.

## **8. 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.

## **9. 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.

## **10. 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.

## **11. 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, 2021. 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, 2021, the carrying amount of the District's deposits was \$2,086,436 and the bank balance was \$2,622,297. All deposits are held in the name of the District. Of the bank balance, \$841,913 was covered by federal depository insurance. The remaining \$1,780,384 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, 2021 was \$116,555.

**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, 2021 are as follows:

Local Government Investment Pool	1 day	100%	\$	8,077,538
Wells Fargo investments in federal obligations				36
BNY Mellon QSCB bond account				116,529
Investments in LGIP held by Morrow County				227,874
Less amounts classified as cash equivalents				<u>(8,421,977)</u>
Total Investments			\$	<u><u>-</u></u>

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

Deposits with financial institutions	\$ 2,086,436
Local government investment pool	8,077,538
Wells Fargo investments in federal obligations	36
BNY Mellon QSCB bond account	116,519
Investments in LGIP held by Morrow County	<u>227,844</u>
Total cash and cash equivalents	<u>\$ 10,508,373</u>
Funds:	
General	\$ 7,536,296
Special Revenues	2,122,888
Other Governmental Funds	<u>849,189</u>
Total cash and cash equivalents	<u>\$ 10,508,373</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 2020-2021, the District levied property taxes for a general levy and bonds in the amount of \$9,566,508 for Morrow County and \$13,888 for Gilliam County. The tax rate for the fiscal year was \$.48807 per \$1,000 of assessed value for Morrow County and a small amount for bonds in Gilliam County. The assessed valuation for the District as of January 1, 2021 was \$2,334,716,218.

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

	General Fund	Special Revenue Funds	Other Governmental Funds	Total Governmental Activities
Property taxes	\$ 280,643	\$ -	\$ 64,854	\$ 345,497
Intergovernmental	<u>324,662</u>	<u>927,050</u>	<u>-</u>	<u>1,251,712</u>
Total receivables	<u>\$ 605,305</u>	<u>\$ 927,050</u>	<u>\$ 64,854</u>	<u>\$ 1,597,209</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, 2021 was as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 813,833	\$ -	\$ -	\$ 813,833
Construction in progress	95,356	53,427	-	148,783
Total non-depreciable	909,189	53,427	-	962,616
Land improvements	3,417,063	98,062	-	3,515,125
Buildings	27,577,130	229,027	-	27,806,157
Vehicles and equipment	2,342,290	129,510	-	2,471,800
Total depreciable	33,336,483	456,599	-	33,793,082
Accumulated depreciation				
Land improvements	(2,424,696)	(175,022)	-	(2,424,696)
Buildings	(12,850,830)	(645,192)	-	(13,496,022)
Vehicles and equipment	(1,624,512)	(156,451)	-	(1,780,963)
Total accumulated depreciation	(16,900,038)	(976,665)	-	(17,876,703)
Total depreciable capital assets, net	16,436,445	(520,066)	-	15,916,379
Governmental activities capital assets, net	\$ 17,345,634	\$(466,639)	\$ -	\$ 16,878,995

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

Instruction	\$ 666,739
Supporting services	285,954
Enterprise and community services	23,972
Total	<u>\$ 976,665</u>

### D. 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. The District also reports a deferred amount on refunding, which will be recognized over the life of the refunding debt. Deferred outflows are included in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position, if applicable.



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 and the proprietary funds Statement of Net Position, if applicable.

The governmental funds report unavailable revenues of \$271,569 in the General Fund and \$45,540 in the Debt Service Fund.

**E. 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, 2021 are as follows:

Fiscal Year Ended	Principal	Interest
2022	\$ 560,000	\$ 278,392
2023	635,000	247,704
2024	710,000	212,843
2025	795,000	173,438
2026	885,000	129,315
2027-2028	1,445,000	105,728
	\$ 5,030,000	\$ 1,147,420

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
2022	\$ 118,000	\$ 32,450	\$ 32,450	\$ -
2023	118,000	32,450	32,450	-
2024	118,000	32,450	32,450	-
2025	118,000	32,450	32,450	590,000
	<u>\$ 472,000</u>	<u>\$ 129,800</u>	<u>\$ 129,800</u>	<u>\$ 590,000</u>

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

Long-term liability activity for the year ending June 30, 2021 is as follows:

	Beginning Balance	Additions	Redemptions	Ending Balance	Due Within One Year
General obligation bonds					
2005 Refunding	\$ 1,955,000	\$ -	\$ (1,955,000)	\$ -	-
2010A Bond issue	590,000	-	-	590,000	-
Plus: deferred premium	89,751	-	(89,751)	-	-
Limited tax pension bonds					
PERS Bond issue	5,030,000	-	-	5,030,000	560,000
2012 PERS Bond refunding	520,000	-	(520,000)	-	-
Less: deferred discount	(2,970)	-	372	(2,598)	-
Long-term liabilities	<u>\$ 8,181,781</u>	<u>\$ -</u>	<u>\$ (2,564,379)</u>	<u>\$ 5,617,402</u>	<u>\$ 560,000</u>

## F. Operating Lease Obligations

The District has entered into various operating lease agreements for property and equipment from others. Leased property not having elements of ownership is classified as an operating lease. Operating lease payments are recorded as expenditures when payable. Operating leases include: 16 Ricoh copy machines at various schools at 60 monthly payments of \$1,992 through August, 2021; and 9 Pitney Bowes postage machines with monthly payment of \$517, month-by-month. Total expenditures on such leases for the fiscal year ended June 30, 2021 were \$30,108.

Future minimum payments under operating leases at June 30, 2021 are as follows:

Fiscal Year Ended	Principal
2022	3,984
	<u>\$ 3,984</u>

## G. Fund Balance Classifications

Fund balances by classification for the year ended June 30, 2021 were as follows:

	General Fund	Special Revenues Fund	Capital Project Fund	Debt Services Fund	Total Governmental Funds
<b>Fund Balance</b>					
<b>Non-spendable:</b>					
Prepays	\$ 101,307	\$ -	\$ -	\$ -	\$ 101,307
<b>Restricted for:</b>					
Debt service	-	-	-	305,862	305,862
Grant programs	-	2,428,632	-	-	2,428,632
<b>Committed for:</b>					
Technology improvement	-	364,586	-	-	364,586
<b>Assigned for:</b>					
PERS reserve	1,448,889	-	-	-	1,448,889
Capital projects	-	-	557,539	-	557,539
<b>Unassigned:</b>					
Unassigned	4,406,941	-	-	-	4,406,941
<b>Total Fund Balance</b>	<u>\$ 5,957,137</u>	<u>\$2,793,218</u>	<u>\$ 557,539</u>	<u>\$ 305,862</u>	<u>\$ 9,613,756</u>

## H. Operating Transfers

Interfund transfers in the fund financial statements are as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 135,298
Special Revenues Fund	135,298	-
Total all funds	<u>\$ 135,298</u>	<u>\$ 135,298</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.

## 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 \$195,000 in 2020, 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 \$195,000 in 2020, 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, 2017 actuarial valuation, which became effective July 1, 2019. 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, 2021 were \$3,101,989 excluding amounts to fund employer

specific liabilities and \$2,793 to fund the retirement health insurance account (RHIA). The rates in effect for the fiscal year ended June 30, 2021 excluding the RHIA rate of .06% Tier One/Tier Two and .00% OPSRP, were 23.57 percent for Tier One/Tier Two General Service Member, and 18.18 percent for OPSRP Pension Program General Service Members.

## **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 \$863,944 for the year ended June 30, 2021, which is not included in employer contributions above.

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

At June 30, 2021, the District reported a liability of \$25,320,598 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the Districts long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the District's proportionate share was 0.11602478 percent, which was decreased from its proportionate share of 0.12279383 percent measured as of June 30, 2019.

For the year ended June 30, 2021, the District's recognized pension expense (income) of \$7,159,841. Pension expense includes the District's proportionate share of the collective system pension expense, adjusted for amortization of deferred amounts of \$5,487,858, employee contributions picked up by the District of \$863,944, and self-imposed expense for PERS bond retirement of \$808,039.

At June 30, 2021, 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	\$ 1,114,413	\$ -
Changes of assumptions	1,358,876	47,612
Net difference between projected and actual earnings on investments	2,977,373	-
	-	-
Changes in proportionate share	235,214	865,098
Differences between employer contributions and employer's proportionate share of system contributions	2,801	320,340
Total (prior to post-MD contributions)	5,688,677	1,233,050
Contributions subsequent to the measurement date	2,981,775	-
Total	<u>\$ 8,670,452</u>	<u>\$ 1,233,050</u>

\$2,981,775 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

Year ended June 30:	
2022	993,842
2023	1,430,529
2024	1,252,271
2025	821,292
2026	(42,307)
Total	<u>\$ 4,455,627</u>

### Actuarial assumptions

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (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, 2018 actuarial valuation was determined using the following actuarial assumptions:



Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study Report	2018, published July 24, 2019
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.5 percent
Long-Term Expected Rate of Return	7.2 percent
Discount Rate	7.2 percent
Projected salary increases	3.5 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><b>Healthy retirees and beneficiaries:</b> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Active Members:</b> 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><b>Disabled retirees:</b> 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 May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Funds of Funds - Diversified	1.50%	4.06%
Hedge Funds - Event-driven	0.38%	5.59%
Timber	1.12%	5.61%
Farmland	1.12%	6.12%
Infrastructure	2.24%	6.67%
Commodities	1.12%	3.79%
Total	100.00%	

Assumed Inflation - Mean 2.50%

### Discount rate

The discount rate used to measure the total pension liability was 7.2 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 7.2 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 (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.2%)	Discount Rate (7.2%)	1% Increase (8.2%)
Proportionate share of the net pension liability (asset)	\$37,598,996	\$25,320,598	\$15,024,591

## 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 \$883,408 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 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future 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.

## Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2020 measurement period that require disclosure.

### 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, 2013, 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 1/35<sup>th</sup> of the cap amount for each year of service before July 1, 2002.

The cap amount for 2020-21 is \$1,575 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, 2020 are as follows:

- *Health Plans:* Cost of health plans range from a low of \$506 per month coverage for employee only coverage to a high of \$2,141 per month for family coverage.
- *Dental Plans:* Cost of dental plans range from a low of \$49 per month for employee only coverage to a high of \$217 per month for family coverage.
- *Vision Plans:* Cost of vision plans range from a low of \$9 per month for employee only coverage to \$74 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	13	122	7	147	289
Number of Inactive Participants	4	5	2	8	19
Total Number of Participants	<u>17</u>	<u>127</u>	<u>9</u>	<u>155</u>	<u>308</u>
Participant Statistics					
Active Participants					
Average Age	44.7	48.2	44.7	43.9	45.8
Average Service	12	10.7	11.8	8.9	9.9
Inactive Participants					
Average Age	65.7	63.2	60.9	62.7	63.3

### 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, 2021, the District's average contribution rate was 17.74% of total covered payroll of \$14,832,934. District employees are not required to contribute to the plan.

### Total OPEB Liability

The District's total OPEB liability of \$2,631,985 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

## Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2020 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, 2020	
Measurement Date	June 30, 2020 and June 30, 2021	
Fiscal Year Ends	June 30, 2020 and June 30, 2021	
Actuarial Cost Method	Entry Age Normal, level percent of salary	
Assumptions		
Interest Rate for Discounting Future Liabilities	2.25% per year, based on all years discounted at municipal bond rate (based Bond Buyer 20-Bond General Obligation Index	
General Inflation	2.5 percent per year	
Payroll Growth	3.5 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	3.72%
	5	2.34%
	10	1.14%
	15	0.17%
	20	-0.53%
	25	-0.89%
	30+	-0.95%

Annual Premium Increase Rate				
	Year	Rate	Year	Rate
	2020-21	5.50%	2030-31	5.20%
	2021-22	6.00%	2031-32	5.10%
	2022-23	6.00%	2032-33	5.00%
	2023-24	5.90%	2033-34	4.90%
	2024-25	5.80%	2034-35	4.80%
	2025-26	5.70%	2035-36	4.70%
	2026-27	5.60%	2036-37	4.60%
	2027-28	5.50%	2038+	4.50%
	2028-29	5.40%		
	2029-30	5.30%		
	The initial rates above are based in part on the 2019 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 2018.			
Mortality Rates	Basic table: Pub-2010 Teachers table, separate Employee/Healthy Annuitant, sex distinct, generational, no setback.			
	Mortality rates for active male participants are 120% of the above rates, and for active female participants are 100% of the above rates.			
	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 2015			
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	0.0197%	
		35	0.0302%	
		40	0.0487%	
		45	0.0798%	
		50	0.1380%	



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+
	<52	0.00%	0.00%	25.00%	0.00%	0.00%	0.00%
	52	0.00%	0.00%	25.00%	0.00%	0.00%	0.00%
	53	0.00%	0.00%	25.00%	0.00%	0.00%	0.00%
	54	0.00%	0.00%	25.00%	0.00%	0.00%	0.00%
	55	1.50%	3.50%	25.00%	1.00%	2.50%	5.00%
	56	1.50%	3.50%	25.00%	1.00%	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%	3.80%	20.00%
	61	6.50%	12.50%	27.50%	3.00%	5.00%	20.00%
	62	15.00%	23.50%	34.00%	6.00%	12.00%	30.00%
	63	13.00%	19.50%	26.50%	6.00%	10.00%	20.00%
	64	13.00%	19.50%	31.50%	6.00%	10.00%	20.00%
	65	25.50%	33.50%	45.00%	11.50%	35.00%	20.00%
	66	23.00%	36.50%	45.00%	12.50%	33.00%	20.00%
67	21.00%	34.50%	42.00%	11.00%	22.00%	30.00%	
68	21.00%	28.00%	28.50%	9.00%	17.00%	20.00%	
69	21.00%	28.00%	28.50%	9.00%	17.00%	20.00%	
70	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	2019-20 claims costs for an age 64 retiree or spouse are assumed to be:						
	Moda Medical Plans		Moda Medical Plans				
	Plan 1	\$ 14,008	Plan 5	\$ 11,016			
	Plan 2	13,212	Plan 6	10,916			
	Plan 3	12,376	Plan 7	10,308			
	Plan 4	11,679					

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	\$ 2,693,839
Changes for the year:	
Service cost	180,881
Interest	61,261
Differences between expected and actual experience	-
Changes of assumptions or other input	-
Benefit Payments	<u>(303,996)</u>
Net changes	<u>(61,854)</u>
Total OPEB Liability at June 30, 2021	<u>\$ 2,631,985</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>(1.25%)</u>	Current Discount Rate (2.25%) <u>Rate (2.25%)</u>	1% Increase <u>(3.25%)</u>
Total OPEB liability	\$ 2,816,216	\$ 2,631,985	\$ 2,456,202

*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:

	1% Decrease <u>Rate</u>	Current Trend Rate <u>Rate</u>	1% Increase <u>Rate</u>
Total OPEB liability	\$ 2,333,505	\$ 2,631,985	\$ 2,987,937

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$50,992. At June 30, 2021, the District reported no deferred outflows of resources, but had deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 106,605
Changes of assumptions or other input	348,919	756,685
Total	<u>\$ 348,919</u>	<u>\$ 863,290</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:	
2022	\$ (191,150)
2023	(191,150)
2024	(191,150)
2025	66,714
Thereafter	(7,635)
	<u>\$ (514,371)</u>

### **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 Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, 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 0.06% 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, 2021, 2020, and 2019 were \$2,793, \$14,890, and \$56,552, 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, 2021, the District reported an asset of \$424,863 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB asset used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. 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, 2020, the District's proportionate share was 0.20851125 percent, which was increased from its proportionate share of 0.11410343 percent measured as of June 30, 2019.

For the year ended June 30, 2021, the District's recognized OPEB income of \$119,294. At June 30, 2021, 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	\$ -	\$ 43,433
Changes of assumptions	-	22,584
Net difference between projected and actual earnings on investments	47,248	-
Changes in proportionate share	-	96,450
Differences between employer contributions and employer's proportionate share of system contributions	-	-
Total (prior to post-MD contributions)	<u>47,248</u>	<u>162,467</u>
Contributions subsequent to the MD	<u>2,793</u>	<u>-</u>
Net deferred Outflow/(Inflow) of Resources	<u>\$ 50,041</u>	<u>\$ 162,467</u>

\$2,793 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:	
2022	\$ (93,201)
2023	(54,387)
2024	17,466
2025	<u>14,903</u>
	<u>\$ (115,219)</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, 2018
Measurement Date	June 30, 2020
Experience Study	2018, published July 24, 2019
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.5 percent
Long-Term Expected Rate of Return	7.2 percent
Discount Rate	7.2 percent
Projected Salary Increases	3.5 percent
Retiree Healthcare Participation	Healthy retirees: 32%; Disabled retirees 20%
Mortality	<p><b>Healthy retirees and beneficiaries:</b> Pub-2010 Health annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation</p> <p><b>Active Members:</b> Pub-2010 Employees, sex-distinct generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b> Pub-2010 Disabled retirees, sex-distinct generational with Unisex, Social Security Data</p>

### Discount rate

The discount rate used to measure the total OPEB asset at June 30, 2020 was 7.2 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/2020\\_CAFR.pdf](http://www.oregon.gov/pers/documents/financials/CAFR/2020_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 7.2 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 (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Total OPEB liability	\$ (343,005)	\$ (424,863)	\$ (494,855)

**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, 2020 measurement period that require disclosure.

**Changes in Plan Provisions Subsequent to Measurement Date**

We are not aware of any changes subsequent to the June 30, 2019 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	\$ 2,631,985	\$ 348,919	\$ 863,290	\$ 50,992
Retirement Health Insurance Account (RHIA)	(424,863)	50,041	162,467	(119,294)
Aggregate amounts related to OPEB	<u>\$ 2,207,122</u>	<u>\$ 398,960</u>	<u>\$ 1,025,757</u>	<u>\$ (68,302)</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, 2021. Tax abatements that affect the District indirectly are as follows:

Exemption Program	Project	Tax Abatement Amount
Morrow County School - Enterprise Zone	Columbia River Tech	\$ 279,227
Morrow County School Bond - Enterprise Zone	Columbia River Tech	62,234
Morrow County School - Enterprise Zone	Lamb Weston Inc.	662,880
Morrow County School Bond - Enterprise Zone	Lamb Weston Inc.	145,128
Morrow County School - Enterprise Zone	Amazon Web Serv. (L&C)	3,683,358
Morrow County School Bond - Enterprise Zone	Amazon Web Serv. (L&C)	820,946
Morrow County School - Enterprise Zone	Amazon Web Serv. (Rippee Rd)	4,252,013
Morrow County School Bond - Enterprise Zone	Amazon Web Serv. (Rippee Rd)	947,681
Morrow County School - Enterprise Zone	Amazon Web Serv. LTR	2,297,235
Morrow County School Bond - Enterprise Zone	Amazon Web Serv. LTR	512,004
Morrow County School - Enterprise Zone	Amazon Web Serv. LTR Olson Rd	342,664
Morrow County School Bond - Enterprise Zone	Amazon Web Serv. LTR Olson Rd	75,021
Morrow County School - Enterprise Zone	Kodiak Carbonics	46
Morrow County School Bond - Enterprise Zone	Kodiak Carbonics	10
Morrow County School - Enterprise Zone	MCGG	25,455
Morrow County School Bond - Enterprise Zone	MCGG	5,673
Morrow County School - Enterprise Zone	WOW PNW Threemile Project	111,944
Morrow County School Bond - Enterprise Zone	WOW PNW Threemile Project	24,950
Morrow County School - Enterprise Zone	Boardman Foods	28,409
Morrow County School Bond - Enterprise Zone	Boardman Foods	3,134
Morrow County School Bond - Strategic Investment Program	Willow Creek Energy	23,600
Morrow County School - Strategic Investment Program	Echo Project	37,816
Morrow County School Bond - Strategic Investment Program	Echo Project	8,428
Morrow County School Bond - Strategic Investment Program	Caithness Shepard Flats	187,127
Morrow County School - Strategic Investment Program	PGE Carty	1,921,187
Morrow County School Bond - Strategic Investment Program	PGE Carty	428,191
		<u>\$ 16,886,361</u>

The District received \$134,752 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 will be effective for the District for fiscal year ending June 30, 2022.

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. Subsequent Events**

On August 19, 2021 the District sold \$18,300,000 in pension obligation bonds to partially fund its unfunded actuarial liability (UAL) with the Oregon Public Employee Retirement System (PERS). The bonds funded 75% of the UAL. The bonds were sold with a true interest cost of 2.4% and will mature on June 30, 2040. The bonds resulted in 9.54% reduction in the employer rate paid to PERS for the 2021-2023 biennium. Notably, the PERS rate reduction is somewhat offset by the annual pension bond payment which is estimated at 2.48% of the 2021-2022 payroll.

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**

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**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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 9,234,907	\$ 9,234,907	\$ 9,218,649	\$ (16,258)
Other local sources	565,377	565,377	495,031	(70,346)
Intermediate sources	202,000	202,000	214,119	12,119
State sources	17,938,703	17,938,703	18,594,078	655,375
Federal sources	77,396	277,396	459,708	182,312
Interest on investments	<u>100,000</u>	<u>100,000</u>	<u>84,150</u>	<u>(15,850)</u>
<b>TOTAL REVENUES</b>	<u>28,118,383</u>	<u>28,318,383</u>	<u>29,065,735</u>	<u>747,352</u>
<b>EXPENDITURES</b>				
Instruction	19,214,551	19,214,551	16,897,254	2,317,297
Support services	12,039,832	12,039,832	10,890,438	1,149,394
Debt service	<u>118,000</u>	<u>118,000</u>	<u>32,450</u>	<u>85,550</u>
<b>TOTAL EXPENDITURES</b>	<u>31,372,383</u>	<u>31,372,383</u>	<u>27,820,142</u>	<u>3,552,241</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,254,000)</u>	<u>(3,054,000)</u>	<u>1,245,593</u>	<u>4,299,593</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,400,000	1,200,000	-	(1,200,000)
Transfers out	<u>(316,000)</u>	<u>(316,000)</u>	<u>(135,298)</u>	<u>180,702</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,084,000</u>	<u>884,000</u>	<u>(135,298)</u>	<u>(1,019,298)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,170,000)	(2,170,000)	1,110,295	3,280,295
<b>FUND BALANCE, Beginning</b>	<u>3,400,000</u>	<u>3,400,000</u>	<u>3,397,953</u>	<u>(2,047)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,230,000</u>	<u>\$ 1,230,000</u>	4,508,248	<u>\$ 3,278,248</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
PERS Reserve Fund			<u>1,448,889</u>	
GAAP Fund Balance			<u>\$ 5,957,137</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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Other local sources	\$ 2,218,661	\$ 2,218,661	\$ 2,125,436	\$ (93,225)
State sources	1,853,215	1,723,377	1,635,816	(87,561)
Federal sources	2,796,793	3,580,133	3,051,409	(528,724)
Interest on investments	<u>150</u>	<u>150</u>	<u>105</u>	<u>(45)</u>
<b>TOTAL REVENUES</b>	<u>6,868,819</u>	<u>7,522,321</u>	<u>6,812,766</u>	<u>(709,555)</u>
<b>EXPENDITURES</b>				
Instruction	4,908,599	4,901,144	2,865,992	2,035,152
Support services	1,874,042	2,522,999	1,665,735	857,264
Enterprise and community services	1,312,178	1,324,178	1,285,579	38,599
Contingency	<u>1,248,889</u>	<u>1,248,889</u>	<u>-</u>	<u>1,248,889</u>
<b>TOTAL EXPENDITURES</b>	<u>9,343,708</u>	<u>9,997,210</u>	<u>5,817,306</u>	<u>4,179,904</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,474,889)</u>	<u>(2,474,889)</u>	<u>995,460</u>	<u>3,470,349</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	316,000	316,000	135,298	(180,702)
Transfers out	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>-</u>	<u>1,200,000</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(884,000)</u>	<u>(884,000)</u>	<u>135,298</u>	<u>1,019,298</u>
<b>NET CHANGE IN FUND BALANCE</b>	(3,358,889)	(3,358,889)	1,130,758	4,489,647
<b>FUND BALANCE, Beginning</b>	<u>3,358,889</u>	<u>3,358,889</u>	<u>3,111,349</u>	<u>(247,540)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	4,242,107	<u>\$ 4,242,107</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
PERS Reserve Fund			<u>(1,448,889)</u>	
GAAP Fund Balance			<u>\$ 2,793,218</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,	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	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)	\$ 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	\$ 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	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	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,	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 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	(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	\$ 15,160,918	\$ 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	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 PROPORTIONATE 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
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,	2021	2020	2019	2018	2017
Contractually required contributions	\$ 2,793	\$ 14,890	\$ 56,552	\$ 55,008	\$ 55,213
Contributions in relation to the contractually required contributions	2,793	14,890	56,552	55,008	55,213
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 15,160,918	\$ 13,885,041	\$ 12,539,148	\$ 11,886,748	\$ 11,403,861
Contributions as a percentage of covered payroll	0.02%	0.11%	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 \***

	2021	2020	2019	2018	2017	2016
Total OPEB liability						
Service cost	\$ 180,881	\$ 147,075	\$ 142,101	\$ 187,395	\$ 187,395	\$ 187,395
Interest	61,261	106,500	108,514	127,744	129,808	131,920
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(125,573)	-	(39,454)	-	-
Changes of assumptions or other inputs	-	72,146	520,428	(1,765,601)	-	-
Benefit payments	(303,996)	(398,476)	(362,205)	(382,366)	(389,688)	(389,688)
<b>Net change in total OPEB liability</b>	(61,854)	(198,328)	408,838	(1,872,282)	(72,485)	(70,373)
<b>Total OPEB liability - beginning</b>	2,693,839	2,892,167	2,483,329	4,355,611	4,428,096	4,498,469
<b>Total OPEB liability - ending</b>	<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>
<b>Estimated covered payroll</b>	<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>
<b>Total OPEB liability, as a percentage of covered payroll</b>	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, 2021**

**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, 2021 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 scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This

reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

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 2020, annual salary in excess of \$195,000 (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.

### **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 percent and lowering the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay.

## **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, 2020 and June 30, 2021 reporting dates is 2.25%.



## **SUPPLEMENTAL INFORMATION**

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**MORROW COUNTY SCHOOL DISTRICT  
MORROW COUNTY, OREGON  
COMBINING BALANCE SHEET  
GENERAL FUND (GAAP)  
June 30, 2021**

	<u>General Fund</u>	<u>PERS Reserve Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,087,407	\$ 1,448,889	\$ 7,536,296
Receivables:			
Property taxes	280,643	-	280,643
Accounts	324,662	-	324,662
Prepaid items	<u>101,307</u>	<u>-</u>	<u>101,307</u>
 Total assets	 <u>\$ 6,794,019</u>	 <u>\$ 1,448,889</u>	 <u>\$ 8,242,908</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	<u>\$ 2,014,202</u>	<u>\$ -</u>	<u>\$ 2,014,202</u>
 Total liabilities	 <u>2,014,202</u>	 <u>-</u>	 <u>2,014,202</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	<u>271,569</u>	<u>-</u>	<u>271,569</u>
<b>FUND BALANCES</b>			
Nonspendable	101,307	-	101,307
Assigned	-	1,448,889	1,448,889
Unassigned	<u>4,406,941</u>	<u>-</u>	<u>4,406,941</u>
 Total fund balances	 <u>4,508,248</u>	 <u>1,448,889</u>	 <u>5,957,137</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 6,794,019</u>	 <u>\$ 1,448,889</u>	 <u>\$ 8,242,908</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, 2021**

	General Fund	PERS Reserve Fund	Total
<b>REVENUES</b>			
Property taxes	\$ 9,218,649	\$ -	\$ 9,218,649
Other local sources:			
Donations	129,244	-	129,244
Miscellaneous	365,787	-	365,787
Intermediate sources:			
County school funds	28,962	-	28,962
Payment in lieu of taxes	185,157	-	185,157
State sources	18,594,078	-	18,594,078
Federal sources	459,708	-	459,708
Interest on investments	84,150	-	84,150
<b>TOTAL REVENUES</b>	<u>29,065,735</u>	<u>-</u>	<u>29,065,735</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	16,897,254	-	16,897,254
Support services	10,890,438	-	10,890,438
Debt service	32,450	-	32,450
<b>TOTAL EXPENDITURES</b>	<u>27,820,142</u>	<u>-</u>	<u>27,820,142</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,245,593</u>	<u>-</u>	<u>1,245,593</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(135,298)	-	(135,298)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(135,298)</u>	<u>-</u>	<u>(135,298)</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,110,295	-	1,110,295
<b>FUND BALANCE, Beginning</b>	<u>3,397,953</u>	<u>1,448,889</u>	<u>4,846,842</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 4,508,248</u>	<u>\$ 1,448,889</u>	<u>\$ 5,957,137</u>

See auditor's report.



MORROW COUNTY SCHOOL DISTRICT

## **FUND FINANCIAL STATEMENTS**

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### **Non - Major Governmental Funds**

#### **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  
NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2021**

	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 286,548	\$ 562,641	\$ 849,189
Receivables:			
Property taxes	<u>64,854</u>	<u>-</u>	<u>64,854</u>
 Total assets	 <u>\$ 351,402</u>	 <u>\$ 562,641</u>	 <u>\$ 914,043</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ 5,102</u>	<u>\$ 5,102</u>
 Total liabilities	 <u>-</u>	 <u>5,102</u>	 <u>5,102</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	<u>45,540</u>	<u>-</u>	<u>45,540</u>
<b>FUND BALANCES</b>			
Restricted	305,862	-	305,862
Assigned	<u>-</u>	<u>557,539</u>	<u>557,539</u>
 Total fund balances	 <u>305,862</u>	 <u>557,539</u>	 <u>863,401</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 351,402</u>	 <u>\$ 562,641</u>	 <u>\$ 914,043</u>

See auditor's report.

**MORROW COUNTY SCHOOL DISTRICT  
MORROW COUNTY, OREGON  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2021**

	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ 2,237,317	\$ -	\$ 2,237,317
Other local sources:			
Rentals	-	12,000	12,000
Donations	-	50,000	50,000
Miscellaneous	808,039	6,008	814,047
Intermediate sources:			
County school funds	3,182	-	3,182
State sources	-	45,000	45,000
Interest on investments	<u>36</u>	<u>-</u>	<u>36</u>
<b>TOTAL REVENUES</b>	<u>3,048,574</u>	<u>113,008</u>	<u>3,161,582</u>
<b>EXPENDITURES</b>			
Current:			
Facilities acquisition and construction	-	57,824	57,824
Capital outlay	-	118,562	118,562
Debt service	<u>2,875,217</u>	<u>-</u>	<u>2,875,217</u>
<b>TOTAL EXPENDITURES</b>	<u>2,875,217</u>	<u>176,386</u>	<u>3,051,603</u>
<b>NET CHANGE IN FUND BALANCE</b>	173,357	(63,378)	109,979
<b>FUND BALANCE, Beginning</b>	<u>132,505</u>	<u>620,917</u>	<u>753,422</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 305,862</u>	<u>\$ 557,539</u>	<u>\$ 863,401</u>



MORROW COUNTY SCHOOL DISTRICT



## **BUDGETARY COMPARISON SCHEDULES**

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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**

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**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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Contingency	\$ 1,248,889	\$ 1,248,889	\$ -	\$ 1,248,889
<b>TOTAL EXPENDITURES</b>	<u>1,248,889</u>	<u>1,248,889</u>	<u>-</u>	<u>1,248,889</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>-</u>	<u>1,200,000</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>-</u>	<u>1,200,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,448,889)	(2,448,889)	-	2,448,889
<b>FUND BALANCE, Beginning</b>	<u>2,448,889</u>	<u>2,448,889</u>	<u>1,448,889</u>	<u>(1,000,000)</u>
<b>FUND BALANCE, Ending</b>	<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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 2,075,000	\$ 2,075,000	\$ 2,237,317	\$ 162,317
Other local sources	292,693	812,693	808,039	(4,654)
Intermediate sources	-	-	3,182	3,182
Interest on investments	-	-	36	36
<b>TOTAL REVENUES</b>	<u>2,367,693</u>	<u>2,887,693</u>	<u>3,048,574</u>	<u>160,881</u>
<b>EXPENDITURES</b>				
Debt service	<u>2,367,693</u>	<u>2,887,693</u>	<u>2,875,217</u>	<u>12,476</u>
<b>TOTAL EXPENDITURES</b>	<u>2,367,693</u>	<u>2,887,693</u>	<u>2,875,217</u>	<u>12,476</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	173,357	173,357
<b>FUND BALANCE, Beginning</b>	<u>-</u>	<u>-</u>	<u>132,505</u>	<u>132,505</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 305,862</u>	<u>\$ 305,862</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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Other local sources	\$ 150,000	\$ 150,000	\$ 68,008	\$ (81,992)
State sources	-	-	45,000	45,000
<b>TOTAL REVENUES</b>	<u>150,000</u>	<u>150,000</u>	<u>113,008</u>	<u>(36,992)</u>
<b>EXPENDITURES</b>				
Support services	400,000	400,000	-	400,000
Facilities acquisition and construction	787,000	787,000	176,386	610,614
<b>TOTAL EXPENDITURES</b>	<u>1,187,000</u>	<u>1,187,000</u>	<u>176,386</u>	<u>1,010,614</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,037,000)	(1,037,000)	(63,378)	973,622
<b>FUND BALANCE, Beginning</b>	<u>1,037,000</u>	<u>1,037,000</u>	<u>620,917</u>	<u>(416,083)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 557,539</u>	<u>\$ 557,539</u>

## **OTHER FINANCIAL SCHEDULES**

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## 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	\$ 608,381
Function 2550	\$

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

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

Exclude these functions:

\$
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- 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, 2021**

**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	\$9,216,718	\$0	\$2,229,512	\$0	\$0	\$0	\$0	\$11,446,230
1120 Local Option Ad Valorem Taxes Levied by District	0	0	0	0	0	0	0	0
1190 Penalties and Interest on Taxes	1,930	0	7,806	0	0	0	0	9,736
1200 Revenue from Local Governmental Units Other Than Districts	0	822,750	0	0	0	0	0	822,750
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	84,151	105	36	0	0	0	0	84,292
1600 Food Service	0	4,110	0	0	0	0	0	4,110
1700 Extracurricular Activities	0	178,495	0	0	0	0	0	178,495
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	129,244	907,935	0	50,000	0	0	0	1,087,179
1930 Rental or Lease Payments From Private Contractors	0	0	0	0	0	0	0	0
1940 Services Provided Other Local Education Agencies	99,602	0	0	0	0	0	0	99,602
1950 Textbook Sales and Rentals	0	0	0	0	0	0	0	0
1960 Recovery of Prior Years' Expenditure	76,721	4,896	0	0	0	0	0	81,617
1970 Services Provided Other Funds	0	0	808,039	0	0	0	0	808,039
1980 Fees Charged to Grants	0	0	0	0	0	0	0	0
1990 Miscellaneous	189,463	207,251	0	6,008	0	0	0	402,722
<b>Total Revenue from Local Sources</b>	<b>9,797,829</b>	<b>2,125,542</b>	<b>3,045,393</b>	<b>68,008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,036,772</b>

**Revenue from Intermediate Sources**

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
2101 County School Funds	28,962	0	0	0	0	0	0	28,962
2102 Education Service District Apportionment	0	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0
2800 Revenue in Lieu of Taxes	185,157	0	3,182	0	0	0	0	188,339
2900 Revenue for/on Behalf of the District	0	0	0	0	0	0	0	0
<b>Total Revenue from Intermediate Sources</b>	<b>214,119</b>	<b>0</b>	<b>3,182</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>217,301</b>

**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	18,409,089	0	0	0	0	0	0	18,409,089
3102 State School Fund - School Lunch Match	0	0	0	0	0	0	0	0
3103 Common School Fund	178,197	0	0	0	0	0	0	178,197
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	45,000	0	0	0	45,000
3222 State School Fund (SSF) Transportation Equipment	0	0	0	0	0	0	0	0
3299 Other Restricted Grants-in-Aid	6,792	1,635,817	0	0	0	0	0	1,642,609
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
<b>Total Revenue from State Sources</b>	<b>18,594,078</b>	<b>1,635,817</b>	<b>0</b>	<b>45,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,274,895</b>

**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	431,114	2,800,547	0	0	0	0	0	3,231,661
4700 Grants-In-Aid From the Federal Gov't Through Other Agencies	0	183,600	0	0	0	0	0	183,600
4801 Federal Forest Fees	28,594	0	0	0	0	0	0	28,594
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	67,261	0	0	0	0	0	67,261
<b>Total Revenue from Federal Sources</b>	<b>459,708</b>	<b>3,051,408</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,511,116</b>

**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	0	0	0	0	0	0
5200 Interfund Transfers	0	135,298	0	0	0	0	0	135,298
5300 Sale of or Compensation for Loss of Fixed Assets	0	0	0	0	0	0	0	0
5400 Resources - Beginning Fund Balance	3,397,953	3,111,348	132,505	620,917	0	0	0	7,262,723
<b>Total Revenue from Other Sources</b>	<b>3,397,953</b>	<b>3,246,646</b>	<b>132,505</b>	<b>620,917</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,398,021</b>

**Grand Totals**

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
<b>Grand Totals</b>	<b>\$32,463,687</b>	<b>\$10,059,413</b>	<b>\$3,181,080</b>	<b>\$733,925</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$46,438,105</b>

**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, 2021**

<b>Fund: General Fund</b>								
<b>Instruction Expenditures</b>								
	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$5,643,871	\$3,225,254	\$2,123,686	\$4,831	\$290,100	\$0	\$0	\$0
1121 Middle/Junior High Programs	1,609,365	978,302	613,297	1,350	16,416	0	0	0
1122 Middle/Junior High School Extracurricular	0	0	0	0	0	0	0	0
1131 High School Programs	3,767,614	2,194,928	1,420,942	11,899	139,845	0	0	0
1132 High School Extracurricular	0	0	0	0	0	0	0	0
1140 Pre-Kindergarten Programs	273,568	0	0	273,568	0	0	0	0
1210 Programs for the Talented and Gifted	34,957	24,257	9,868	0	832	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	1,649,358	1,024,548	618,883	110	5,817	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	819,658	358,033	206,436	55,905	174,130	0	25,154	0
1291 English Second Language Programs	3,098,859	1,838,052	1,260,807	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
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
<b>Total Instruction Expenditures</b>	<b>16,897,250</b>	<b>9,643,374</b>	<b>6,253,919</b>	<b>347,663</b>	<b>627,140</b>	<b>0</b>	<b>25,154</b>	<b>0</b>
<b>Support Services Expenditures</b>								
	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	336,894	71,409	50,070	212,216	3,199	0	0	0
2120 Guidance Services	402,254	236,821	163,688	0	1,745	0	0	0
2130 Health Services	6,768	0	0	6,768	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	573,179	287,242	263,269	1,498	21,170	0	0	0
2220 Educational Media Services	318,510	153,601	142,629	0	22,280	0	0	0
2230 Assessment & Testing	56,686	40,235	16,451	0	0	0	0	0
2240 Instructional Staff Development	11,871	2,178	2,010	6,442	1,241	0	0	0
2310 Board of Education Services	143,616	0	0	50,820	8,034	0	84,762	0
2320 Executive Administration Services	409,380	230,038	118,783	23,686	21,990	0	14,883	0
2410 Office of the Principal Services	2,756,272	1,662,253	1,020,195	10,324	52,041	0	11,459	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	419,829	120,750	168,830	79,508	47,619	0	3,122	0
2540 Operation and Maintenance of Plant Services	3,825,330	1,117,292	726,003	1,567,478	182,004	44,558	187,995	0
2550 Student Transportation Services	1,011,659	3,900	1,515	1,006,244	0	0	0	0
2570 Internal Services	40,749	0	40,749	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	19,941	0	0	0	19,941	0	0	0
2660 Technology Services	557,504	109,498	88,895	286,025	73,086	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
<b>Total Support Services Expenditures</b>	<b>10,890,442</b>	<b>4,035,217</b>	<b>2,803,087</b>	<b>3,251,009</b>	<b>454,350</b>	<b>44,558</b>	<b>302,221</b>	<b>0</b>
<b>Enterprise and Community Services Expenditures</b>								
	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
<b>Total Enterprise and Community Services Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Facilities Acquisition and Construction Expenditures</b>								
	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
<b>Total Facilities Acquisition and Construction Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Uses Expenditures</b>								
	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	135,298	0	0	0	0	0	0	135,298
5300 Apportionment of Funds by ESD	0	0	0	0	0	0	0	0
<b>Total Other Uses Expenditures</b>	<b>167,748</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32,450</b>	<b>135,298</b>
<b>Grand Totals</b>	<b>27,955,440</b>	<b>13,678,591</b>	<b>9,057,006</b>	<b>3,598,672</b>	<b>1,081,490</b>	<b>44,558</b>	<b>359,825</b>	<b>135,298</b>

**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, 2021**

<b>Fund: Special Revenues</b>								
<b>Instruction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
1111 Primary, K-3	\$409,299	\$237,849	\$146,488	\$0	\$24,962	\$0	\$0	\$0
1112 Intermediate Programs	0	0	0	0	0	0	0	0
1113 Elementary Extracurricular	11,575	0	0	0	11,575	0	0	0
1121 Middle/Junior High Programs	76,598	21,425	12,754	0	42,419	0	0	0
1122 Middle/Junior High School Extracurricular	77,773	60,819	16,954	0	0	0	0	0
1131 High School Programs	255,694	75,764	51,095	11,500	112,284	0	5,051	0
1132 High School Extracurricular	765,445	346,523	96,512	77,809	221,839	0	22,762	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	183,600	64,905	40,591	42,893	35,211	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	465,200	276,416	188,428	0	356	0	0	0
1280 Alternative Education	315,697	122,001	85,658	49,467	221	0	58,350	0
1291 English Second Language Programs	139,049	74,891	56,307	0	7,851	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	100,000	55,621	44,379	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	66,061	24,569	8,291	0	33,201	0	0	0
<b>Total Instruction Expenditures</b>	<b>2,865,991</b>	<b>1,360,783</b>	<b>747,457</b>	<b>181,669</b>	<b>489,919</b>	<b>0</b>	<b>86,163</b>	<b>0</b>
<b>Support Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
2110 Attendance and Social Work Services	325,786	102,431	85,281	138,074	0	0	0	0
2120 Guidance Services	245,553	158,588	86,965	0	0	0	0	0
2130 Health Services	41,536	0	0	41,536	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	224,055	112,539	39,802	26,115	45,599	0	0	0
2220 Educational Media Services	5,905	2,982	2,923	0	0	0	0	0
2230 Assessment & Testing	0	0	0	0	0	0	0	0
2240 Instructional Staff Development	37,612	26,062	9,390	2,160	0	0	0	0
2310 Board of Education Services	0	0	0	0	0	0	0	0
2321 Office of the Superintendent Services	2,633	1,042	593	0	998	0	0	0
2410 Office of the Principal Services	43,996	26,838	17,158	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	3,028	1,727	1,301	0	0	0	0	0
2540 Operation and Maintenance of Plant Services	52,130	2,100	1,211	42,651	6,168	0	0	0
2550 Student Transportation Services	103,397	0	0	103,397	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	345,139	1,582	1,288	11,679	317,465	0	13,125	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	234,964	0	234,964	0	0	0	0	0
<b>Total Support Services Expenditures</b>	<b>1,665,734</b>	<b>435,891</b>	<b>480,876</b>	<b>365,612</b>	<b>370,230</b>	<b>0</b>	<b>13,125</b>	<b>0</b>
<b>Enterprise and Community Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
3100 Food Services	1,285,580	372,483	226,159	9,104	672,979	0	4,855	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
<b>Total Enterprise and Community Services Expenditures</b>	<b>1,285,580</b>	<b>372,483</b>	<b>226,159</b>	<b>9,104</b>	<b>672,979</b>	<b>0</b>	<b>4,855</b>	<b>0</b>
<b>Facilities Acquisition and Construction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
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
<b>Total Facilities Acquisition and Construction Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Uses Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
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
<b>Total Other Uses Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Totals</b>	<b>\$5,817,305</b>	<b>\$2,169,157</b>	<b>\$1,454,492</b>	<b>\$556,385</b>	<b>\$1,533,128</b>	<b>\$0</b>	<b>\$104,143</b>	<b>\$0</b>

**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, 2021**

<b>Fund: Debt Service</b>		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
<b>Instruction Expenditures</b>									
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
<b>Total Instruction Expenditures</b>		0	0	0	0	0	0	0	0
<b>Support Services Expenditures</b>									
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
<b>Total Support Services Expenditures</b>		0	0	0	0	0	0	0	0
<b>Enterprise and Community Services Expenditures</b>									
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
<b>Total Enterprise and Community Services Expenditures</b>		0	0	0	0	0	0	0	0
<b>Facilities Acquisition and Construction Expenditures</b>									
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
<b>Total Facilities Acquisition and Construction Expenditures</b>		0	0	0	0	0	0	0	0
<b>Other Uses Expenditures</b>									
5100	Debt Service	2,875,217	0	0	0	0	0	2,875,217	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
<b>Total Other Uses Expenditures</b>		2,875,217	0	0	0	0	0	2,875,217	0
<b>Grand Totals</b>		\$2,875,217	\$0	\$0	\$0	\$0	\$0	\$2,875,217	\$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, 2021**

**Fund: Capital Projects**

<b>Instruction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
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
<b>Total Instruction Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Support Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
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
<b>Total Support Services Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Enterprise and Community Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
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
<b>Total Enterprise and Community Services Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Facilities Acquisition and Construction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
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	176,386	0	0	57,824	0	118,562	0	0
4190 Other Facilities Construction Services	0	0	0	0	0	0	0	0
<b>Total Facilities Acquisition and Construction Expenditures</b>	<b>176,386</b>	<b>0</b>	<b>0</b>	<b>57,824</b>	<b>0</b>	<b>118,562</b>	<b>0</b>	<b>0</b>

<b>Other Uses Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
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
<b>Total Other Uses Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Grand Totals</b>	<b>\$176,386</b>	<b>\$0</b>	<b>\$0</b>	<b>\$57,824</b>	<b>\$0</b>	<b>\$118,562</b>	<b>\$0</b>	<b>\$0</b>
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**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, 2021**

<b>Fund: Internal Service</b>									
<b>Instruction Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
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
<b>Total Instruction Expenditures</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Support Services Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
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
<b>Total Support Services Expenditures</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Enterprise and Community Services Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
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
<b>Total Enterprise and Community Services Expenditures</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Facilities Acquisition and Construction Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
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
<b>Total Facilities Acquisition and Construction Expenditures</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Uses Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
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
<b>Total Other Uses Expenditures</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Totals</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Morrow County School District**  
**Continuing Disclosure for Bonded Debt:**  
**June 30, 2021**

2020-21 Assessed Valuation of District taxable property: \$ 2,343,716,218  
 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
2020-21	2,475,000	432,667	2,907,667	27,955,440.00	10.40%

Ratio of Net Bonded Debt to Assessed Value:

Assessed Valuation	Net Bonded Debt Debt (1)	Ratio of Net Bonded Debt to Assessed Value
\$ 2,343,716,218	\$ 5,314,137	0.227%

(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.	\$ 661,869,690
Threemile Canyon Farms, LLC	220,435,180
Lamb Weston, Inc	117,665,580
Columbia River Processing, Inc.	53,945,490
RDO/Calbee Foods LLC	30,657,000
Union Pacific Railroad Co.	27,069,290

**Public Utilities**

Avista Corporation	208,550,000
Portland General Electric Co.	220,435,180
Gas Transmission Northwest Corp	94,959,000
Port of Morrow	35,825,310

**All Other Taxpayers**

910,934,182
<u>\$ 2,582,345,902</u>

**Morrow County School District  
Continuing Disclosure for Bonded Debt:  
June 30, 2021**

**Summary of General Fund Revenue:**

FY	State Sources	State Sources As % of Total Revenues	Total Revenues
2020-21	<u>18,594,078.22</u>	57.28%	<u>32,463,687.22</u>

**Computation of Legal Debt Margin**

Real Market Value (RMV)	\$ 5,851,972,668.00
Allowable Portion	<u>0.0795</u>
Debt Limit: 7.95% of RMV	\$ 465,231,827.11

Amount of debt applicable to debt limit:

Bonded Debt:	\$ 5,620,000.00
Less: Amount available in Debt Service Funds	<u>(305,863.00)</u>
Amount of debt applicable to debt limit:	\$ 5,314,137.00

Legal Debt Margin \$ 459,917,690.11

(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**

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**Dickey and Tremper, LLP**  
Certified Public Accountants and Business Advisors

110 SE First Street  
P.O. Box 1533  
Pendleton, OR 97801  
Phone: (541) 276-6862  
Toll Free: 1-800-332-6862  
Fax: (541) 276-9040  
Web: [www.dickeyandtremper.com](http://www.dickeyandtremper.com)

## **Independent Auditor's Report 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, 2021, and have issued our report thereon dated December 31, 2021. 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.

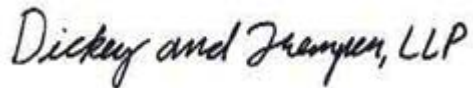
**OAR 162-10-0230 Internal Control**

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

A handwritten signature in black ink that reads "Dickey and Tremper, LLP". The signature is written in a cursive, flowing style.

December 31, 2021



Dickey and Tremper, LLP  
Certified Public Accountants and Business Advisors

110 SE First Street  
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Web: [www.dickeyandtremper.com](http://www.dickeyandtremper.com)

## 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, 2021

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, each major fund, and the aggregate remaining fund information of the Morrow County School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 31, 2021.

### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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. Given these limitations, during our audit we did

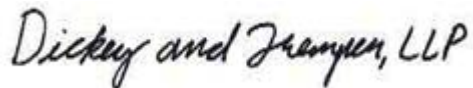
not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

### **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.



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**Dickey and Tremper, LLP**  
**Certified Public Accountants**  
**Pendleton, Oregon**

December 31, 2021



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P.O. Box 1533  
Pendleton, OR 97801  
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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**

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

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

## **Opinion on Each Major Federal Program**

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

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-002. Our opinion on each major federal program is not modified with respect to these matters.

Morrow County School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Morrow County School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

Morrow County School District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Morrow County School District's response was not subjected to the 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*

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**Dickey and Tremper, LLP**  
**Certified Public Accountants**  
**Pendleton, Oregon**

December 31, 2021



**MORROW COUNTY SCHOOL DISTRICT  
MORROW COUNTY, OREGON  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2021**

**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, 2021. 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 \$67,261 market value of commodities under the School Nutrition Commodities CFDA# 10.555.

**Note D – Loans or Loan Guarantees**

The District received \$30,963 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 \$28,594 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, 2021**

Federal Grantor	CFDA Number	Grant Number	Grant Amount	Receipts	Estimated Expenditures
<b>US Department of Agriculture:</b>					
<i>Passed through Oregon Department of Education</i>					
Child and Adult Food Care Program	10.558	2513001	\$ -	\$ 312	\$ 312
CACFP CIL - Cash Commodities	10.558	2513001	\$ -	\$ 22	\$ 22
<b>Total CFDA 10.558</b>			<b>\$ -</b>	<b>\$ 334</b>	<b>\$ 334</b>
<i>Child Nutrition Cluster</i>					
Child Nutrition Programs Commodities	10.555	2513001	\$ -	\$ 67,261	\$ 67,261
National School Lunch Program, Summer Food	10.559	2513001	\$ -	\$ 1,078,008	\$ 1,078,008
NSLP - Summer Food (COVID-19)	10.559	2513001	\$ -	\$ 223,717	\$ 223,717
<b>Subtotal CFDA 10.559</b>			<b>\$ -</b>	<b>\$ 1,301,725</b>	<b>\$ 1,301,725</b>
<b>Total Child Nutrition Cluster</b>			<b>\$ -</b>	<b>\$ 1,368,986</b>	<b>\$ 1,368,986</b>
<i>Passed through Morrow County, Oregon</i>					
Federal Forest Fees	10.666	n/a	\$ -	\$ 28,594	\$ 28,594
<b>Total U.S Department of Agriculture</b>			<b>\$ -</b>	<b>\$ 1,397,914</b>	<b>\$ 1,397,914</b>
<b>US Department of Education:</b>					
<i>Passed through Oregon Department of Education</i>					
ESEA Title I Part A/D	84.010	58313	\$ 595,015	\$ 465,200	\$ 465,200
ESSA Partnerships 20-21	84.010	60405	\$ 134,780	\$ 12,796	\$ 12,796
ESSA Partnerships 19-20 Supplement	84.010	65128	\$ 135,300	\$ 112,276	\$ 112,276
<b>Total CFDA 84.010</b>			<b>\$ 865,095</b>	<b>\$ 590,272</b>	<b>\$ 590,272</b>
School Improvement Grant (ESSA Partnership 19-20)	84.377	54357	\$ 146,500	\$ 19,350	\$ 19,350
English Language Acquisition 19-20 (Title III)	84.365	53438	\$ 65,976	\$ 32,317	\$ 32,317
English Language Acquisition 20-21 (Title III)	84.365	58488	\$ 64,087	\$ 13,462	\$ 13,462
<b>Total CFDA 84.365</b>			<b>\$ 130,063</b>	<b>\$ 45,779</b>	<b>\$ 45,779</b>
Title II A Improving Teacher Quality	84.367	53579	\$ 70,451	\$ 61,371	\$ 61,371
Title II A Improving Teacher Quality	84.367	58805	\$ 86,537	\$ 81,712	\$ 81,712
<b>Total CFDA 84.367</b>			<b>\$ 156,988</b>	<b>\$ 143,083</b>	<b>\$ 143,083</b>
Student Support & Ac Enrichment (Title IV-A)	84.424	54569	\$ 28,808	\$ 7,189	\$ 7,189
Student Support & Ac Enrichment (Title IV-A)	84.424	58631	\$ 35,747	\$ 28,368	\$ 28,368
<b>Total CFDA 84.424</b>			<b>\$ 64,555</b>	<b>\$ 35,557</b>	<b>\$ 35,557</b>
<i>Special Education Cluster</i>					
IDEA Part B, Section 2019-2020	84.027	54187	\$ 336,782	\$ 183,600	\$ 183,600
<b>Total Special Education Cluster</b>			<b>\$ 336,782</b>	<b>\$ 183,600</b>	<b>\$ 183,600</b>
Governor's Emergency Education Relief Fund	84.425C	13480	\$ 164,799	\$ 164,799	\$ 164,799
Elementary and Secondary School Emergency Relief Fund	84.425D		\$ 399,641	\$ 399,641	\$ 399,641
Elementary and Secondary School Emergency Relief Fund	84.425D		\$ 1,943,451	\$ 223,933	\$ 223,933
<b>Total CFDA 84.425D</b>			<b>\$ 2,343,092</b>	<b>\$ 623,574</b>	<b>\$ 623,574</b>
<b>Total CFDA 84.425</b>			<b>\$ 2,507,891</b>	<b>\$ 788,373</b>	<b>\$ 788,373</b>
<i>Total Passed through Oregon Department of Education</i>					
<i>Passed through Intermountain Education Service District</i>					
Title IC Migrant Education State Grant Program	84.011		\$ 90,000	\$ 86,741	\$ 86,741
<i>Passed through Univerity Systems</i>					
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	ED159A-H	\$ 92,000	\$ 84,797	\$ 84,797
<b>Total Department of Education</b>			<b>\$ 4,389,874</b>	<b>\$ 1,977,552</b>	<b>\$ 1,977,552</b>
<b>US Department of Treasury:</b>					
<i>Passed through Oregon Business Development Department</i>					
Coronavirus Relief Fund	21.019		\$ 119,958	\$ 104,689	\$ 104,689
<b>Total Department of Treasury</b>			<b>\$ 119,958</b>	<b>\$ 104,689</b>	<b>\$ 104,689</b>
<b>Total Federal Financial Assistance</b>			<b>\$ 4,509,832</b>	<b>\$ 3,480,155</b>	<b>\$ 3,480,155</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**MORROW COUNTY SCHOOL DISTRICT  
MORROW COUNTY, OREGON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Fiscal Year Ended June 30, 2021**

**FINDINGS – FINANCIAL STATEMENT AUDIT – PRIOR YEAR**

**Finding 2020-01**

*Condition and criteria:* The District should have controls in place over financial close and reporting process to ensure accurate and timely annual financial statements are produced. The journal entries and reconciliations performed by the accounting department should be approved by supervisory personnel and supported with proper documentation. There were delays and errors in reconciling and reviewing the general ledger accounts, several schedules required correction, and the review process did not catch the errors.

*Cause:* There were changes in staff during the year and new staff in charge of the financial close. There were also delays in completing some processes due to COVID-19.

*Effect:* Several underlying schedules supporting the financial statements required correction and an unusual number of journal entries were posted after the receipt of the audit trial balance.

*Auditor's recommendation:* We recommend that management review its monthly and year-end reporting processes to incorporate additional oversight and review of staff work. We further recommend that the District establish and follow a policy for reviewing year-end accounting entries and audit schedules in a timely manner.

*Current status:* Management has established month end procedures and has ensured timely reconciliations of general ledger accounts. The timely month end procedures will allow management to prepare year end entries and audit schedules timely.

**Finding 2020-02**

*Condition and criteria:* The District should have processes in place to ensure that activity for the ASB and Athletics accounts are properly reflected in the District's records and in a timely manner. The ASB and Athletics account activity is decentralized and accounted for on QuickBooks at the individual schools and recorded in the District's accounting system by adjusting journal entry. The entries to record the activity were not prepared until mid-October and there were corrections required to properly reflect the balances and activity.

*Cause:* There were changes in staff during the year and new staff in charge of the financial close. There were also delays in completing some processes due to COVID-19.

*Effect:* There were delays in reporting the information in the District's accounting system and corrections to the entries to record the activity.

*Auditor's recommendation:* We recommend having a process to review and record the activity more than just at year end and that the process include a secondary review of the recording and serve as an internal double check of the proper activity and processes. In addition, we recommend that the activity be recorded in a timely manner and that additional oversight and review of staff work be incorporated.

*Current status:* Management has incorporated the ASB and Athletic review and recordings as part of the month end reconciliation process.

### **Finding 2020-03**

*Condition and criteria:* Management is required to provide a complete and accurate Schedule of Expenditures of Federal Awards (SEFA). There were significant corrections to the SEFA to properly report the amount of expenditures and to correctly categorize between grant programs.

*Cause:* There was new staff in charge of preparing the SEFA and delays in closing the books leading to some inaccuracies. In addition, there were changes in guidance due to COVID-19 requiring changes to the SEFA.

*Effect:* The SEFA provided for the audit was updated and corrected multiple times to accurately report expenditures.

*Auditor's recommendation:* We recommend additional training in reconciling the underlying records and preparing the SEFA. We also recommend enhanced oversight and review of staff work.

*Current status:* Management has procedures to reconcile the account balances more timely to aid in the preparation of the SEFA. Also, management will ensure reconciliation is done between the schedule, accounts, and Oregon Department of Education systems.

### **Finding 2020-04**

#### **US DEPARTMENT OF AGRICULTURE**

Child Nutrition Cluster – CFDA# 10.553, 10.555, 10.559

*Condition and criteria:* The District must have control processes in place to ensure that allowable costs are not requested for reimbursement more than one time. The District was double reimbursed for the August 2019 meals for \$22,453. The August claim form was crossed out saying “Not paid – Combined with September”, but it was actually submitted and reimbursement was received. The September claim form also included corrected amounts for both August and September resulting in a double reimbursement for August.

*Cause:* There were changes in program staff and staff in the business office. The cause appears to be an oversight by both program management and business office staff and expected revenue was not reconciled to the general ledger for that period.

*Context and effect:* The District requests reimbursement for meals served on a monthly basis during the school year. We performed tests of 100% of the requests and found one request that was double reimbursed for \$22,453.

*Auditor's recommendation:* We recommend that expected revenue be double checked and be reconciled to the amounts reported in the general ledger. We also recommend enhanced oversight and review of staff work.

*Current status:* Management reconciles monthly claims to the Oregon Department of Education (ODE) against the deposits monthly and any variances are discussed and reviewed. The duplicate payment was repaid to ODE.

**MORROW COUNTY SCHOOL DISTRICT  
MORROW COUNTY, OREGON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2021**

**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. No material weaknesses or significant deficiencies in internal control over financial reporting were discovered by the audit of the basic financial statements of the Morrow County School District.
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. Two significant deficiencies in internal control over major federal programs were disclosed by the audit. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for the Morrow County School District, expresses an unmodified opinion on all major federal 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 – Summer Food Service Program	CFDA# 10.559
Education Stabilization Fund (ESF)	
Governor's Emergency Education Relief (GEER) Fund	CFDA# 84.425C
Elementary and Secondary School Emergency Relief (ESSER) Fund	CFDA# 84.425D
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

None

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

US DEPARTMENT OF EDUCATION

Education Stabilization Fund (ESF)

Governor’s Emergency Education Relief (GEER) Fund      CFDA# 84.425C

Elementary and Secondary School Emergency Relief (ESSER) Fund      CFDA# 84.425D

Significant Deficiencies

2021-001

*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.

*Management response:* Management agrees with the audit finding. Management reassigned financial reporting and grant reimbursement requests to more experienced accounting staff. The Business Manager now reviews purchase requests for allowable grant expenditures and correct reporting. Purchases receive a second review after the payment is complete. Finally, Management has an open mid-level business staff position to supplement the work flow and oversight process.

2021-002

*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.

*Management response:* Management agrees with the audit finding. Management reassigned financial reporting and grant reimbursement requests to more experienced accounting staff. The Business Manager now reviews purchase requests for allowable grant expenditures and correct reporting. Purchases receive a second review after the payment is complete. Finally, Management has an open mid-level business staff position to supplement the work flow and oversight process.



MORROW COUNTY SCHOOL DISTRICT