



**PORT ORFORD-LANGLOIS SCHOOL
DISTRICT NO. 2-CJ**

Port Orford, Oregon

Annual Financial Report

June 30, 2021

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

P.O. Box 8
Port Orford, Oregon 97465
(541) 348-2455

BOARD OF DIRECTORS

PATRICIA BROWN P.O. Box 1107, Langlois, OR 97450	Board Chair
PHYLLIS JOHNS P.O. Box 541, Port Orford, OR 97465	Vice Chair
HILARY JOHNSON 47541 Leeward Street, Langlois, OR 97450	Director
ULRICH LAU Port Orford, OR 97465	Director
SHALA KUDIAC Port Orford, OR 97465	Director

ADMINISTRATION

STEVE PERKINS P.O. Box 8, Port Orford, OR 97465	Superintendent
DON STAEHELY P.O. Box 8, Port Orford, OR 97465	Business Manager

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

AUDIT REPORT

June 30, 2021

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PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

AUDIT REPORT

June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Port Orford-Langlois School District No. 2-CJ,
P.O. Box 8 Port Orford, Oregon 97465

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Port Orford-Langlois School District No. 2-CJ as of and for the year ended June 30, 2021 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 standards 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions

Opinions

In my 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 Port Orford-Langlois School District No. 2-CJ as of June 30, 2021, and the respective changes in financial position and 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 on pages 2-9, the schedules of revenues, expenditures and changes in fund balances – budget and actuals on pages 51-52, the pension schedules on pages 53-54, and OPEB schedules on pages 55-56 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.

I have applied certain limited procedures to the management's discussion and analysis and the pension schedules in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals described above on pages 51-52 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. The schedules of revenues, expenditures and changes in fund balances – budget and actuals have 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedules of revenues, expenditures and changes in fund balances – budget and actuals are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Port Orford-Langlois School District No. 2-CJ's basic financial statements. The other supplementary data on pages 57-65 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Port Orford-Langlois School District No. 2-CJ. The schedule of expenditures of federal awards, as listed in the Table of Contents, is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The other supplementary data on pages 57-65 is the responsibility of management and was 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 other 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 my opinion, other supplementary data and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued our report dated November 15, 2021, on our consideration of the Port Orford-Langlois School District No. 2-CJ'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 Port Orford-Langlois School District No. 2-CJ's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, I have issued my report dated November 15, 2021, on my consideration of the Port Orford-Langlois School District No. 2-CJ's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of my testing of compliance and the results of that testing and not to provide an opinion on the District's compliance.



Steve Tuchscherer, CPA
November 15, 2021

MANAGEMENT'S
DISCUSSION
AND ANALYSIS

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2021

Unaudited

The discussion and analysis of Port Orford-Langlois School District No. 2-CJ's financial performance provides an overview of the District's financial activities for the fiscal year that ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2021 are as follows:

- The District's net position increased by \$315,641 which represents a 11.5% increase from the previous year primarily due to the increase in capital assets and grant revenue.
- General revenues accounted for \$3,674,197 in revenue, or 73.9% of all revenues. Program specific revenues in the form of charges for services, and grants and donations accounted for \$1,299,253 or 26.1% of total revenues of \$5,368,365.
- The District had \$4,703,556 in expenses, which was less than total revenues.
- Total assets of governmental activities increased by \$711,800, primarily due to an increase in cash and investments from the prior year.
- Total liabilities increased by \$906,938 during the year primarily due to a decrease in net pension liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes additional supplementary information to supplement the basic financial statements.

Government-wide Financial Statements

The first of the government-wide statements is the *Statement of Net Position*. This is the District-wide statement of financial position presenting information that includes all of the District's assets and liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other non-financial factors such as the condition of school buildings and other facilities and changes in the district's enrollment, which dictates the majority of revenue to be collected through the State Funding Formula.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2021 Unaudited

The second government-wide statement is the *Statement of Activities* which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the distinct activities or functions of the District that are primarily supported by intergovernmental revenues, principally state basic school support and property tax revenues. The governmental activities of the District include instruction, instructional support services, operation and maintenance of plant, student transportation, and non-instructional support services.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of individual budget versus actual statements and combining statements in a later section of this report.

Governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Unlike the government-wide financial statements, these statements report short-term fiscal accountability focusing on use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to government-wide statements to assist in understanding the differences between these two perspectives.

Fiduciary funds such as private-purpose trust funds for scholarships are reported in the fiduciary fund financial statements, but are excluded from government-wide reporting. Fiduciary fund financial statements report net position and changes in net position on a cash basis.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information budgetary comparison statements for the General Fund and the Special Revenue Fund. The required supplementary information immediately follows the notes to the financial statements. Other supplementary data includes combining statements, individual fund statements and schedules, and other schedules. These statements and schedules immediately follow the required supplementary information in this report.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

**Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2021
Unaudited**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's net position at fiscal year-end was \$3,061,802. This is a \$315,641 increase from last year's net position and represents a 11.5% increase from the previous year.

The following table provides a summary of the District's net position. Comparative information from the previous year is provided.

Summary of Net Position

	Governmental Activities		Percentage Change
	June 30, 2021	June 30, 2020	
Assets			
Current and Other Assets	\$ 2,752,281	\$ 2,140,450	28.6%
Capital Assets	3,855,140	3,755,172	2.7%
Total Assets	6,607,421	5,895,622	12.1%
Deferred Outflow of Resources	1,450,374	1,161,225	24.9%
Liabilities			
Long-Term Liabilities	4,175,461	3,443,888	21.2%
Other Liabilities	333,436	158,071	110.9%
Total Liabilities	4,508,897	3,601,959	25.2%
Deferred Inflow of Resources	487,096	731,457	-33.4%
Net Position			
Net Investment in Capital Assets	3,810,080	3,639,098	4.7%
Unrestricted	(748,278)	(892,936)	16.2%
Total Net Position	<u>\$ 3,061,802</u>	<u>\$ 2,746,162</u>	11.5%

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2021

Unaudited

The following table shows the changes in net position. Prior-year information is provided for comparative analysis of government-wide revenue and expense information.

Changes in Net Position

	Governmental Activities		
	2020-21	2019-20	Percentage Change
Revenues			
Program Revenues			
Charges for Services	\$ 17,664	\$ 34,148	-48.3%
Operating Grants and Contributions	1,281,589	1,211,292	5.8%
Capital Grants and Contributions	-	1,354,439	
General Revenues			
Property Taxes	1,952,578	1,867,917	4.5%
State Basic School Support	1,603,635	1,518,117	N/A
Federal Forest Fees	49,359	34,158	N/A
Other	68,625	168,877	-59.4%
Total Revenues	<u>4,973,450</u>	<u>6,188,948</u>	-19.6%
Program Expenses			
Instruction	2,246,199	2,190,424	2.5%
Support Services	2,315,311	2,100,474	10.2%
Community Services	136,977	176,875	-22.6%
Interest on Long-Term Debt	5,069	3,587	41.3%
Total Program Expenses	<u>4,703,556</u>	<u>4,471,360</u>	5.2%
Special Item: Gain (Loss) on disposition of assets	<u>44,481</u>	<u>131,912</u>	
Change in Net Position	<u>\$ 314,375</u>	<u>\$ 1,849,500</u>	

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

**Management’s Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2021
Unaudited**

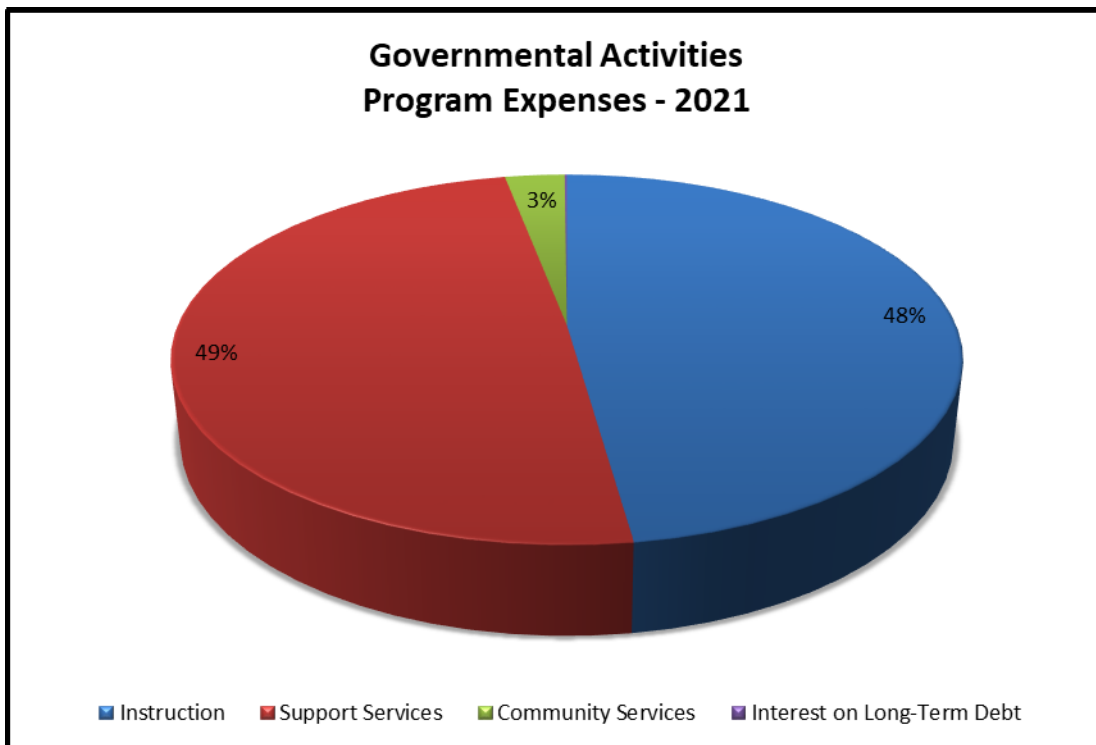
The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the four major functional activities of the District. The table also shows each function’s net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District’s taxpayers by each of these functions. Prior-year information is provided for comparative analysis.

Governmental Activities

	2020-21		2019-20	
	Total Cost of Services	Net Cost (Profit) of Services	Total Cost of Services	Net Cost (Profit) of Services
Instruction	\$ 2,246,199	\$ 1,539,279	\$ 2,190,424	\$ 1,513,834
Support Services	2,315,311	1,835,903	2,100,474	335,844
Community Services	136,977	24,052	176,875	18,216
Interest on Long-Term Debt	5,069	5,069	3,587	3,587
Total Program Expenses	\$ 4,703,556	\$ 3,404,303	\$ 4,471,360	\$ 1,871,481

The dependence on general revenues for general government activities is apparent. For the current year, 74% of general government activities are supported through general revenues.

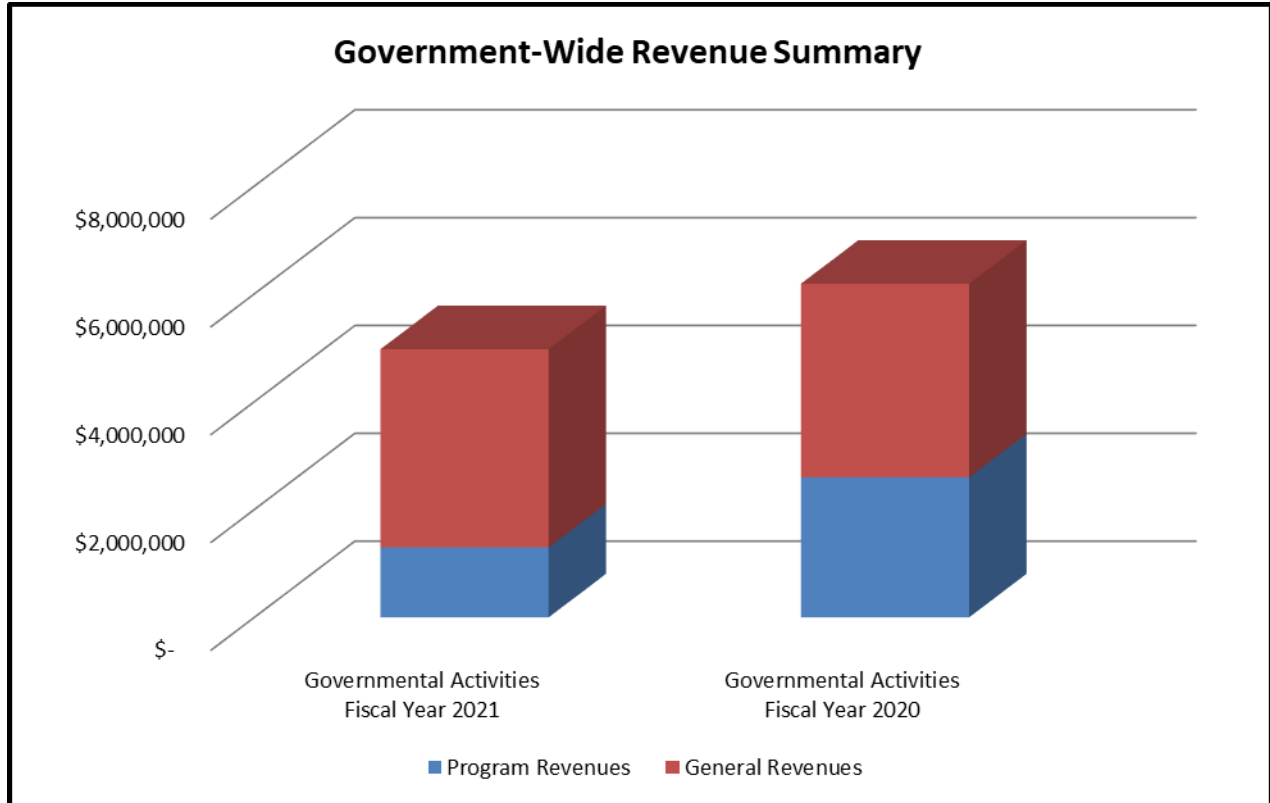
This graph represents the cost of the District’s Program expenses by governmental activities.



PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2021 Unaudited

The following chart analyzes the revenue between governmental activities from prior to current year.



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$2,199,424, an increase of \$388,569. The fund balance consists of restricted, committed, assigned and unassigned amounts. Of the current fund balances, \$0 is restricted, \$578,005 is committed and \$1,606,557 is unassigned and available for spending at the District's discretion.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$368,884.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2021 Unaudited

BUDGETARY HIGHLIGHTS

Over the course of the year, the District made only minor changes to its various funds' budgets.

General Fund revenues were budgeted and anticipated to be collected in the amount of \$3,643,035 during the fiscal year. Actual revenues of \$3,691,107 were more than budgeted revenues by \$48,072. General Fund expenditures budget was under-spent by \$1,070,812. The actual ending fund balance was more than the budgeted ending fund balance by \$1,606,557.

The Special Revenue Fund ending fund balance increased by \$592,867. Actual revenues were less than budgeted revenues by \$426,963, and actual expenditures were \$816,262 under budgeted expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2021, the District had invested \$6,284,442 in capital assets, including school buildings, athletic facilities, land, vehicles, computers and other equipment and furnishings. This amount represents a net increase prior to depreciation of \$250,811 from last year due to additions of \$250,811 and \$0 deletions.

Total depreciation expense for the year was \$174,833. Additional information on the District's capital assets can be found in the Capital Asset Note in the notes to the basic financial statements section of this report.

Long-Term Debt

At June 30, 2021 the District had \$101,913 in long-term debt outstanding. The District paid \$47,594 toward the principal balance of the long-term debt. The District paid \$5,584 in interest on total debt.

Additional information on the District's long-term debt can be found in the Long-Term Debt Note in the notes to the basic financial statements section of this report.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2021 Unaudited

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District was advised by OSBA and COSA to prepare next year's budget on the current state school fund without consideration of the current economic status due to the very uncertain financial times in the Oregon Education System caused by Coronavirus. Next year's budget is prepared with a 2% increase for licensed and a 2.0% increase for classified staff, insurance benefits, and an increase in PERS contributions.

The District's adopted budget for the fiscal year ending June 30, 2022 represents an overall decrease of \$802,672 or 13.1% when compared with the current fiscal year. The total budget for the fiscal year ending June 30, 2022 is \$6,934,833. The most significant changes in the 2021-22 budget are the decrease of facility construction budgeted expenditures for the capital projects fund. The remaining operating costs of governmental activities are expected to be similar to those of the current period.

The District will levy its maximum permanent property tax rate of 3.9596 per \$1,000 of assessed property valuation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives.

If you have any questions about this report or need additional information, contact the Port Orford-Langlois School District No. 2-CJ at P.O. Box 8, Port Orford, Oregon 97465.

BASIC FINANCIAL
STATEMENTS

Government -Wide
Financial Statements

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

STATEMENT OF NET POSITION

June 30, 2021

	Governmental Activities
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 2,189,532
Property Taxes Receivable	195,087
Due From Other Governments	309,453
Inventory-Food, Supplies & Commodities	14,862
Total Current Assets	<u>2,708,934</u>
Restricted Assets:	
Net OPEB Asset (RHIA)	43,347
Total Restricted Assets	<u>43,347</u>
Capital Assets:	
Land	11,201
Building and Building Improvement	5,183,941
Machinery and Equipment	1,089,300
Less: Accumulated Depreciation	<u>(2,429,302)</u>
Total Capital Assets, Net of Depreciation	<u>3,855,140</u>
Total Assets	<u>6,607,421</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>	
Pension Related Deferrals	1,423,240
OPEB Related Deferrals - RHIA	4,953
OPEB Related Deferrals - OEGB	22,181
Total Deferred Outflow of Resources	<u>1,450,374</u>
<u>LIABILITIES:</u>	
Accounts Payable	103,688
Accrued Interest Payable	901
Payroll Liabilities	228,811
Accrued Vacation Benefits	36
Leases Payable	
Due within one year	49,364
Due in more than one year	52,549
Early Retirement Benefits	
Due within one year	4,000
Due in more than one year	3,000
Net OPEB Obligation - OEGB	207,075
Net Pension Liability	<u>3,859,473</u>
Total Liabilities	<u>4,508,897</u>
<u>DEFERRED INFLOW OF RESOURCES</u>	
Pension Related Deferrals	465,738
OPEB Related Deferrals - RHIA	12,831
OPEB Related Deferrals - OEGB	8,527
Total Deferred Inflow of Resources	<u>487,096</u>
<u>NET POSITION:</u>	
Net Investment in Capital Assets	3,810,080
Unrestricted	<u>(748,278)</u>
Total Net Position	<u>\$ 3,061,802</u>

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

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2021

		Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	(Expenses)				Governmental Activities
<u>GOVERNMENTAL ACTIVITIES:</u>					
Instruction	\$ 2,246,199	\$ 16,643	\$ 690,277	\$ -	\$ (1,539,279)
Support Services	2,315,311	-	479,408	-	(1,835,903)
Enterprise and Community Services	136,977	1,021	111,904	-	(24,052)
Interest on Long-Term Debt	5,069	-	-	-	(5,069)
Total Governmental Activities	\$ 4,703,556	\$ 17,664	\$ 1,281,589	\$ -	\$ (3,404,303)
<u>GENERAL REVENUES:</u>					
Local Sources:					
Property Taxes, Levied for General Purposes					\$ 1,952,578
Earnings on Investments					16,722
Unrestricted State and Local Revenue					31,542
Intermediate Sources					333
State School Fund for Education and Support Services					1,603,635
State Common School Fund					20,028
Federal Forest Fees for General Purposes					49,359
Subtotal - General Revenues					3,674,197
Special Items:					
Gain on Disposition of Assets					44,481
Change in Net Position					314,375
Net Position, July 1, 2020 - Restated					2,747,427
Net Position, June 30, 2021					\$ 3,061,802

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

BASIC FINANCIAL
STATEMENTS

Governmental Fund
Financial Statements

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2021

	General Fund #100	Special Revenue Fund #200	Total Governmental Funds
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 1,877,535	\$ 311,997	\$ 2,189,532
Property Taxes Receivable	195,087	-	195,087
Due From Other Governments	10,358	299,095	309,453
Inventory-Food, Supplies & Commodities	-	14,862	14,862
Total Assets	\$ 2,082,980	\$ 625,954	\$ 2,708,934
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u>			
LIABILITIES:			
Accounts Payable	\$ 70,601	\$ 33,087	\$ 103,688
Payroll Liabilities	228,811	-	228,811
Total Liabilities	299,412	33,087	332,499
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue - Property Taxes	177,011	-	177,011
Total Deferred Inflows of Resources	177,011	-	177,011
FUND BALANCES:			
Unspendable	-	14,862	14,862
Committed for:			
Capital Construction & Building Maintenance	-	80,113	80,113
Special Programs	-	420,398	420,398
Student Body Activities	-	77,494	77,494
Unassigned	1,606,557	-	1,606,557
Total Fund Balances	1,606,557	592,867	2,199,424
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,082,980	\$ 625,954	\$ 2,708,934

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

PORT ORFORD-LANGLAIS SCHOOL DISTRICT NO. 2-CJ

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

June 30, 2021

Total Fund Balances - Governmental Funds		\$ 2,199,424
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 governmental funds.		
Cost of assets	\$ 6,284,442	
Accumulated depreciation	<u>(2,429,302)</u>	
Net Value of Capital Assets		3,855,140
Property taxes receivable that will not be available to pay for current-period expenditures are deferred in the governmental funds.		177,011
Deferred inflows and outflows of pension and OPEB contributions and earnings are not reported in the governmental funds.		
Deferred Pension/OPEB Contributions	1,450,374	
Deferred Earnings on Pension/OPEB Assets	<u>(487,096)</u>	
Net Value of Deferrals		963,278
Some liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
These liabilities consist of :		
Accrued Interest Payable	901	
Leases Payable	101,913	
Early Retirement Benefits	7,000	
Net Pension Liability	3,859,473	
Net OPEB Obligations	163,728	
Accrued Vacation Benefits	<u>\$ 36</u>	
Total		<u>(4,133,051)</u>
Net Position of Governmental Activities		<u>\$ 3,061,802</u>

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

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2021

	<u>General Fund #100</u>	<u>Special Revenue Fund #200</u>	<u>Total Governmental Funds</u>
<u>REVENUES:</u>			
Taxes	\$ 1,928,303	\$ -	\$ 1,928,303
Earnings on Investments	16,268	454	16,722
Fees and Charges	-	2,628	2,628
Miscellaneous Revenue	28,700	106,282	134,982
Intermediate Government Aid	333	-	333
State Aid	1,623,663	217,571	1,841,234
Federal Aid	49,359	975,614	1,024,973
Total Revenues	<u>3,646,626</u>	<u>1,302,549</u>	<u>4,949,175</u>
<u>EXPENDITURES:</u>			
Current:			
Instruction	1,424,752	663,507	2,088,259
Support Services	1,704,745	527,742	2,232,487
Enterprise and Community Services	-	131,615	131,615
Capital Outlay:			
Facilities Acquisition and Construction	152,726	-	152,726
Total Expenditures	<u>3,282,223</u>	<u>1,322,864</u>	<u>4,605,087</u>
Excess (Deficiency) of Revenues Over Expenditures	364,403	(20,315)	344,088
<u>OTHER FINANCING SOURCES (USES):</u>			
Interfund Transfers In	-	40,000	40,000
Interfund Transfers Out	(40,000)	-	(40,000)
Sale of or Compensation for Loss of Fixed Assets	44,481	-	44,481
Total Other Financing Sources (Uses)	<u>4,481</u>	<u>40,000</u>	<u>44,481</u>
Net Change in Fund Balance	368,884	19,685	388,569
Beginning Fund Balance	1,237,673	573,182	1,810,855
Ending Fund Balance	<u>\$ 1,606,557</u>	<u>\$ 592,867</u>	<u>\$ 2,199,424</u>

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

PORT ORFORD-LANGLAIS SCHOOL DISTRICT NO. 2-CJ

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**

GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2021

Net Changes in Fund Balances - Total Governmental Funds \$ 388,569

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 250,811	
Less current year depreciation	<u>(174,833)</u>	
		75,977

Changes in the inventory balance from the prior year to the current year are an adjustment to expense for the Statement of Activities. That change is reflected as a change in fund balance reserve for the fund financial statements. That difference in accounting is reconciled here.

Some property tax revenues will not be collected for several months after the District's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue.

Deferred revenues increased by this amount this year.		24,275
---	--	--------

Gain (Loss) on disposition of capital assets is not reported in the fund financial statements.		44,481
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Proceeds from Sales of Assets is not reported as income in the Statement of Activities		(44,481)
--	--	----------

Repayment of principal on long term debt and leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Retirement of principal is as follows:

Leases	<u>47,594</u>	
		47,594

Government funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense and changes in deferred inflows and outflows related to the net pension asset/(liability) are recorded based upon an actuarial valuation of such activity.

This is the net change in pension related items.		(266,192)
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

The activities consist of:

Net increase/(decrease) in accrued interest expense	515	
Net increase/(decrease) in early retirement benefits	9,000	
Increase/(decrease) in accrued OPEB	34,181	
Increase/(decrease) in accrued vacation benefits	<u>\$ 11,158</u>	
		<u>54,854</u>

Change in Net Position of Governmental Activities		<u>\$ 325,077</u>
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The accompanying notes to the basic financial statements are an integral part of this statement.

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Port Orford-Langlois School District No. 2-CJ was organized under the provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is government by a separately elected five-member Board of Directors who approve the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

The basic financial statements of Port Orford-Langlois School District No. 2-CJ has been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

Reporting Entity

In determining the financial reporting entity, the Port Orford-Langlois School District No. 2-CJ complies with Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity." The criteria for including organizations as component units within the District's reporting entity, include whether 1) the organization is legally separate (can sue and be sued in their own name); 2) the District holds the corporate powers of the organization; 3) the District appoints a voting majority of the organization's board; 4) the District is able to impose its will on the organization; 5) the organization has the potential to impose a financial benefit/burden on the District; and 6) there is fiscal dependency by the organization on the District. Based on the aforementioned criteria, the Port Orford-Langlois School District No. 2-CJ has no component units.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District with most of the inter-fund activities removed to minimize the double counting of internal activities. Governmental activities include programs supported primarily by taxes, state school support payments, grants and other intergovernmental revenues. The District has no business type activities that rely, to a significant extent, on fees and charges for support. The District also reports no fiduciary activities.

The statement of activities demonstrates the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a program of function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Basis of Presentation (Cont.)

Fund Financial Statements: During the fiscal year, the District segregates transactions related to school district functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds.

The fund financial statements provide reports on the financial condition and results of operations for governmental activities. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund -

The General Fund is the main operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Fund -

The Special Revenue Fund account is for various restricted used grants from the federal government and specific purpose projects. Included in this fund are Title 1, IDEA (special education), Food Service, Student Body Funds, Bus Replacement and other grants and contracts that are outlined in the Summary of Special Revenue Fund.

Capital Projects Fund

The Capital Projects Funds account for financial resources used to acquire or construct major capital facilities. The projects included are the seismic retrofit (FY 16-17 and 17-18, and FY 19-20) and boiler replacement (FY 2018-19).

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when transactions are recognized in the financial records and reported on the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized when the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within sixty days after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt which are reported when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

The revenues susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received, as they are deemed immaterial. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when the revenue recognition is met or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Budgeting

The District budgets all funds as required by state law. The District budgets for all funds on a modified accrual basis. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total expenditures are controlled by annual appropriations at the following organizational levels: instruction, support services, community services, facilities acquisition and construction, and other expenditures. Appropriations lapse as of the fiscal year-end. A detailed budget document is required that contains more detailed information for the above-mentioned expenditure categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the District Board of Directors. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the District Board of Directors.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Cash and Investments

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts and any short-term, highly liquid investments with initial maturity dates of three months or less.

The District has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the District to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

The District's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The District's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short Term Fund (OSTF) which was established by the State Treasurer. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

Receivables

Amounts due from individuals, organizations or other governmental units are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and material provided by the District. All receivables are expected to be collected. Accordingly, receivables are reported at the gross amount without an allowance for uncollectible accounts.

Receivables are also recognized for property taxes and intergovernmental grants. Property taxes receivable consist of uncollected taxes levied and payable at the end of the fiscal year. All taxes are considered collectible. Consequently, no allowance for uncollectible taxes has been established. In the governmental fund financial statements, property taxes not collected within sixty days of the end of the fiscal year are reported as a deferred inflow or resources.

Intergovernmental grant reimbursement and entitlement amounts for which all eligibility requirements imposed by the provider have been met, but which were not received by the fiscal year end, are reported as accounts receivable.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Inventory

Food and supply inventories in the Food Service Fund are valued at cost determined on the FIFO method. Commodities inventory in the Food Service Fund is valued at estimated fair market value. Inventory is treated as being expended when used rather than when purchased. Inventories of non-food service supplies are not considered significant. The District records the cost of non-food service supplies as expenses and expenditures when purchased rather than when used.

Restricted Assets and Liabilities

Assets with use restricted to future bond payments and the related liability, are segregated in the statements of net position.

Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost, or estimated cost when original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Maintenance and repairs of capital assets are not capitalized, but rather are charged to expenditures in the governmental funds. The District does not possess any infrastructure. The capitalization threshold used by the District as recommended by the State of Oregon is \$5,000.

In the government-wide financial statements, all reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

<u>Asset Class</u>	<u>Estimated Years of Useful Lives</u>
Buildings	20-50
Building Improvements	20-50
Land Improvements	15-25
Vehicles	10
Equipment	5-10

In the governmental fund financial statements, fixed assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Compensated Absences and Accrued Liabilities:

The liability for accrued vacation benefits reported in the government-wide statements consists of unpaid, accumulated annual vacation. The early retirement liability has been calculated using the accrual method for benefit amounts due to former employees who currently are receiving early-termination benefits. Early retirement benefits are available to a limited number of employees each year.

All payables and accrued liabilities are reported on the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full by current financial resources are reported as obligations of the funds.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Deferred Inflows/Outflows 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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred pension contributions.

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, deferred inflows of resources, 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 only one type of item that qualifies for reporting in this category, deferred earnings on pension assets. In the governmental funds balance sheet, a different category of deferred inflow of resources, delinquent property tax revenue not available, is reported. Property taxes levied and considered receivable at the end of the fiscal year, but not collected within sixty days of the end of the fiscal year are reported in this category. These amounts are recognized as an inflow of resources (revenue) in the period that the amounts become available.

Long-Term Debt

All bonds, notes and capital leases payable are recognized in the government-wide financial statements as liabilities of the District. Amounts of the long-term debt due within the following fiscal year are included in the current liabilities section of the Statement of Net Position.

In the governmental fund financial statements, proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources. Principal and interest payments on long-term debt are recorded as debt service in the expenditure section of the statement and schedules.

Equity Classifications

Government-wide Statements

Equity is classified as net position, which represents the difference between assets, liabilities, and deferred accounts. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantor, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Equity Classifications (Cont.)

Governmental Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable**: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- **Restricted**: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Committed**: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision-making authority, the District Council, and does not lapse at year-end.
- **Assigned**: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the District Council or through the District Council delegating this responsibility to selected staff members or through the budgetary process.
- **Unassigned**: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The District's policy is to use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of the constrained fund balances.

Property Taxes

Real and personal property taxes attach as an enforceable lien on property as of January 1. All taxes are levied as of the lien date and are payable in three installments on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are recorded on the statement of net position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectable taxes has been established. All property taxes receivable are due from property owners within the District.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Inter-Fund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers in the fund financial statements. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. For the purposes of the Statement of Activities, all inter-fund transfers between individual governmental funds have been eliminated.

Use of 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 amount of assets and liabilities as well as disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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 Fund (OPERF) and the Oregon Public Service Retirement Plan (OPSRP) and additions to/deductions from OPERF's and OPSRP's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

CASH AND INVESTMENTS:

For discussion of deposit and investment policies and other related information, see Cash and Investments note in the Summary of Significant Accounting Principles.

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized at Cash and Investments note in the Summary of Significant Accounting Principles.

Investments, including amounts held in pool cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. ORS 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Oregon Public Funds Collateralization Program (PFCP). Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits exists when, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

As of June 30, 2021, the reported amount of the District's deposits was \$204,497, the bank balance was \$264,949 and \$0 in petty cash. Of the bank balance, the entire amount was insured by the FDIC or covered by the collateral held in a multiple financial institutions collateral pool administered by the Oregon State Treasurer.

Investments - Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The District has no credit risk policy or investment policy that would further limit its investment choices.

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2021, the District's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

CASH AND INVESTMENTS (Cont.):

At June 30, 2021, the District's investments in financial institutions are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	\$ 1,985,036	N/A
Total Investments	<u>\$ 1,985,036</u>	

Concentration of Credit Risk - An increased risk of loss occurs as more investments are acquired from one issuer. This results in a *concentration of credit risk*. The District places no limit on the amount that may be invested in any one issuer. More than 5 percent of the District's investments are in the Oregon State Treasurer's Local Government Investment Pool (LGIP). This investment is 100% of the District's total investments.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2021:

<u>Governmental Activities</u>	<u>Beginning Balances (Restated)</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Assets not being depreciated:				
Land	\$ 11,201	\$ -	\$ -	\$ 11,201
Total assets not being depreciated	<u>11,201</u>	<u>-</u>	<u>-</u>	<u>11,201</u>
Assets being depreciated:				
Building and Building Improvement	5,009,646	174,295	-	5,183,941
Machinery and Equipment	<u>1,012,784</u>	<u>76,516</u>	<u>-</u>	<u>1,089,300</u>
Total Depreciable Assets	<u>6,022,430</u>	<u>250,811</u>	<u>-</u>	<u>6,273,241</u>
Less: Accumulated Depreciation				
Building and Building Improvement	1,547,527	101,937	-	1,649,465
Machinery and Equipment	<u>706,941</u>	<u>72,896</u>	<u>-</u>	<u>779,837</u>
Total Accumulated Depreciation	<u>2,254,468</u>	<u>174,833</u>	<u>-</u>	<u>2,429,302</u>
Net Value of Capital Assets Being Depreciated	<u>3,767,962</u>	<u>75,977</u>	<u>-</u>	<u>3,843,939</u>
Total Governmental Activities -- Net Value of Capital Assets	<u>\$ 3,779,163</u>	<u>\$ 75,977</u>	<u>\$ -</u>	<u>\$ 3,855,140</u>
Depreciation expense was charged to governmental functions as follows:				
Instruction	\$ 25,273			
Support Services	<u>149,561</u>			
Total Depreciation Expense	<u>\$ 174,833</u>			

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

LONG-TERM DEBT:

On June 20, 2017, the District entered into a 60 month lease agreement for 3 new copiers. The value of the copiers at the beginning of the lease is estimated to be \$20,280. The lease payments are \$338 per month.

On May 4, 2018, the School District entered into a lease-purchase agreement with Santander Bank NA. for the purchase of a 2019 IC CE 77 passenger bus. The cost of the bus was \$96,950. Loan payments of \$21,211 are due November 5th of each year for five years.

On December 12, 2018, the District entered into a 60 month lease agreement for a new copier. The value of the copier at the beginning of the lease is estimated to be \$8,498. The lease payments are \$142 per month.

On May 12, 2019, the District entered into a 60 month lease agreement for a 4 new copiers. The value of the copiers at the beginning of the lease is estimated to be \$24,728. The lease payments are \$412 per month.

On April 27, 2020, the School District entered into a Master Equipment Lease-Purchase Agreement with Ford Motor Credit Company, LLC for two vans. The cost of the vans was \$77,573 and carries an interest rate of 5.99%. The lease is payable in 4 annual payments of \$21,265 beginning April 27, 2020.

The following is a schedule of transactions during the year:

	Outstanding Balance July 1, 2020	Principal Paid	Interest Paid	Outstanding Balance June 30, 2021	Due Within One Year
Leases Payable:					
Lease Purchase- 2019 IC CE 77 Vision bus	\$ 59,221	\$ 19,032	\$ 2,179	\$ 40,189	\$ 19,732
Lease Purchase- 2020 Ford Transit Van	56,853	17,860	3,405	38,993	18,930
Canon Copier Lease 001-0618928-003	8,112	4,056	-	4,056	4,056
Canon Copier Lease 001-0618928-004	5,950	1,700	-	4,250	1,700
Canon Copier Lease 001-0618928-005	19,371	4,946	-	14,425	4,946
Total Leases Payable	\$ 149,507	\$ 47,594	\$ 5,584	\$ 101,913	\$ 49,364

The future debt service requirements on the above debt are as follows:

Leases Payable:	Due Fiscal Year Ending June 30,	Principal	Interest	Total
	2022	\$ 49,364	\$ 3,814	\$ 53,178
	2023	47,166	1,956	49,122
	2024	5,383	-	5,383
	Total	<u>\$ 101,913</u>	<u>\$ 5,770</u>	<u>\$ 107,683</u>

The District has no unused lines of credit.

The District's bus and copier lease purchase agreements pledged the busses and copiers as collateral for their debt.

For further detail on debt service, see the 'Schedule of Long-Term Debt Transactions' in the Other Supplementary Data section of this report.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN:

Name of Pension Plan

The Oregon Public Employees Retirement System (OPERS) consists of a cost-sharing multiple-employer defined benefit pension plan.

Description of Benefit Terms

Plan Benefits

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

1. Tier One/Tier Two Retirement Benefit (Chapter 238). OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. This defined benefit pension plan portion of OPERS is closed to new members hired on or after August 29, 2003.

Pension Benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years, or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 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.

During the 2019 Legislative session, Senate Bill 1049 was approved and signed into law by the governor. Under Senate Bill 1049, several components of the bill have significantly impacted the System, and the bill continues to be implemented.

1. Employer Programs Project (effective July 1, 2019): established the Employer Incentive Fund (EIF) Program, which allows eligible employers to receive matching funds if they apply and make a qualifying deposit into a side account.
2. Salary Limit Project (effective January 1, 2020): A new \$195,000 limitation on subject salary used for PERS benefit calculations and contributions is used to determine member IAP contributions, employer contributions to fund the pension program, and the Final Average Salary (FAS) used in calculating retirement benefits under formula methods. This amount will be indexed annually to the Consumer Price Index (CPI).

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

3. Work After Retirement Project (effective January 1, 2020): The 1,039-hour Work After Retirement limit for all PERS retirees is removed for calendar years 2020 through 2024. If a member retires on or after normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations. If a member retires earlier than normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations if the date of their employment is more than six months after their retirement date.
4. Member Redirect Project (effective July 1, 2020): For all currently employed Tier One/Tier Two and OPSRP members earning \$2,500/month or more, a portion of their 6 percent monthly IAP contributions will be redirected to an "Employee Pension Stability Account." The Employee Pension Stability Account will be used to pay for part of the member's future pension benefit.
 - Tier One/Tier Two members: 2.5 percent of each member's salary, currently contributed to the IAP, (whether paid by the member or employer) will start going into an Employee Pension Stability Account (EPSA). The remaining 3.5 percent of salary will continue to go to the member's existing IAP account.
 - Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full, 6 percent contribution to the IAP.
5. Member Choice Project (effective January 1, 2021): IAP accounts are currently invested in Target-Date Funds based on a member's birth year. Beginning in 2021, members may choose to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age.
6. Additionally, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier 1/Tier 2 UAL over 22 years. This means that, effective with the December 31, 2019 rate-setting valuation, the entire unamortized Tier 1/Tier 2 UAL for each rate pool and independent employer will be re-amortized over a 22 year period as a level percentage of projected future payroll.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) 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 (COLA). The COLA is capped at 2.0 percent.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

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

Pension Benefits

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

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

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

A member of the 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.

During the 2019 Legislative session, Senate Bill 1049 was approved and signed into law by the governor. Under Senate Bill 1049, several components of the bill have significantly impacted the System, and the bill continues to be implemented.

1. Employer Programs Project (effective July 1, 2019): established the Employer Incentive Fund (EIF) Program, which allows eligible employers to receive matching funds if they apply and make a qualifying deposit into a side account.
2. Salary Limit Project (effective January 1, 2020): A new \$195,000 limitation on subject salary used for PERS benefit calculations and contributions is used to determine member IAP contributions, employer contributions to fund the pension program, and the Final Average Salary (FAS) used in calculating retirement benefits under formula methods. This amount will be indexed annually to the Consumer Price Index (CPI).
3. Work After Retirement Project (effective January 1, 2020): The 1,039-hour Work After Retirement limit for all PERS retirees is removed for calendar years 2020 through 2024. If a member retires on or after normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations. If a member retires earlier than normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations if the date of their employment is more than six months after their retirement date.
4. Member Redirect Project (effective July 1, 2020): For all currently employed Tier One/Tier Two and OPSRP members earning \$2,500/month or more, a portion of their 6 percent monthly IAP contributions will be redirected to an "Employee Pension Stability Account." The Employee Pension Stability Account will be used to pay for part of the member's future pension benefit.
 - OPSRP members: 0.75 percent of each member's salary, currently contributed to the IAP, (whether paid by the member or employer) will start going into their EPISA. The remaining 5.25 percent of salary will continue to go to the member's existing IAP account.
 - Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full, 6 percent contribution to the IAP.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

5. Member Choice Project (effective January 1, 2021): IAP accounts are currently invested in Target-Date Funds based on a member's birth year. Beginning in 2021, members may choose to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age.

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.

3. Individual Account Program (IAP).

Benefit Terms

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.

Upon retirement, a member of the 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.

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.

4. Postemployment Healthcare Benefits.

ORS 238.420 established the Retirement Health Insurance Account (RHIA) and authorizes a payment of up to \$60 from RHIA toward the monthly cost of health insurance for eligible PERS members. RHIA is a cost-sharing, multiple-employer OPEB plan for 901 participating employers. The plan was closed to new entrants hired on or after August 29, 2003.

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

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

Description of Funding and Contributions for PERS Benefit Plans

OPERS' funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary.

The District's employer contributions for the year ended June 30, 2021 were \$496,456 excluding amounts to fund employer specific liabilities. The contribution rates in effect for the period July 1, 2019 to June 30, 2021 were: Tier1/Tier2 – 32.03%, and OPSRP General Service – 26.58%.

Member Contributions

Beginning January 1, 2004, all member contributions, except for contributions by judge members, were placed in the OPSRP Individual Account Program (IAP). 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 members behalf. During FY 2020-2021, no employee IAP contributions were paid or picked up by the District.

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 OPEB (Other Post Employment Benefit) Plans. Employer contribution rates during the period were based on the December 31, 2017, actuarial valuation, which became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivisions have made supplemental unfunded actuarial liability payments, and their rates have been reduced. 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.

For **Oregon PERS Defined Benefit Plans**, based on the actuarial valuation as of December 31, 2017, the state agencies, the judiciary, schools, and political subdivisions all had increases in employer contribution rates on July 1, 2019. These rate changes are measured against the actual average rates paid since the last rate-setting valuation. Every two years, the PERS Board adjusts contributions so that, over time, those contributions will be sufficient to fund the benefits earned, if earnings follow assumptions.

For **Oregon PERS OPSRP Benefit Plans**, all PERS employers with OPSRP Pension Program members are actuarially pooled and share the same contribution rate.

Members of OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP. For employees in Tier One / Tier two, the Employer makes this contribution on behalf of its members.

For **Oregon PERS Postemployment Benefit Plans**, for the fiscal year ended June 30, 2021, PERS employers contributed 0.06 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. No UAL rate was assigned for the RHIA program as it was funded at 126.4 percent as of December 31, 2017. These rates were based on the December 31, 2017, actuarial valuation.

Employer contributions are advance-funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs.

ORS 238.415 established the Retiree Health Insurance Premium Account (RHIPA) and requires the Board on or before January 1 of each year to calculate the average difference between the health insurance premiums paid by retired state employees under contracts entered into by the Board and health insurance premiums paid by active state employees.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

For **OPSRP Pension Program**, all OPERS employers with OPSRP Pension Program members are actuarially pooled and share the same contribution rate. Each of these rates includes a component related to disability benefits for General Service and Police and Fire members.

Pension Plan CAFR

Oregon PERS produces an independently audited CAFR which can be found at:
<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

Actuarial Valuations

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 OPERS 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 by ongoing Board policy. However, upon passage of Senate Bill 1049, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier 1/Tier 2 UAL over 22 years. This means that, effective with the December 31, 2019 rate-setting valuation, the entire unamortized Tier 1/Tier 2 UAL for each rate pool and independent employer will be re-amortized over a 22 year period as a level percentage of projected future payroll.

For the OPSRP Pension Program component of the OPERS 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 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.

For the Postemployment Healthcare component, the RHIA plan fiduciary net position balance represents the program's accumulation of employer contributions and investment earnings less premium subsidies and administrative expenses. No UAL rate was assigned for the RHIA program as it was funded at 126.4 percent as of December 31, 2017. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Actuarial Methods and Assumptions Used in Developing Total Pension Liability:	
Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study	2018, published July 24, 2019
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 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	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of 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.

Discount Rate

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

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

Depletion Date Projection

GASB 67 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 67 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 67 (paragraph 43) 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 OPERS:

- OPERS 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 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

OIC Target and Actual Investment Allocation as of June 30, 2020

<u>Asset Class/Strategy</u>	<u>OIC Policy Range</u>	<u>OIC Target Allocation</u>	<u>Asset Class/Strategy</u>	<u>Actual Allocation³</u>
Debt Securities	15.0% - 25.0%	20.0%	Debt Securities	20.0%
Public Equity	27.5% - 37.5%	32.5%	Public Equity	31.8%
Real estate	9.5% - 15.5%	12.5%	Real estate	11.4%
Private Equity	14.0% - 21.0%	17.5%	Private Equity	22.9%
Alternative Equity	7.5% - 17.5%	15.0%	Alternative Equity	10.5%
Opportunity Portfolio ¹	0.0% - 3.0%	0.0%	Opportunity Portfolio	2.1%
Risk Parity ²	0.0% - 2.5%	2.5%	Risk Parity	1.3%
Total		<u>100%</u>	Total	<u>100%</u>

¹Opportunity Portfolio is an investment strategy and it may be invested up to 3% of total plan net position.

²Risk Parity is a new investment strategy added to the asset allocation mix in 2019.

³Based on the actual investment value at 6/30/2021.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

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 Oregon 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. 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.

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Annual Arithmetic Mean</u>	<u>20-Year Annualized Geometric Mean</u>	<u>Annual Standard Deviation</u>
Core Fixed Income	9.60%	4.14%	4.07%	3.90%
Short-Term Bonds	9.60%	3.70%	3.68%	2.10%
Bank/Leveraged Loans	3.60%	5.40%	5.19%	6.85%
High Yield Bonds	1.20%	6.13%	5.74%	9.35%
Large/Mid Cap US Equities	16.17%	7.35%	6.30%	15.50%
Small Cap US Equities	1.35%	8.35%	6.68%	19.75%
Micro Cap US Equities	1.35%	8.86%	6.79%	22.10%
Developed Foreign Equities	13.48%	8.30%	6.91%	17.95%
Emerging Foreign Equities	4.24%	10.35%	7.69%	25.35%
Non-US Small Cap Equities	1.93%	8.81%	7.25%	19.10%
Private Equity	17.50%	11.95%	8.33%	30%
Real Estate (Property)	10%	6.19%	5.55%	12%
Real Estate (REITS)	2.50%	8.29%	6.69%	21%
Hedge Fund of Funds - Diversified	1.50%	4.28%	4.06%	6.90%
Hedge Fund - Event-driven	0.38%	5.89%	5.59%	8.10%
Timber	1.13%	6.36%	5.61%	13%
Farmland	1.13%	6.87%	6.12%	13%
Infrastructure	2.25%	7.51%	6.67%	13.85%
Commodities	1.13%	5.34%	3.79%	18.70%
Assumed Inflation - Mean			2.50%	1.65%

*Based on the Oregon Investment Council's (OIC) Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund as most recently revised on April 24, 2019

Sensitivity Analysis

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>6.20%</u>	<u>7.20%</u>	<u>8.20%</u>
Employer's proportionate share of the net pension liability	\$ 5,730,999	\$ 3,859,473	\$ 2,290,112

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

Changes in Assumptions

A summary of key changes implemented after the December 31, 2018 valuation, which was used in the 2020 PERS CAFR. Changes are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the System, which was published on July 20, 2021, which can be found at: <https://www.oregon.gov/pers/Documents/Financials/Actuarial/2021/2020-Experience-Study.pdf>

During the 2019 Legislative session, Senate Bill 1049 was approved and signed into law by the governor. Under Senate Bill 1049, several components of the bill have significantly impacted the System, and the bill continues to be implemented.

1. Employer Programs Project (effective July 1, 2019): established the Employer Incentive Fund (EIF) Program, which allows eligible employers to receive matching funds if they apply and make a qualifying deposit into a side account.
2. Salary Limit Project (effective January 1, 2020): A new \$195,000 limitation on subject salary used for PERS benefit calculations and contributions is used to determine member IAP contributions, employer contributions to fund the pension program, and the Final Average Salary (FAS) used in calculating retirement benefits under formula methods. This amount will be indexed annually to the Consumer Price Index (CPI).
3. Work After Retirement Project (effective January 1, 2020): The 1,039-hour Work After Retirement limit for all PERS retirees is removed for calendar years 2020 through 2024. If a member retires on or after normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations. If a member retires earlier than normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations if the date of their employment is more than six months after their retirement date.
4. Member Redirect Project (effective July 1, 2020): For all currently employed Tier One/Tier Two and OPSRP members earning \$2,500/month or more, a portion of their 6 percent monthly IAP contributions will be redirected to an "Employee Pension Stability Account." The Employee Pension Stability Account will be used to pay for part of the member's future pension benefit.
 - Tier One/Tier Two members: 2.5 percent of each member's salary, currently contributed to the IAP, (whether paid by the member or employer) will start going into an Employee Pension Stability Account (EPSA). The remaining 3.5 percent of salary will continue to go to the member's existing IAP account.
 - OPSRP members: 0.75 percent of each member's salary, currently contributed to the IAP, (whether paid by the member or employer) will start going into their EPSA. The remaining 5.25 percent of salary will continue to go to the member's existing IAP account.
 - Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full, 6 percent contribution to the IAP.
5. Member Choice Project (effective January 1, 2021): IAP accounts are currently invested in Target-Date Funds based on a member's birth year. Beginning in 2021, members may choose to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age.
6. Additionally, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier 1/Tier 2 UAL over 22 years. This means that, effective with the December 31, 2019 rate-setting valuation, the entire unamortized Tier 1/Tier 2 UAL for each rate pool and independent employer will be re-amortized over a 22 year period as a level percentage of projected future payroll.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

Mortality Rates

A summary of the current assumed mortality rates and recommended changes is shown below:

Assumption	Recommended December 31, 2018 and 2019 Valuations	Recommended December 31, 2020 and 2021 Valuations
Healthy Annuitant Mortality	Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
School District male	Teachers, no set back	Blend 80% Teachers and 20% General Employees, no set back
beneficiary)	General Employees, set back 12 months	No change
Police & Fire male	Public Safety, no set back	No change
School District female	Teachers, no set back	No change
Other female (and female beneficiary)	General Employees, no set back	No change
Police & Fire female	Public Safety, set back 12 months	No change
Disabled Retiree Mortality	Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
Police & Fire male	Blended 50% Public Safety, 50% Non-Safety, no set back	No change
Other General Service male	Non-Safety, set forward 24 months	No change
Police & Fire female	Blended 50% Public Safety, 50% Non-Safety, no set back	No change
Other General Service female	Non-Safety, set forward 12 months	No change
Non-Annuitant Mortality	Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
School District male	120% of same table and set back as Healthy Annuitant assumption	125% of same table and set back as Healthy Annuitant assumption
Other General Service male	115% of same table and set back as Healthy Annuitant assumption	No change
Police & Fire male	100% of same table and set back as Healthy Annuitant assumption	No change
School District female	100% of same table and set back as Healthy Annuitant assumption	No change
Other General Service female	125% of same table and set back as Healthy Annuitant assumption	No change
Police & Fire female	100% of same table and set back as Healthy Annuitant assumption	No change

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

Changes Subsequent to the Measurement Date

There were no changes subsequent to the measurement date, other than Senate Bill 1049 which was incorporated into the 2020 CAFR Measurement, that we are aware of.

Deferred Items

Deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. For the measurement period ending June 30, 2020, employers will report the following deferred items:

- A difference between expected and actual experience, which is being amortized over the remaining service lives of all plan participants, including retirees. One year of this amortization is included in the employer's total pension expense for the measurement period.

Employer Contributions

OPERS includes accrued contributions when due pursuant to legal requirements, as of June 30 in its Statement of Changes in Fiduciary Net Position.

Beginning with fiscal year 2016, OPERS will be able to report cash contributions and UAL side account amortization by employer, and will publish this information on the OPERS Website. Prior to fiscal year 2016, contributions to the OPSRP Defined Benefit plan were not accounted for by employer, as all employers were pooled for actuarial purposes.

Elements of Changes in Net Position

This information can be found in the Schedule of Changes in Net Pension Liability found on page 76, of the June 30, 2020 Oregon PERS CAFR.

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

At June 30, 2021, the employer reported a liability of \$3,859,473 for its proportionate share of the net pension liability. The net pension liability/(asset) 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 that date. The employer's proportion of the net pension liability was based on a projection of the employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

At June 30, 2020, the employer's proportion was 0.01768499%.

For the year ended June 30, 2021, the employer recognized pension expense of \$751,439. On June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 169,864	\$ -
Changes of assumptions	207,126	7,257
Net difference between projected and actual earnings on investments	453,824	-
Changes in proportionate share	3,063	443,235
Differences between employer contributions and employer's proportionate share of system contributions	<u>92,907</u>	<u>15,246</u>
Total Deferred Outflows/Inflows	\$ 926,784	\$ 465,738
Post-measurement date contributions	496,456	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 1,423,240</u>	<u>\$ 465,738</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>\$ 461,046</u>

Contributions of \$496,456, for PERS defined benefits, were made subsequent to the measurement date, but prior to the end of the District's reporting period. These contributions, which are reported as deferred outflows of resources related to pensions, will be included as a reduction of the net pension liability in next fiscal year.

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:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ 54,282
2nd Fiscal Year	113,699
3rd Fiscal Year	145,294
4th Fiscal Year	144,605
5th Fiscal Year	3,166
Thereafter	-
Total	<u>\$ 461,046</u>

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

Oregon Public Employees Retirement Systems' (OPERS) Retiree Health Insurance Account (RHIA)

Plan Description

The District contributes to the Oregon Public Employees Retirement Systems' (OPERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Oregon Public Employees Retirement Board (OPERB). The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible OPERS retirees. RHIA post-employment benefits are set by state statute. The plan was closed to new entrants hired on or 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 OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Employer contributions are advance-funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs.

A comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the OPERS web site at <https://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>.

Funding Policy

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB.

For the fiscal year ended June 30, 2020, state agencies contributed 0.06 and 0.18 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA and RHIPA benefits.

No UAL rate was assigned for the RHIA program as it was funded at 126.4 percent as of December 31, 2017. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years.

Contributions

The District's contributions to OPERS' RHIA for the years ended June 30, 2021, 2020, and 2019 were \$82, \$1,519, and \$8,054 respectively, which equaled the required contributions for the year.

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost Sharing Multiple Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2019. That independently audited report was dated February 20, 2020 and can be found at:

<https://www.oregon.gov/PERS/EMP/Documents/GASB/2019/PERS%20GASB%2075%20RHIA%20Report%20FY%206.30.19.pdf>

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):

Actuarial Methods and Assumptions - OPEB Plans - RHIA	
Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study	2018, published July 24, 2019
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Retiree healthcare participation	Healthy retirees: 32% Disabled retirees: 20%
Healthcare cost trend rate	Not applicable
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category

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

Discount Rate

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

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):

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. Table 31 on page 74 shows Milliman's assumptions for each of the asset classes in which the plans were 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 on page 74. 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 class, calculated using both arithmetic and geometric means, see Pension Plan note disclosure above or the PERS' audited financial statements at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

Sensitivity Analysis

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

	1% Decrease	Discount Rate	1% Increase
	6.20%	7.20%	8.20%
Employer's proportionate share of the net OPEB liability	\$ (34,996)	\$ (43,347)	\$ (50,488)

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

At June 30, 2021, the District reported a net OPEB RHIA liability/(asset) of \$(43,347) for its proportionate share of the net OPEB RHIA liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2020, and the total OPEB RHIA liability/(asset) used to calculate the net OPEB RHIA liability/(asset) was determined by an actuarial valuation as of December 31, 2018. Consistent with GASB Statement No. 75, paragraph 59(a), The District's proportion of the net OPEB RHIA liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2020, the District's proportion was 0.02127364 percent. OPEB RHIA expense/(income) for the year ended June 30, 2021 was \$(10,404).

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,431
Changes of assumptions	-	2,304
Net difference between projected and actual earnings on investments	4,821	-
Changes in proportionate share	50	6,096
Differences between employer contributions and employer's proportionate share of system contributions	-	-
Total Deferred Outflows/Inflows	<u>\$ 4,871</u>	<u>\$ 12,831</u>
Post-measurement date contributions	82	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 4,953</u>	<u>\$ 12,831</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>\$ (7,960)</u>

Contributions of \$82 for RHIA OPEB were made subsequent to the measurement date, but prior to the end of the District's reporting period. These contributions, which are reported as deferred outflows of resources related to OPEB, will be included as a reduction of the net OPEB 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 pension expense/(income) as follows:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ (7,852)
2nd Fiscal Year	(3,411)
3rd Fiscal Year	1,782
4th Fiscal Year	1,521
5th Fiscal Year	-
Thereafter	-
Total	<u>\$ (7,960)</u>

Changes Subsequent to the Measurement Date

We are not aware of any changes subsequent to the June 30, 2020 Measurement Date that meet this requirement and thus require a brief description under the GASB standard.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

OTHER POST-EMPLOYMENT BENEFITS (OPEB) OEGB:

OEGB Health Insurance Subsidy

The OEGB net OPEB liability is reported only as an estimate for the current year financial reporting. No actuarial report was obtained by the district for the current fiscal year. Therefore, the amounts reported on the Statement of Net Position for deferred items and the liability are estimated based on a similar-sized district for the current fiscal year.

Plan Description

The District operates a single employer retiree benefit plan through the Oregon Educators Benefit Board that provides post-employment health, dental vision and life insurance benefits to eligible employees and their spouses. The District is required by Oregon Revised Statutes 243.303 to provide retirees and their dependents with group health insurance from the date of retirement to age 65 at the same rate provided to current employees. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for any portion of the premiums not paid by the Employer. In some cases, the premium itself for retirees, does not represent the full cost of medical coverage (as retirees can be expected to generate higher medical claims and therefore higher premiums than the active population). Providing the same rate to retirees as provided to current employees, raises the medical premium rates for the entire employee group. This additional cost is called the “implicit subsidy” and is required to be valued under GASB 75. This “plan” is not a stand-alone plan, and therefore, does not issue its own financial statements.

Funding Policy

When the District has retirees participating in their health insurance plan, it will, when applicable, collect insurance premiums from all retirees each month and deposit them. The District will then pay healthcare insurance premiums for all retirees at the applicable rate for each family classification.

Actuarial Methods and Assumptions

The District has not engaged an actuary to perform an evaluation of the OPEB OEGB program. A similar sized School District was used to estimate the OEGB liabilities and activity. The evaluation was completed as of July 1, 2020 using entry age normal Actuarial Cost Method. The assumptions are generally based upon those used for valuing pension benefits under Oregon PERS, and were developed in consultation with Milliman. The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date:

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

OTHER POST-EMPLOYMENT BENEFITS (OPEB) OEBB (Cont.):

Discount Rate	3.50%	2.18%	2.16%
Other Key Actuarial Assumptions and Methods			
Valuation date	July 1, 2018	July 1, 2020	July 1, 2020
Measurement date	June 30, 2019	June 30, 2020	June 30, 2021
Inflation	2.50%	2.50%	2.50%
Salary increases	3.50%	3.50%	3.50%
Withdrawal, retirement, and mortality rates	12/31/2017 Oregon PERS valuation	12/31/2019 Oregon PERS valuation	12/31/2019 Oregon PERS valuation
Election and Lapse Rates	40% of eligible employees. 60% of male members and 35% of females members will elect spouse coverage 5% annual lapse rate	40% of eligible employees. 60% of male members and 35% of females members will elect spouse coverage 5% annual lapse	40% of eligible employees. 60% of male members and 35% of females members will elect spouse coverage
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

OTHER POST-EMPLOYMENT BENEFITS (OPEB) OEBB (Cont.):

In order to apply the entry age normal actuarial cost method, Projected Benefit Payments are determined for each active employee and retiree. These Projected Benefit Payments are the net benefits estimated to be payable in all future years. The net benefits for a particular year are the difference between the total cost of benefits and the portion of the benefits paid by the retirees in that year. The Present Value of Benefits is then allocated over the service of each active employee from their date of hire to their expected retirement age, as a level percent of the employee's pay, as required under GASB 75. This level percent multiplied by expected pay is referred to as the Service Cost, and is the portion of the Present Value of Benefits attributable to an employee's service in a given year. The Service Cost equals \$0 for retirees. For purposes of projecting benefits prior to the valuation date as required by the actuarial cost method, we assumed a health cost trend equal to the ultimate health cost trend rate. The Total OPEB Liability is the portion of the Present Value of Benefits that is attributable to employee service prior to the valuation date. For retirees, the Total OPEB Liability equals the Present Value of Benefits.

The following results are estimates based on assumptions about future events. Assumptions may be made about participant data or other factors. All approximations and assumptions are noted. Reasonable efforts were made in this valuation to ensure that significant items in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately. Actual future experience will differ from the assumptions used. As these differences arise, the expense for accounting purposes will be adjusted in future valuations to reflect such actual experience.

Discount Rate

The Discount Rate is a single rate of return that is applied to the Projected Benefit Payments in order to calculate the Present Value of Benefits. Under GASB 75, for plans without assets, the discount rate is equal to a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the Pub-2010 Health Retiree, sex distinct for members and dependents. For members only, a one-year setback is applied. Future mortality improvement is not projected as it would be immaterial to the valuation.

Demographic assumptions regarding retirement, mortality, and turnover are based on Oregon PERS valuation assumptions as of December 31, 2019. Election rate and lapse assumptions are based on experience implied by valuation data for this and other Oregon public employers.

Sensitivity Analysis

The following presents the total OPEB liability of the Plan, calculated using the disclosure discount rate as well as what the Plan'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 rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1% Decrease	Discount Rate	1% Increase
	1.18%	2.18%	3.18%
Total OPEB liability from Implicit Rate Subsidy	\$ 195,665	\$ 207,075	\$ 219,248

	1% Decrease	Trend Rate	1% Increase
Total OPEB liability from Implicit Rate Subsidy	\$ 226,816	\$ 207,075	\$ 190,082

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

OTHER POST-EMPLOYMENT BENEFITS (OPEB) OEBB (Cont.):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,030	\$ -
Changes of assumptions or inputs	11,151	8,527
Benefit Payments	-	-
Changes in proportionate share	-	-
Differences between employer contributions and employer's proportionate share of system contributions	-	-
(prior to post-measurement date contributions)	<u>\$ 22,181</u>	<u>\$ 8,527</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>\$ 13,654</u>

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ 1,209
2nd Fiscal Year	1,209
3rd Fiscal Year	1,209
4th Fiscal Year	1,634
5th Fiscal Year	2,688
Thereafter	5,705
Total	<u>\$ 13,654</u>

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

CONTINGENT LIABILITIES:

Amounts received or receivable from grantor agencies are subject to review and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amount, if any, to be immaterial. The District is not currently named as a defendant in any pending or threatened litigation.

RISK:

To reduce the risk of loss from liability, fire, theft, accident, medical costs, and error and omissions, the District maintains various commercial insurance policies.

The District came under the State Unemployment Act as of July 1, 1974. The District has elected to pay State Unemployment insurance to the State to pay for any claims paid to former employees. Any reimbursements are paid by the fund incurring the liability to the Employment Division of the State of Oregon. The estimated liability for unpaid claims is calculated as the present value of expected but unpaid claims based on historical experience and going concern assessments. The District's estimated liability for unpaid unemployment claims is immaterial. Therefore, no liability amount appears on the District's statement of net position or balance sheet.

Certain employees have health care coverage provided by a third-party insurance company. Premiums to the insurance company are paid by employer contributions for eligible employees.

There have been no significant reductions in coverage from the prior years and settlements have not exceeded insurance coverage in the past three years.

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund transfers for the year ended June 30, 2021 were as follows:

	Transfers <u>Out</u>	Transfers <u>In</u>
General Fund #100	\$ 40,000	\$ -
Special Revenue Fund #200	-	40,000

The transfers out of the General Fund to the Special Revenue Fund represent the District's election to provide general fund support to the programs and activities of that fund.

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

FUND BALANCE COMPARISON:

The following is a comparison of the budget basis June 30, 2021 fund balance to the amount budgeted as an estimate to be on hand July 1, 2021.

<u>Fund</u>	<u>Actual</u> <u>June 30, 2021</u>	<u>Budgeted</u> <u>July 1, 2021</u>
General Fund #100	\$ 1,606,557	\$ 800,000
Special Revenue Fund #200	\$ 592,867	\$ 382,414

RESTATEMENT OF BEGINNING NET POSITION:

The District has restated the Beginning Net Position to adjust for the requirements of GASB Standard No. 87, *Leases*. This change in accounting standards requires the District to report lease agreements of more than one year as capital asset with related long-term debt and deferred amounts.

The effects of the change on the beginning net position is an increase of \$1,266 from \$2,746,162 previously reported to a restated amount of \$2,747,427.

REQUIRED
SUPPLEMENTARY
INFORMATION

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

**Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual**

General Fund #100

For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<u>REVENUES:</u>				
Taxes	\$ 1,900,000	\$ 1,900,000	\$ 1,928,303	\$ 28,303
Earnings on Investments	15,000	15,000	16,268	1,268
Miscellaneous Revenue	10,000	10,000	28,700	18,700
Intermediate Government Aid	4,000	4,000	333	(3,667)
State Aid	1,684,035	1,684,035	1,623,663	(60,372)
Federal Aid	30,000	30,000	49,359	19,359
Total Revenues	3,643,035	3,643,035	3,646,626	3,591
<u>EXPENDITURES:</u>				
Instruction	1,723,320	1,723,320	1,424,752	(298,568)
Support Services	2,144,069	2,144,069	1,704,745	(439,324)
Facilities Acquisition and Construction	164,014	164,014	152,726	(11,288)
Contingency	321,632	321,632	-	(321,632)
Total Expenditures	4,353,035	4,353,035	3,282,223	(1,070,812)
Excess (Deficiency) of Revenues Over Expenditures	(710,000)	(710,000)	364,403	1,074,403
<u>OTHER FINANCING SOURCES (USES):</u>				
Interfund Transfers Out	(40,000)	(40,000)	(40,000)	-
Sale of or Compensation for Loss of Fixed Assets	-	-	44,481	44,481
Total Other Financing Sources (Uses)	(40,000)	(40,000)	4,481	44,481
Net Change in Fund Balance	(750,000)	(750,000)	368,884	1,118,884
Beginning Fund Balance	750,000	750,000	1,237,673	487,673
Ending Fund Balance	\$ -	\$ -	\$ 1,606,557	\$ 1,606,557

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Special Revenue Fund #200

For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<u>REVENUES:</u>				
Earnings on Investments	\$ 2,000	\$ 2,000	\$ 454	\$ (1,546)
Fees and Charges	64,000	64,000	2,628	(61,372)
Miscellaneous Revenue	160,000	160,000	106,282	(53,718)
State Aid	452,036	452,036	217,571	(234,465)
Federal Aid	1,051,476	1,051,476	975,614	(75,862)
Total Revenues	1,729,512	1,729,512	1,302,549	(426,963)
<u>EXPENDITURES:</u>				
Instruction	1,094,750	1,094,750	663,507	(431,243)
Support Services	812,691	812,691	527,742	(284,949)
Enterprise and Community Services	231,685	231,685	131,615	(100,070)
Total Expenditures	2,139,126	2,139,126	1,322,864	(816,262)
Excess (Deficiency) of Revenues Over Expenditures	(409,614)	(409,614)	(20,315)	389,299
<u>OTHER FINANCING SOURCES (USES):</u>				
Interfund Transfers In	40,000	40,000	40,000	-
Total Other Financing Sources (Uses)	40,000	40,000	40,000	-
Net Change in Fund Balance	(369,614)	(369,614)	19,685	389,299
Beginning Fund Balance	369,614	369,614	573,182	203,568
Ending Fund Balance	\$ -	\$ -	\$ 592,867	\$ 592,867

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

**SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY**

PERS

Last 10 Fiscal Years*

Measurement Date June 30,	(a)	(b)	(c)	(b/c)	Plan fiduciary net position as a percentage of the total pension liability
	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	
2021	0.01768499%	\$ 3,859,473	\$ 1,584,756	243.54%	75.8%
2020	0.01779506%	3,078,119	1,922,166	160.14%	80.2%
2019	0.02184552%	3,309,309	1,906,111	173.62%	82.1%
2018	0.02444627%	3,295,366	1,602,995	-205.58%	83.1%
2017	0.02561757%	3,845,792	1,531,173	-251.17%	80.5%
2016	0.02480228%	1,424,013	1,429,003	-99.65%	91.9%
2015	0.03332499%	(755,382)	1,324,187	57.04%	103.6%
2014	0.03332499%	\$ 1,700,623	\$ 1,324,187	-128.43%	92.0%

*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

SCHEDULE OF EMPLOYER CONTRIBUTIONS

PERS

Last 10 Fiscal Years*

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered payroll	(b/c) Contributions as a percent of covered payroll
2021	\$ 496,456	\$ 496,456	\$ -	\$ 1,584,756	31.33%
2020	426,657	426,657	-	1,922,166	22.20%
2019	534,060	534,060	-	1,906,111	28.02%
2018	431,995	431,995	-	1,647,382	26.22%
2017	398,870	398,870	-	1,602,995	24.88%
2016	389,924	389,924	-	1,531,173	25.47%
2015	362,811	362,811	-	1,429,003	25.39%
2014	\$ 346,618	\$ 346,618	\$ -	\$ 1,324,187	26.18%

*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

**SCHEDULE OF PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY**

OPEB RHIA

Last 10 Fiscal Years*

Measurement Date June 30,	(a) Employer's proportion of the net OPEB liability (asset)	(b) Employer's proportionate share of the net OPEB liability (asset)	(c) Employer's covered payroll	(b/c) Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.02127364%	\$ (43,347)	\$ 1,584,756	-2.74%	150.1%
2020	0.01625110%	(31,403)	1,922,166	-1.63%	144.4%
2019	0.01285681%	(14,352)	1,906,111	-0.75%	124.0%
2018	0.01526278%	\$ (6,370)	\$ 1,647,382	-0.39%	108.9%

*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

SCHEDULE OF EMPLOYER CONTRIBUTIONS

OPEB RHIA

Last 10 Fiscal Years*

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered employee payroll	(b/c) Contributions as a percent of covered payroll
2021	\$ 82	\$ 82	\$ -	\$ 1,584,756	0.01%
2020	1,519	1,519	-	1,922,166	0.08%
2019	8,054	8,054	-	1,906,111	0.42%
2018	6,225	6,225	-	1,647,382	0.38%
2017	\$ 7,018	\$ 7,018	\$ -	\$ 1,602,995	0.44%

*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

OTHER
SUPPLEMENTARY
DATA

Additional
Supporting Schedules

PORT ORFORD-LANGLAIS SCHOOL DISTRICT NO. 2-CJ

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2021

Lease Purchase- 2019 IC CE 77 Vision bus

On May 4, 2018, the School District entered into a lease-purchase agreement with Santander Bank NA. for the purchase of a 2019 IC CE 77 passenger bus. The cost of the bus was \$96,950. Loan payments of \$21,211 are due November 5th of each year for five years.

Current Year Activity:

	Outstanding Balance July 1, 2020	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2021	Due Within One Year
Principal	\$ 59,221	\$ -	\$ 19,032	\$ 40,189	\$ 19,732
Interest	-	2,179	2,179	-	1,479
Total	<u>\$ 59,221</u>	<u>\$ 2,179</u>	<u>\$ 21,211</u>	<u>\$ 40,189</u>	<u>\$ 21,211</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2022	\$ 19,732	\$ 1,479	\$ 21,211	5.62%
	2023	20,457	754	21,211	5.62%
Total		<u>\$ 40,189</u>	<u>\$ 2,233</u>	<u>\$ 42,422</u>	

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2021

Lease Purchase- 2020 Ford Transit Van

On April 27, 2020, the School District entered into a Master Equipment Lease-Purchase Agreement with Ford Motor Credit Company, LLC for two vans. The cost of the vans was \$77,573 and carries an interest rate of 5.99%. The lease is payable in 4 annual payments of \$21,265 beginning April 27, 2020.

Current Year Activity:

	Outstanding Balance July 1, 2020	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2021	Due Within One Year
Principal	\$ 56,853	\$ -	\$ 17,860	\$ 38,993	\$ 18,930
Interest	-	3,405	3,405	-	2,335
Total	<u>\$ 56,853</u>	<u>\$ 3,405</u>	<u>\$ 21,265</u>	<u>\$ 38,993</u>	<u>\$ 21,265</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2022	\$ 18,930	\$ 2,335	\$ 21,265	5.99%
	2023	20,063	1,202	21,265	5.99%
Total		<u>\$ 38,993</u>	<u>\$ 3,537</u>	<u>\$ 42,530</u>	

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2021

Canon Copier Lease 001-0618928-003

On June 20, 2017, the District entered into a 5 year lease agreement for 3 new copiers. The value of the copiers at the beginning of the lease is estimated to be \$20,280. The lease payments are \$338 per month.

Current Year Activity:

	Outstanding Balance July 1, 2020	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2021	Due Within One Year
Principal	\$ 8,112	\$ -	\$ 4,056	\$ 4,056	\$ 4,056
Interest	-	-	-	-	-
Total	<u>\$ 8,112</u>	<u>\$ -</u>	<u>\$ 4,056</u>	<u>\$ 4,056</u>	<u>\$ 4,056</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2022	\$ 4,056	\$ -	\$ 4,056	0.00%
Total		<u>\$ 4,056</u>	<u>\$ -</u>	<u>\$ 4,056</u>	

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2021

Canon Copier Lease 001-0618928-004

On December 12, 2018, the District entered into a 60 month lease agreement for a new copier. The value of the copier at the beginning of the lease is estimated to be \$8,498. The lease payments are \$142 per month.

Current Year Activity:

	Outstanding Balance July 1, 2020	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2021	Due Within One Year
Principal	\$ 5,950	\$ -	\$ 1,700	\$ 4,250	\$ 1,700
Interest	-	-	-	-	-
Total	<u>\$ 5,950</u>	<u>\$ -</u>	<u>\$ 1,700</u>	<u>\$ 4,250</u>	<u>\$ 1,700</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2022	\$ 1,700	\$ -	\$ 1,700	0.00%
	2023	1,700	-	1,700	0.00%
	2024	850	-	850	0.00%
Total		<u>\$ 4,250</u>	<u>\$ -</u>	<u>\$ 4,250</u>	

PORT ORFORD-LANGLAIS SCHOOL DISTRICT NO. 2-CJ

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2021

Canon Copier Lease 001-0618928-005

On May 12, 2019, the District entered into a 60 month lease agreement for a 4 new copiers. The value of the copiers at the beginning of the lease is estimated to be \$24,728. The lease payments are \$412 per month.

Current Year Activity:

	Outstanding Balance July 1, 2020	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2021	Due Within One Year
Principal	\$ 19,371	\$ -	\$ 4,946	\$ 14,425	\$ 4,946
Interest	-	-	-	-	-
Total	<u>\$ 19,371</u>	<u>\$ -</u>	<u>\$ 4,946</u>	<u>\$ 14,425</u>	<u>\$ 4,946</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2022	\$ 4,946	\$ -	\$ 4,946	0.00%
	2023	4,946	-	4,946	0.00%
	2024	4,533	-	4,533	0.00%
Total		<u>\$ 14,425</u>	<u>\$ -</u>	<u>\$ 14,425</u>	

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

Oregon Department of Education Form 581-3211-C

For the Fiscal Year Ended June 30, 2021

SUPPLEMENTAL INFORMATION 2020-2021

Part A is needed for computing Oregon's full allocation for ESEA, Title 1 & other Federal Funds for Education

B. Energy Bills 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	\$ 54,357
Function 2550	\$ -

C. Replacement of Equipment - General Fund:

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

Exclude these functions:

1113,1122 & 1132
1140
1300
1400

Extra-curricular Activities
Pre-Kindergarten
Continuing Education
Summer School

Exclude these functions:

4150 Construction
2550 Pupil Transportation
3100 Food Service
3300 Community Services

\$ -

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

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

Audit Revenue Summary - All Funds

For the Fiscal Year Ended June 30, 2021

Revenue from Local Sources

1110	Ad Valorem Taxes Levied by District
1500	Earnings on Investments
1600	Food Service
1700	Extracurricular Activities
1920	Contributions and Donations From Private Sources
1960	Recovery of Prior Years' Expenditue
1990	Miscellaneous

Fund 100	Fund 200
\$ 1,928,303	\$ -
16,268	454
-	1,021
-	1,607
-	88,403
14,927	109
13,773	17,770
\$ 1,973,271	\$ 109,364

Total Revenue from Local Sources

Revenue from Intermediate Sources

2101	County School Funds
------	---------------------

Fund 100	Fund 200
\$ 333	\$ -
\$ 333	-

Total Revenue from Intermediate Sources

Revenue from State Sources

3101	State School Fund - General Support
3102	State School Fund - School Lunch Match
3103	Common School Fund
3222	State School Fund (SSF) Transportation Equipment
3299	Other Restricted Grants-In-Aid

Fund 100	Fund 200
\$ 1,603,635	\$ -
-	1,158
20,028	-
-	45,000
-	171,414
\$ 1,623,663	\$ 217,571

Total Revenue from State Sources

Revenue from Federal Sources

4500	Restricted Revenue From the Federal Government Through the State
4801	Federal Forest Fees

Fund 100	Fund 200
\$ -	\$ 975,614
49,359	-
\$ 49,359	\$ 975,614

Total Revenue from Federal Sources

Revenue from Other Sources

5200	Interfund Transfers
5300	Sale of or Compensation for Loss of Fixed Assets
5400	Resources - Beginning Fund Balance

Fund 100	Fund 200
\$ -	\$ 40,000
44,481	-
1,237,673	573,182
\$ 1,282,154	\$ 613,182

Total Revenue from Other Sources

Grand Total

\$ 4,928,780	\$ 1,915,731
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PORT ORFORD-LANGLAIS SCHOOL DISTRICT NO. 2-CJ

Audit Expenditure Summary-General Fund #100

For the Fiscal Year Ended June 30, 2021

FUND: General Fund #100

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$ 416,427	\$ 249,391	\$ 167,036	\$ -	\$ -	\$ -	\$ -	\$ -
1121 Middle/Junior High Programs	356,592	214,569	141,965	58	-	-	-	-
1122 Middle/Junior High School Extracurricular	16,354	10,727	2,353	120	3,153	-	-	-
1131 High School Programs	419,537	256,592	162,916	29	-	-	-	-
1132 High School Extracurricular	49,482	29,752	11,438	1,917	2,542	-	3,833	-
1250 Less Restrictive Programs for Students with Disabilities	161,565	79,241	62,536	19,702	86	-	-	-
1280 Alternative Education	4,794	-	-	4,794	-	-	-	-
Total Instruction Expenditures	\$ 1,424,752	\$ 840,273	\$ 548,245	\$ 26,620	\$ 5,781	\$ -	\$ 3,833	\$ -

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2150 Speech Pathology and Audiology Services	\$ 11,439	\$ -	\$ -	\$ 11,439	\$ -	\$ -	\$ -	\$ -
2210 Improvement of Instruction Services	12,000	-	-	12,000	-	-	-	-
2220 Educational Media Services	25,442	10,387	14,064	991	-	-	-	-
2230 Assessment & Testing	2,792	2,000	792	-	-	-	-	-
2240 Instructional Staff Development	49	-	-	49	-	-	-	-
2310 Board of Education Services	36,236	-	-	25,952	1,889	-	8,395	-
2320 Executive Administration Services	116,096	68,964	43,046	2,948	243	-	895	-
2410 Office of the Principal Services	366,226	181,882	134,203	17,684	28,914	-	3,543	-
2520 Fiscal Services	114,530	43,466	32,071	26,620	9,909	-	2,463	-
2540 Operation and Maintenance of Plant Services	436,988	135,044	119,446	101,093	21,326	-	60,078	-
2550 Student Transportation Services	253,202	114,957	89,965	9,740	27,552	-	10,988	-
2640 Staff Services	87,622	44,782	34,003	276	7,715	-	846	-
2660 Technology Services	232,434	58,904	37,587	45,663	53,657	36,516	107	-
2700 Supplemental Retirement Program	9,689	9,000	689	-	-	-	-	-
Total Support Services Expenditures	\$ 1,704,745	\$ 669,386	\$ 505,866	\$ 254,456	\$ 151,206	\$ 36,516	\$ 87,316	\$ -

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4150 Building Acquisition, Construction, and Improvement Services	\$ 152,726	\$ -	\$ -	\$ 20,570	\$ -	\$ 132,156	\$ -	\$ -
Total Facilities Acquisition and Construction Expenditures	\$ 152,726	\$ -	\$ -	\$ 20,570	\$ -	\$ 132,156	\$ -	\$ -

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5200 Transfer of Funds	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000
Total Other Uses Expenditures	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000
Grand Total	\$ 3,322,222	\$ 1,509,659	\$ 1,054,111	\$ 301,645	\$ 156,987	\$ 168,672	\$ 91,149	\$ 40,000

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

Audit Expenditure Summary-Special Revenue Fund #200

For the Fiscal Year Ended June 30, 2021

FUND: Special Revenue Fund #200

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600
Instruction Expenditures							
1111 Elementary, K-5 or K-6	\$ 45,624	\$ 21,874	\$ 15,083	\$ -	\$ 8,667	\$ -	\$ -
1113 Elementary Extracurricular	25,983	1,817	154	6,445	17,531	-	36
1121 Middle/Junior High Programs	263	-	-	-	-	-	263
1122 Middle/Junior High School Extracurricular	5,387	-	-	-	5,387	-	-
1131 High School Programs	87,381	31,329	22,912	4,450	28,142	-	547
1132 High School Extracurricular	35,868	-	-	117	35,751	-	-
1140 Pre-Kindergarten Programs	44,559	2,280	930	34,238	4,330	-	2,781
1250 Less Restrictive Programs for Students with Disabilities	71,016	39,464	31,280	272	-	-	-
1272 Title I	341,380	173,272	139,861	5,352	22,328	-	568
1299 Other Programs	6,045	-	-	6,045	-	-	-
Total Instruction Expenditures	\$ 663,507	\$ 270,037	\$ 210,220	\$ 56,919	\$ 122,136	\$ -	\$ 4,195
Support Services Expenditures							
2110 Attendance and Social Work Services	\$ 476	\$ 293	\$ 183	\$ -	\$ -	\$ -	\$ -
2120 Guidance Services	4,445	2,164	2,281	-	-	-	-
2130 Health Services	20,906	11,629	2,732	948	5,318	-	279
2210 Improvement of Instruction Services	69,539	38,255	24,469	2,019	4,797	-	-
2220 Educational Media Services	44,655	18,204	26,451	-	-	-	-
2240 Instructional Staff Development	18,922	7,994	4,941	5,210	213	-	565
2320 Executive Administration Services	14,165	8,614	5,551	-	-	-	-
2410 Office of the Principal Services	1,788	1,200	489	99	-	-	-
2490 Other Support Services - School Administration	11,552	8,114	3,437	-	-	-	-
2540 Operation and Maintenance of Plant Services	141,082	15,033	11,569	12,925	59,416	42,139	-
2550 Student Transportation Services	44,799	986	310	1,027	-	-	42,476
2640 Staff Services	1,256	925	72	-	259	-	-
2660 Technology Services	154,157	3,757	2,434	28,513	79,453	40,000	-
Total Support Services Expenditures	\$ 527,742	\$ 117,168	\$ 84,918	\$ 50,741	\$ 149,455	\$ 82,139	\$ 43,320
Enterprise and Community Services Expenditures							
3100 Food Services	\$ 131,371	\$ 44,880	\$ 41,849	\$ 2,465	\$ 38,990	\$ -	\$ 3,188
3300 Community Services	244	-	-	-	244	-	-
Total Enterprise and Community Services Expenditures	\$ 131,615	\$ 44,880	\$ 41,849	\$ 2,465	\$ 39,233	\$ -	\$ 3,188
Grand Total	\$ 1,322,864	\$ 432,086	\$ 336,987	\$ 110,125	\$ 310,824	\$ 82,139	\$ 50,703

ACCOMPANYING
INFORMATION

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

As of June 30, 2021

To the Governing Body of the Port Orford-Langlois School District No. 2-CJ
Port Orford, Oregon

I have audited the basic financial statements of the Port Orford-Langlois School District No. 2-CJ as of and for the year ended June 30, 2021 and have issued my report thereon dated November 15, 2021. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and Government Audit Standards.

Compliance

As part of obtaining reasonable assurance about whether the Port Orford-Langlois School District No. 2-CJ's financial statements are free of material misstatement, I 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, non-compliance 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 my audit, and accordingly, I do not express such an opinion.

I performed procedures to the extent I 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 my testing, nothing came to my 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, with the following exceptions:

OAR 162-10-0230 Internal Control

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

This report is intended solely for the information and use of the Board of Directors and management of Port Orford-Langlois School District No. 2-CJ and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Steve Tuchscherer, CPA
Umpqua Valley Financial
Roseburg, Oregon
November 15, 2021

SINGLE AUDIT SECTION



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*

To the Board of Directors
Port Orford-Langlois School District No. 2-CJ

I have audited, 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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Port Orford-Langlois School District No. 2-CJ, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Port Orford-Langlois School District No. 2-CJ 's basic financial statements and have issued our report thereon dated November 15, 2021.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Port Orford-Langlois School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Port Orford-Langlois School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Port Orford-Langlois School 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 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.

My 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 significant deficiencies or material weaknesses. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 Port Orford-Langlois School District's financial statements are free of material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Steve Tuchscherer", with a stylized flourish at the end.

Steve Tuchscherer, CPA
Roseburg, Oregon
November 15, 2021



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

To the Board of Directors
Port Orford-Langlois School District No. 2-CJ

Report on Compliance for Each Major Federal Program

I have audited Port Orford-Langlois School District No. 2-CJ’s compliance with the types of compliance requirements described in the OMB *Circular Compliance Supplement* that could have a direct and material effect on each of Port Orford-Langlois School District No. 2-CJ’s major federal programs for the year ended June 30, 2021. Port Orford-Langlois School District No. 2-CJ’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

My responsibility is to express an opinion on compliance for each of Port Orford-Langlois School District No. 2-CJ’s major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 Port Orford-Langlois School District No. 2-CJ’s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination Port Orford-Langlois School District No. 2-CJ’s compliance.

Opinion on Each Major Federal Program

In my opinion, Port Orford-Langlois School District No. 2-CJ 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.

Report on Internal Control over Compliance

The management of Port Orford-Langlois School District No. 2-CJ is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit, I considered Port Orford-Langlois School District No. 2-CJ'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, I do not express an opinion on the effectiveness of Port Orford-Langlois School District No. 2-CJ'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 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.

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.



Steve Tuchscherer, CPA
Roseburg, Oregon
November 15, 2021

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2021

Federal Grantor/Pass Through Grantor/ Agency Prefix	Assistance Listing (AL) #		Additional Award Identification	Federal Program Name	Cluster Name	Grant Fund	Grant Period	Original Program or Grant Amount	(Receivable)/ Deferred Revenue June 30, 2020	Cash Received	Amount Expended	(Receivable)/ Deferred Revenue June 30, 2021	
	Federal Awarding Agency Prefix	AL Three- Digit Extension											
U.S. DEPARTMENT OF EDUCATION													
Passed Through Oregon Department of Education:													
Title IA - Grants to Local Education Agencies	84	10						* Special Revenue Fund 2020-21	\$ 41,170	\$ -	\$ 24,909	\$ 35,235	\$ (10,326)
Title IA - Grants to Local Education Agencies	84	10						* Special Revenue Fund 2019-20	380,070	(65,158)	118,428	53,270	-
Title IA - Grants to Local Education Agencies	84	10						* Special Revenue Fund 2020-21	374,580	-	198,011	247,383	(49,372)
Title IA - Grants to Local Education Agencies	84	10						* Special Revenue Fund 2020-21	41,329	-	-	41,329	(41,329)
Title IA - Every Student Succeeds Act (ESSA)	84	10						* Special Revenue Fund 2019-20	44,750	(7,386)	17,083	9,697	-
Total Title I									881,899	(72,544)	358,431	386,914	(101,027)
Title II-A Teacher Quality	84	367						Special Revenue Fund 2020-21	23,795	-	23,795	23,795	-
Title II-A Teacher Quality	84	367						Special Revenue Fund 2019-20	25,429	-	3,814	3,814	-
Total Title II-A									49,224	-	27,609	27,609	-
Title IV - Student Support and Academic Enrichment	84	424						Special Revenue Fund 2020-21	27,917	-	27,917	27,917	-
Total Title IV									27,917	-	27,917	27,917	-
Elementary & Secondary School Emergency Relief, I	* 84	425	COVID-19, 84.425D	Elementary and Secondary School Emergency Relief Fund	Educational Stabilization Fund	Special Revenue Fund	2019-20	312,101	(236,032)	312,101	76,069	-	-
Elementary & Secondary School Emergency Relief, II	* 84	425	COVID-19, 84.425D	Elementary and Secondary School Emergency Relief Fund	Educational Stabilization Fund	Special Revenue Fund	2020-21	1,223,463	-	79,250	149,393	(70,143)	-
Comprehensive Distance Learning, GEER Funding	* 84	425	COVID-19, 84.425C	Governor's Emergency Education Relief Fund	Educational Stabilization Fund	Special Revenue Fund	2020-21	126,259	-	126,259	126,259	-	-
Total Educational Stabilization Fund								1,661,823	(236,032)	517,610	351,721	(70,143)	-
IDEA - Special Education Grants to States(Part B Sec.611)	84	27						Special Revenue Fund 2019-20	66,128	(32,189)	66,130	33,941	-
IDEA - Special Education Grants to States(Part B Sec.611)	84	27						Special Revenue Fund 2020-21	65,133	-	-	36,910	(36,910)
IDEA - Enhancement & Extended Assessment Training	84	27						Special Revenue Fund 2019-20	2,049	(1,759)	1,759	100	(100)
IDEA - Special Education Preschool Grant (Part B Sec. 619)	84	173						Special Revenue Fund 2019-20	1,256	(1,256)	1,256	-	-
IDEA - Special Ed Preschool Grant	84	173						Special Revenue Fund 2019-20	987	-	-	987	(987)
IDEA - Post School Outcomes	84	27						Special Revenue Fund 2019-20	165	-	165	165	-
Total IDEA									135,718	(35,204)	69,310	72,103	(37,997)
Student Support & Academic Enrichment	84	424						Grants Fund 2017-18					
Total Passed through Oregon Department of Education									\$ 2,756,581	\$ (343,780)	\$ 1,000,877	\$ 866,264	\$ (209,167)
U.S. Department of Education - Direct													
Rural Education	84	358						Special Revenue Fund 2019-20	\$ 4,102.00	\$ (2,309.00)	\$ 2,309.00	\$ 716.00	\$ (716.00)
Total Rural Education									4,102	(2,309)	2,309	716	(716)
Total U.S. Department of Education - Direct									\$ 4,102	\$ (2,309)	\$ 2,309	\$ 716	\$ (716)
South Coast ESD - Direct													
Career and Technical Education - Basic Grants to States	84	48						Special Revenue Fund 2019-20	\$ 3,599.99	\$ (1,249.00)	\$ 1,249.00	\$ -	\$ -
Career and Technical Education - Basic Grants to States	84	48						Special Revenue Fund 2020-21	4,784	-	4,784	4,784	-
Total South Coast ESD - Direct									\$ 8,384	\$ (1,249)	\$ 6,033	\$ 4,784	\$ -
Total U.S. Department of Education									\$ 2,769,067	\$ (347,338)	\$ 1,009,219	\$ 871,764	\$ (209,883)
U.S. DEPARTMENT OF AGRICULTURE													
Passed Through Oregon Department of Education:													
Summer Food Program	10	559						Special Revenue Fund 2020-21	\$ 114,196.00	\$ -	\$ 65,213.00	\$ 103,850.00	\$ (38,637.00)
Summer Food Program	10	559						Special Revenue Fund 2019-20	59,066	(10,346)	10,346	-	-
Total National School Lunch Program									173,262	(10,346)	75,559	103,850	(38,637)
Passed Through Douglas County:													
Total U.S. Department of Agriculture									\$ 173,262	\$ (10,346)	\$ 75,559	\$ 103,850	\$ (38,637)
TOTALS									\$ 2,942,330	\$ (357,684)	\$ 1,084,778	\$ 975,614	\$ (248,520)

* - Denotes Major Program

RECONCILIATION TO REVENUE:

Cash Receipts per Schedule Above	\$ 1,084,778
Grants Receivable/Deferred Revenue Beginning of Year	(357,684)
Grants Receivable/Deferred Revenue End of Year	248,520
Federal Revenue Recognized per Financial Statements	\$ 975,614

* Indicates Major Program

PORT ORFORD-LANGLOIS SCHOOL DISTRICT NO. 2-CJ

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of federal awards (the “Schedule”) includes the federal award activity of Port Orford-Langlois School District No. 2-CJ under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Port Orford-Langlois School District No. 2-CJ, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Port Orford-Langlois School District No. 2-CJ.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COSTS RATE

Port Orford-Langlois School District No. 2-CJ has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

PORT ORFORD-LANGLAIS SCHOOL DISTRICT NO. 2-CJ

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

Section I—Summary of Auditor’s Results

1. The auditor’s report expresses an unqualified opinion on the financial statements of Port Orford- Langlois School District No. 2-CJ in accordance with GAAP.
2. No material weaknesses or significant deficiencies in internal control related to the financial statement audit were identified which are required to be reported.
3. No instances of noncompliance material to the financial statements of Port Orford- Langlois School District No. 2-CJ were disclosed during the audit.
4. The auditor’s report on compliance for the major federal award program expresses an unmodified opinion.
5. The audit did not disclose any findings that are required to be reported.
6. The program tested as a major program was the Educational Stabilization Fund AL# 84.425.
7. The threshold for distinguishing between Type A and B programs was \$750,000.
8. The District was determined to be a low-risk auditee.

Section II—Financial Statements Findings

No findings related to the financial statements are reported in accordance with *Government Auditing Standards* for the year ended June 30, 2021.

Section III—Findings and Questioned Costs for Federal Awards.

No matters were reported relating to significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Section IV—Summary Schedule of Prior Audit Findings

There were no findings or questioned costs for the year ended June 30, 2020.