

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101J
TILLAMOOK COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021



12700 SW 72nd Ave.
Tigard, OR 97223

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021

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NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

BOARD OF DIRECTORS

BOARD OF DIRECTORS

TERM EXPIRES

Evan Carver, Chair

June 30, 2021

Annis Leslie

June 30, 2021

Diane Boisa

June 30, 2021

Bill Hagerty

June 30, 2023

Emily Hurliman

June 30, 2021

All board members will receive mail at the following address:

36925 Hwy. 101 S.
Cloverdale, Oregon 97112

ADMINISTRATION

Misty Wharton, Superintendent

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TILLAMOOK COUNTY, OREGON

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September 17, 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Nestucca Valley School District No. 101
Cloverdale, Oregon

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Nestucca Valley School District No. 101 (the District) as of and for the year ended June 30, 2021 and the related notes to the basic financial statements, which collectively comprise the 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 basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Nestucca Valley School District No. 101 as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance 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 required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the schedules of changes in total OPEB liability and related ratios and employer contributions for health insurance, or the schedules of net OPEB asset/ (liability) and the contributions for RHIA, or the schedules of net pension liability and contributions for PERS, or management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, 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 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, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The other information, as listed in the table of contents, and the listing of board members, located before the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our reports dated September 17, 2021 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the reports are 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. The reports are an integral part of an audit performed in accordance with Government Auditing Standards in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated September 17, 2021 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink that reads "Roy R. Rogers". The signature is written in a cursive, slightly slanted style.

Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.

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NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

As management of Nestucca Valley School District No. 101 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

- In the government-wide financial statements, assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2021 by \$8,544,616. Of this amount, \$8,822,623 represents investment in capital assets, net of related debt, \$5,937,848 is restricted for debt service, capital projects, OPEB asset, grants and student activities, and the deficit of \$6,215,855 is unrestricted.
- The District's total net position increased by \$273,998 for the year ended June 30, 2021.
- As of June 30, 2021, the District's governmental funds reported combined ending fund balances of \$9,774,826, a decrease of \$14,713,952 in comparison with the prior year. Approximately 40.0 percent of this total amount, \$3,906,075 is unassigned, available for appropriation at the District's discretion. The remaining fund balances are either nonspendable or restricted: \$4,703,042 for use on capital projects, \$517,056 for debt service, \$616,358 for grants and student activities and \$32,295 for prepaids and inventory.
- At June 30, 2021, the General Fund had an unassigned fund balance of \$3,906,075 or 57.4 percent of total General Fund expenditures.
- Certain reclassifications have been made to prior year balances, to allow for consistency in classification with the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In the government-wide financial statements, the District's activities are shown in one category:

Governmental activities. The District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, state timber revenues and other intergovernmental revenues.

The government-wide financial statements can be found on pages 1 and 2 of this report.

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

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

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

The basic governmental fund financial statements can be found on pages 3 and 5 of this report.

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

statements. The notes to the basic financial statements can be found on pages 7 – 34 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* consisting of schedules detailing ten years of pension (assets) liabilities, pension contributions, other post-employment benefits (OPEB) and budget to actual presentations for required major funds. Required supplementary information can be found on pages 35 - 39 of this report.

Supplementary Information presented on pages 40 – 44, includes the budgetary comparisons for the nonmajor funds and schedules of property tax transactions and balances and the schedule of expenditures of federal awards, *Other Information* including schedules and supplemental information required by the Oregon Department of Education and continuing disclosure information can be found on pages 45 – 53.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position, over time, may serve as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by \$8,544,616 as of June 30, 2021. During the 2020-21 fiscal year, the District's total Net Position increased by \$273,998 as compared to the previous year's net position.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 76 percent of total assets of governmental activities compared to about 46 percent the previous year. Other assets consist of investments, cash and receivables of property taxes and grants.

The District's largest liability (92 percent) is for the repayment of general obligation and limited tax pension obligation bonds and its proportionate share of the net pension liability. Other liabilities, representing about 8 percent of the District's total liabilities, consist principally of payables on accounts and salaries and benefits.

The District's net position includes \$8,822,623 which reflects its investment in capital assets (land, buildings, vehicles, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students and other district residents; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. In addition, \$5,937,848 of the

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

District's net position is restricted for debt service, net OPEB asset – RHIA, capital projects, grants and student activities. The remaining balance in net position, a negative \$6,215,855 is unrestricted.

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101			
NET POSITION			
	Governmental Activities		
	June 30, 2021	June 30, 2020	Increase (Decrease)
ASSETS			
Current and Other Assets	\$ 12,468,464	\$ 29,268,794	\$ (16,800,330)
Capital Assets, net of depreciation	39,148,737	24,821,009	14,327,728
Total Assets	<u>51,617,201</u>	<u>54,089,803</u>	<u>(2,472,602)</u>
DEFERRED OUTFLOWS OF RESOURCES			
Net Pension Related Deferred Outflows	2,392,867	2,018,780	374,087
OPEB Related Deferred Outflows - Health Ins	34,976	10,166	24,810
OPEB Related Deferred Outflows - RHIA	11,725	4,411	7,314
Deferred charge on refunding	535,153	611,604	(76,451)
LIABILITIES			
Current Liabilities	3,669,872	5,603,398	(1,933,526)
Long-Term Obligations	41,587,735	41,989,763	(402,028)
Total Liabilities	<u>45,257,607</u>	<u>47,593,161</u>	<u>(2,335,554)</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Deferred Inflows	669,812	759,772	(89,960)
OPEB Related Deferred Inflows - Health Ins	82,718	100,107	(17,389)
OPEB Related Deferred Inflows - RHIA	37,169	11,106	26,063
NET POSITION			
Net Investment in Capital Assets	8,822,623	8,652,752	169,871
Restricted for Debt Service	517,056	462,593	54,463
Restricted for Grants & Student Activities	616,358	450,693	165,665
Restricted for Capital Projects	4,703,042	6,607,268	(1,904,226)
Restricted for Net OPEB asset - RHIA	101,392	55,626	45,766
Unrestricted	(6,215,855)	(7,958,314)	1,742,459
Total Net Position	<u>\$ 8,544,616</u>	<u>\$ 8,270,618</u>	<u>\$ 273,998</u>

Governmental activities. Revenues decreased by \$1,195,853 in 2020-21 compared to the previous year primarily due to a loss incurred on the demolition of assets, offset by increases in property tax revenues and grant revenues.

Expenditure increases are primarily attributed to the issuance of new bonds for building new school for the related interest and principal payments in the current fiscal year.

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

The key elements of the change in the District's net position for the years ended June 30, 2021 and June 30, 2020 are as follows:

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101			
CHANGES IN NET POSITION			
Year Ended June 30,			
	Governmental Activities		Increase
	2021	2020	(Decrease)
REVENUES			
Program Revenues			
Charges for Services	\$ 104,725	\$ 110,427	\$ (5,702)
Operating Grants and Contributions	1,768,146	1,153,672	614,474
General Revenues			
Property Taxes Levied for:			
General Purposes	6,356,916	6,157,668	199,248
Debt Service	2,060,772	2,102,173	(41,401)
Bond Premium	-	8,110	(8,110)
Earnings on Investments	678,261	678,261	-
Gain/(Loss) on Sale of Assets	(2,007,506)	-	(2,007,506)
Other Local Sources	862,065	520,592	341,473
Intermediate Sources	610,055	847,663	(237,608)
State Sources	4,726,461	4,777,182	(50,721)
Total Revenues	<u>15,159,895</u>	<u>16,355,748</u>	<u>(1,195,853)</u>
EXPENSES			
Instruction	4,122,221	4,784,351	(665,130)
Support services	5,933,754	3,788,308	2,145,446
Enterprise and community services	908,242	451,599	456,643
Facilities Acquisition and Construction	2,524,421	99,678	2,424,743
Interest on long-term debt	1,397,259	1,489,559	(92,300)
Total expenses	<u>14,885,897</u>	<u>10,613,495</u>	<u>4,269,402</u>
Increase in Net Assets	273,998	5,742,253	(5,465,255)
Net Position, July 1	<u>8,270,618</u>	<u>2,528,365</u>	<u>5,739,253</u>
Net Position, June 30	<u><u>\$ 8,544,616</u></u>	<u><u>\$ 8,270,618</u></u>	<u><u>\$ 273,998</u></u>

FUND FINANCIAL ANALYSIS

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

To further enhance this analysis, the District implemented GASB Statement No. 54 for fiscal year ended June 30, 2011. This GASB reporting requirement requires an analysis and breakdown of

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TILLAMOOK COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

ending fund balance for governmental fund types between five new fund balance categories. For more information on the details behind each fund balance category see Note 1 beginning on page 7 of this report.

At June 30, 2021, the District's governmental funds reported combined ending fund balances of \$9,774,826, a decrease of \$14,713,952 in comparison with the prior year. Of this amount, \$5,868,751 (about 60 percent) of the ending fund balances constitutes nonspendable or restricted ending fund balance, which are amounts that are either not expendable (such as inventory or prepaid expenses) or are legally restricted by outside parties for a specific purpose (such as bonded debt). The remaining \$3,906,075 (40 percent) of the ending fund balances is unassigned and available for spending at the District's discretion.

General Fund. The General Fund is the chief operating fund of the District. As of June 30, 2021 the fund balance was \$3,927,955. Of this amount \$3,906,075 of the ending fund balance is unassigned, the remaining \$21,880 is nonspendable. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The fund balance represents about 57.6 percent of total General Fund expenditures. The total fund balance increased by \$815,780 from the prior year, mainly due to an increase in property tax and lower than anticipated general fund expenditures.

Special Revenue. The Special Revenue Fund accounts for revenue and expenditures of grants restricted for specific educational projects as well as internal funds segregated by the Board for the food service program, student activities, and other activities. Grant revenues are primarily from Federal sources. As of June 30, 2021 the fund balance was \$626,773. Of this amount \$616,358 is restricted, the remaining is nonspendable. The fund balance increased \$171,432 from the prior year, primarily due to increased grant revenues.

Debt Service. The Debt Service Fund has a total fund balance of \$517,056 all of which is restricted for the payment of debt service. The fund balance increased by \$54,463 due to higher than anticipated property tax revenue receipts.

Capital Projects Fund. The Capital Projects Fund has a total fund balance of \$4,703,042, all of which is dedicated for ongoing capital projects. All of the Capital Projects fund balance is restricted for capital improvements and repairs.

CAPITAL ASSETS

The District's investment in capital assets includes land, buildings and building improvements, vehicles and equipment. As of June 30, 2021 the District had invested \$39,148,737 in capital assets, net of depreciation. As shown on the following table, total capital assets net of depreciation increased overall by \$14,327,728, due to completion of construction offset by regular depreciation of assets.

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For the Year Ended June 30, 2021

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101			
CAPITAL ASSETS			
(net of depreciation)			
	Governmental Activities		Increase (Decrease)
	June 30, 2021	June 30, 2020	
Land	\$ 114,403	\$ 114,403	\$ -
Construction in Progress	-	13,851,401	(13,851,401)
Building and Equipment, net of depreciation	<u>39,034,334</u>	<u>10,855,205</u>	<u>28,179,129</u>
Total Capital Assets, net of depreciation	<u>\$ 39,148,737</u>	<u>\$ 24,821,009</u>	<u>\$ 14,327,728</u>

Long-Term Debt. At the end of the current fiscal year, the District had \$32,927,776 in bonded debt outstanding. This is a decrease of \$905,000 from prior year, as the District continued to make payments on outstanding general obligation and limited tax pension obligation bonds. Refer to the footnotes to the basic financial statements for detailed information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The most important economic factor affecting the District is the stability of the property tax base. As a district that receives little support through the State School Fund, the District's primary source of revenue is restricted by the statutory limits set out by Measures 5 and 50. As market values on real property continue to recover, continued growth of the tax base is anticipated.

Unassigned Ending Fund balance in the General Fund represents 57.6 percent of expenditures for the 2020-21 school year, which provides a contingency in the event of unexpected reductions in revenue or increases in expenditures. The District plans to increase this amount over time is reflected in this balance. During the 2021-22 fiscal year, the district will continue to engage in strategic planning, in order to ensure sustainability of programs and services for students.

Personnel expenses make up over 70 percent of the program costs for the instruction, support and administrative functions. While the District has been able to hold salary costs steady in recent years, associated payroll costs continue to increase. For example, health insurance costs are expected to increase. The premiums for District health insurance plans have increased over the years, consistent with state and national trends, and this trend will likely continue.

Employer rates for the Public Employees Retirement System (PERS) decreased for the 2021-2023 biennium (from 22.76% to 18.42% for Tier 1 and Tier 2 employees and from 17.31% to 15.31% for OPSRP employees). Market performance through the end of 2019 was used to set the 2021-

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For the Year Ended June 30, 2021

2023 rates and therefore does not include the financial impact of the Covid-19 pandemic. The next rate setting action for the PERS system will be based on market performance through December of 2021 for the 2023-25 biennium. The rates for the 2023-2025 biennium are projected to increase due to decreases in the assumed rate of return for the plan.

The pandemic will have a lasting impact upon practices in the day-to-day operations of the school district. Post pandemic needs will continue to be identified in the 2021-2022 school year, but for budgeting purposes, the following areas were considered: alternative education options, technology needs for students, increased building maintenance, social/emotional learning and health, and summer school.

The District's Budget Committee and School Board have considered all these factors while preparing the 2021-22 budget.

Requests for Information

This financial report is designed to present the user (citizens, taxpayers, investors and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Misty Wharton, Superintendent at PO Box 99, Cloverdale, Oregon, 97112.

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
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STATEMENT OF NET POSITION
 June 30, 2021

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	\$ 10,113,568
Taxes Receivables	326,143
Other Receivables	1,895,066
Prepaid Expenses	21,880
Net OPEB Asset - RHIA	101,392
Supply Inventory	10,415
Capital Assets:	
Land	114,403
Buildings and Equipment, net of depreciation	39,034,334
Total Assets	51,617,201
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Deferred Outflows - PERS	2,392,867
OPEB Related Deferred Outflows - Health Insurance	34,976
OPEB Related Deferred Outflows - RHIA	11,725
Deferred charge on refunding	535,153
Total Deferred Outflows of Resources	2,974,721
Total Assets and Deferred Outflows	54,591,922
LIABILITIES	
Accounts Payable	1,765,070
Accrued Payroll Liabilities	497,930
Accrued Interest Payable	57,596
Unavailable revenue	28,236
Accrued Compensated Absences	21,693
Long-term Obligations:	
Proportionate Share of Net Pension Liability - PERS	6,063,785
OPEB Liability - Health Insurance	285,949
Due within one year	1,299,347
Due in more than one year	35,238,001
Total Liabilities	45,257,607
DEFERRED INFLOWS OF RESOURCES	
Pension Related Deferred Inflows - PERS	669,812
OPEB Related Deferred Inflows - Health Insurance	82,718
OPEB Related Deferred Inflows - RHIA	37,169
Total Deferred Inflows of Resources	789,699
Total Liabilities and Pension Related Deferrals	46,047,306
NET POSITION	
Net Investment in Capital Assets	8,822,623
Restricted for Net OPEB Asset - RHIA	101,392
Restricted for Debt service	517,056
Restricted for Special Revenue	616,358
Restricted for Capital Projects	4,703,042
Unrestricted	(6,215,855)
Total Net Position	\$ 8,544,616

See accompanying notes to basic financial statements.

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 4,122,221	\$ 58,432	\$ 359,341	\$ (3,704,448)
Support Services	5,933,754	46,293	994,128	(4,893,333)
Enterprise and Community Services	908,242	-	414,677	(493,565)
Facilities Acquisition and Construction	2,524,421	-	-	(2,524,421)
Interest on Long-Term Obligations	1,397,259	-	-	(1,397,259)
Total Governmental Activities	<u>\$ 14,885,897</u>	<u>\$ 104,725</u>	<u>\$ 1,768,146</u>	<u>(13,013,026)</u>
General Revenues				
Property Taxes Levied for:				
				6,356,916
				2,060,772
				678,261
				862,065
				610,055
				<u>4,726,461</u>
				<u>15,294,530</u>
				<u>(2,007,506)</u>
				273,998
				<u>8,270,618</u>
				<u>\$ 8,544,616</u>

See accompanying notes to basic financial statements.

**NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON**

**BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021**

	<u>GENERAL</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTALS</u>
ASSETS					
Deposits and Investments	\$ 3,733,399	\$ -	\$ 149,432	\$ 6,230,737	\$ 10,113,568
Property Taxes Receivable	251,410	-	74,733	-	326,143
Other Accounts Receivable	255,566	1,230,443	19,393	389,664	1,895,066
Prepaid Expense	21,880	-	-	-	21,880
Supply Inventory	-	10,415	-	-	10,415
Due from Other Funds	426,867	-	344,197	-	771,064
Total Assets	<u>\$ 4,689,122</u>	<u>\$ 1,240,858</u>	<u>\$ 587,755</u>	<u>\$ 6,620,401</u>	<u>\$ 13,138,136</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 32,926	\$ 184,993	\$ -	\$ 1,547,151	\$ 1,765,070
Payroll Liabilities	497,930	-	-	-	497,930
Unearned Revenue	-	28,236	-	-	28,236
Due to Other Funds	-	400,856	-	370,208	771,064
Total Liabilities	<u>530,856</u>	<u>614,085</u>	<u>-</u>	<u>1,917,359</u>	<u>3,062,300</u>
Deferred Inflows of Resources:					
Unavailable Revenue - Property Taxes	230,311	-	70,699	-	301,010
Fund Balances:					
Nonspendable	21,880	10,415	-	-	32,295
Restricted for:					
Debt Service	-	-	517,056	-	517,056
Grants and Student Activity	-	616,358	-	-	616,358
Capital Projects	-	-	-	4,703,042	4,703,042
Unassigned	3,906,075	-	-	-	3,906,075
Total Fund Balances	<u>3,927,955</u>	<u>626,773</u>	<u>517,056</u>	<u>4,703,042</u>	<u>9,774,826</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,689,122</u>	<u>\$ 1,240,858</u>	<u>\$ 587,755</u>	<u>\$ 6,620,401</u>	<u>\$ 13,138,136</u>

See accompanying notes to basic financial statements.

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2021

Total Fund Balances - Governmental Funds	\$	9,774,826
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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

Capital Assets, net		39,148,737
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A portion of the District's property taxes are collected after year-end, but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.

Unavailable property taxes		301,010
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The unamortized issuance costs and issue premium for bonds are not available to pay for current period expenditures and therefore are not reported in the governmental funds

Unamortized original issue premium		(3,474,814)
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Deferred Outflows - deferred charges on GO Bond refundings		535,153
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The PERS Net Pension Asset (Liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.		(6,063,785)
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Deferred Inflows and Outflows of resources related to the pension plan and OPEB include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.

Deferred Outflows - PERS	2,392,867	
OPEB Deferred Outflows - Health Insurance	34,976	
OPEB Deferred Outflows - RHIA	11,725	
Deferred Inflows - PERS	(669,812)	
OPEB Deferred Inflows - Health Insurance	(82,718)	
OPEB Deferred Inflows - RHIA	(37,169)	
	1,649,869	1,649,869

Long term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Position.

Long Term Obligations		
General Obligation Bonds	\$ (31,412,776)	
PERS UAL Bond	(1,515,000)	
Loan Payable	(36,180)	
Capital Lease	(98,578)	
OPEB Liability - Health Insurance	(285,949)	
OPEB Asset (Liability) - RHIA	101,392	
Accrued Interest Payable	(57,596)	
Accrued Vacation Payable	(21,693)	
	(33,326,380)	(33,326,380)

Net Position	\$	<u>8,544,616</u>
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See accompanying notes to basic financial statements.

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	GENERAL	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES					
Local Sources	\$ 6,580,121	\$ 1,057,054	\$ 2,373,403	\$ 136,046	\$ 10,146,624
Intermediate Sources	607,555	2,500	-	-	610,055
State Sources	1,072,399	1,263,687	-	2,390,375	4,726,461
Federal Sources	-	1,768,146	-	-	1,768,146
Total Revenues	<u>8,260,075</u>	<u>4,091,387</u>	<u>2,373,403</u>	<u>2,526,421</u>	<u>17,251,286</u>
EXPENDITURES					
Current:					
Instruction	3,392,172	819,344	-	-	4,211,516
Support Services	3,343,602	2,266,737	-	36,347	5,646,686
Enterprise & Community Services	-	945,516	-	-	945,516
Facilities Acquisition and Construction	-	-	-	18,320,701	18,320,701
Transits	-	475,358	-	-	475,358
Debt Service	79,521	-	2,318,940	-	2,398,461
Total Expenditures	<u>6,815,295</u>	<u>4,506,955</u>	<u>2,318,940</u>	<u>18,357,048</u>	<u>31,998,238</u>
Excess of Revenues Over (Under) Expenditures	1,444,780	(415,568)	54,463	(15,830,627)	(14,746,952)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	1,000	32,000	-	-	33,000
Transfers In	-	555,000	-	75,000	630,000
Transfers Out	(630,000)	-	-	-	(630,000)
Total Other Financing Sources (Uses)	<u>(629,000)</u>	<u>587,000</u>	<u>-</u>	<u>75,000</u>	<u>33,000</u>
Net Change in Fund Balance	815,780	171,432	54,463	(15,755,627)	(14,713,952)
Beginning Fund Balance	<u>3,112,175</u>	<u>455,341</u>	<u>462,593</u>	<u>20,458,669</u>	<u>24,488,778</u>
Ending Fund Balance	<u>\$ 3,927,955</u>	<u>\$ 626,773</u>	<u>\$ 517,056</u>	<u>\$ 4,703,042</u>	<u>\$ 9,774,826</u>

See accompanying notes to basic financial statements.

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds		\$ (14,713,952)
<p>Amounts reported for government-wide statements in the Statement of Activities are different because of the following:</p> <p>Governmental funds report capital outlays as expenditures while government-wide statements report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:</p>		
Capital asset additions, net of adjustments	\$ 16,010,832	
Depreciation expense, net of adjustments	357,402	
Proceeds from sale of assets	(33,000)	
Gain/(Loss) on disposal of assets	<u>(2,007,506)</u>	
		14,327,728
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:</p>		
Unavailable property taxes recognized on a full accrual basis		(83,886)
<p>Some expenses reported in the statements do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
(Increase) Decrease in accrued compensated absences	\$ (9,843)	
(Increase) in accrued interest payable	<u>1,319</u>	(8,524)
<p>The PERS Pension Expense represents the changes in Net Pension Asset (Liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.</p>		
		(410,515)
OPEB Expense - Health Insurance		(5,090)
OPEB Expense - RHIA		27,017
<p>Repayment of long term & short term obligations is an expenditure in the governmental funds, but the repayment reduces debt obligations in the government-wide statements.</p>		
Payments of Long Term Debt		999,883
<p>Governmental funds report the total costs of bond issuance as a current year expenditure in the year in which the bonds are issued while the government-wide statements amortize them over the life of the bond.</p>		
Amortization of deferred outflows	\$ (76,451)	
Amortization of original issue premium (net)	<u>217,788</u>	<u>141,337</u>
Change in net position of governmental activities		<u>\$ 273,998</u>

See accompanying notes to basic financial statements.

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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

Nestucca Valley School District No. 101 (the District) is a municipal corporation governed by an elected board authorized to transact all business on the District's behalf. The District is a primary government exercising financial accountability for all public education within its boundaries. The Board approves administrative officials. The daily functioning is under supervision of the Superintendent. As required by generally accepted accounting principles, all activities have been included in the basic financial statements.

The financial statements include all funds and account groups. The District is not financially accountable for any other governmental entity. Financial accountability is determined in accordance with criteria set forth in GAAP and Governmental Accounting Standards Board (GASB) Statement No. 61. Financial accountability is based primarily on the authority to appoint voting majority of an organization's governing board, ability to impose its will on that organization, the potential for that organization to provide specific financial benefits or impose specific financial burdens and that organization's fiscal dependency. There are no component units.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Position and Statements of Activities display information about the reporting government as a whole.

Government-wide basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, certain programs are funded by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest of general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for general government activities. Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable” and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period which is 60 days. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, pension costs, and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

The following major governmental funds are reported:

GENERAL FUND

This fund accounts for all financial resources and expenditures except those required to be accounted for in another fund. The principal revenue sources are property taxes and an apportionment from the State of Oregon School Support Fund.

SPECIAL REVENUE FUND

This fund consists of all special revenue funds established to account for revenues and expenditures related to grants, student activities and other special revenues.

DEBT SERVICE FUND

This fund accounts for the property tax revenues related to debt service and makes the debt service payments on the general obligation bonds.

CAPITAL PROJECTS FUND

This fund accounts for all financial resources and expenditures that are used to fund capital projects.

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETS

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting in the main program categories required by Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles except that property taxes received after year-end are not considered budgetary resources in the funds, inventory is expensed when purchased, capital outlay is reported as an expenditure rather than capitalized, depreciation and amortization are not recorded and debt, pension benefits, OPEB benefits, and vacation pay are expensed when paid instead of when incurred.

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

Expenditure budgets are appropriated at the following levels for each fund: Instruction, Support Services, Enterprise & Community Services, Facilities Acquisition and Construction, Other Uses - Debt Service and Interfund Transfers, and Operating Contingency.

Expenditures cannot legally exceed the adopted appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to unforeseen circumstances which could not be determined at the time the budget was adopted.

Budget amounts shown in the basic financial statements include the original budget amounts and appropriation transfers approved by the Board. Appropriations lapse at the end of each fiscal year.

Expenditures of the various funds were within authorized appropriations with the exception of the following; Special Revenue Fund where Instruction was over-expended by \$150,845 and Support Services was over-expended by \$236,319.

CASH AND CASH EQUIVALENTS

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

FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market–corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

PROPERTY TAXES RECEIVABLE

Uncollected real and personal property taxes are reflected on the statement of net position and the balance sheet as receivables. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens. All property taxes receivable are due from property owners within the District.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are payable in three installments due on November 15, February 15 and May 15. Property tax collections are distributed monthly except for November, when such distributions are made weekly.

ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables are comprised primarily of State school support and claims for reimbursement of costs under various federal and state grants. No allowance for uncollectible accounts has been recorded because all receivables are considered by management to be collectible.

GRANTS

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

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUPPLY INVENTORIES

School food and other cafeteria supplies are stated at average invoice cost. Commodities purchased from the United States Department of Agriculture in the Special Revenue Fund are included in inventories at USDA wholesale value. Supplies are accounted for based on the purchase method. Donated commodities consumed during the year are reported as revenues and expenditures. The amount of unused donated commodities at balance sheet date is considered immaterial by management for reporting purposes.

CAPITAL ASSETS

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

Building and improvements	50 to 100 years
Equipment	5 to 30 years
Buses and Vehicles	5 to 20 years

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the basic financial statements 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. The District has four items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A Deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Additionally, Pension and Health Insurance OPEB Related Deferrals related to the pension plan and retiree health insurance subsidies include differences between expected and actual experience, changes of assumptions, differences between projections and actual earnings, and contributions subsequent to the measurement date. At June 30, 2021, there were deferred outflows representing PERS pension, OPEB-RHIA, and OPEB-Health Insurance related deferrals reported in the Statement of Net Position.

In addition to liabilities, the basic financial statements 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 four types of items that qualify for reporting in this category. The first item, unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. At June 30, 2021, there were also deferred inflows representing PERS pension, OPEB-RHIA, and OPEB-Health Insurance related deferrals reported in the Statement of Net Position.

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES

Full-time employees are permitted to accumulate unused sick leave at the rate of twelve days per year over the working careers. The District does not compensate the employees for unused accumulations upon termination of employment. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when employees separate from service.

It is the policy to permit employees to accumulate earned but unused vacation. All unused vacation pay is accrued, if material, when earned in the government-wide financial statements.

RETIREMENT PLANS

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS'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.

USE OF ESTIMATES

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

LONG-TERM OBLIGATIONS

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION

Net position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

Net Investment in Capital Assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There is net position restricted for net OPEB asset-RHIA, debt service, grants and student activities, and capital projects.

Unrestricted net position – consists of all other assets that are not included in the other categories previously mentioned.

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

FUND BALANCE

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions, is followed. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCE (CONTINUED)

There are no committed or assigned balances at June 30, 2021.

The District has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

2. CASH AND INVESTMENTS

DEPOSITS

Deposits with financial institutions include bank demand deposits. The total bank balance per the bank statements on June 30, 2021 was \$510,580, of which \$250,000 was covered by federal depository insurance and the balance was collateralized by the Oregon Public Funds Collateralization Program (PFCP). Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

INVESTMENTS

State statutes governing cash management are followed. Statutes authorize investing in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

Cash and Investments at June 30, 2021 (recorded at fair value) consisted of:

Deposits with Financial Institutions:	
Demand Deposits	\$ 292,507
LGIP	<u>9,821,061</u>
Total	<u><u>\$ 10,113,568</u></u>

There were the following investments at June 30, 2021:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-18	18-59
State Treasurer's Investment Pool	\$ 9,821,061	\$ 9,821,061	\$ -	\$ -
Total	<u><u>\$ 9,821,061</u></u>	<u><u>\$ 9,821,061</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)

If the link has expired please contact the Oregon Short Term Fund directly.

Credit Risk – Deposits

In the case of deposits, there is a risk that in the event of a bank failure, deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of June 30, 2021, none of the bank balance was exposed to custodial credit risk.

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date.

Credit Risk – Investments

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration of Credit Risk

At June 30, 2021, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

**NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

3. ACCOUNTS/GRANTS RECEIVABLE

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs. Property taxes are levied and become a lien on all taxable property as of July 1. Taxes unpaid and outstanding on May 16 are considered delinquent. No allowance for uncollectible accounts has been recorded because all receivables are considered by management to be collectible.

4. CAPITAL ASSETS

Capital assets activity for the year was as follows:

	Balance July 1, 2020	Adjustments	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 114,403	\$ -	\$ -	\$ -	\$ 114,403
Construction in Progress	13,851,401	-	-	(13,851,401)	-
Total capital assets not being depreciated	13,965,804	-	-	(13,851,401)	114,403
Capital assets being depreciated:					
Buildings and Improvements	12,313,579	-	28,992,132	(2,707,941)	38,597,770
Buses and Vehicles	1,780,513	(558,033)	355,414	(119,743)	1,458,151
Equipment	746,641	(9,200)	1,081,920	(172,585)	1,646,776
Total capital assets being depreciated	14,840,733	(567,233)	30,429,466	(3,000,269)	41,702,697
Less total accumulated depreciation for:					
Buildings and Improvements	2,632,237	-	110,316	(747,375)	1,995,178
Buses and Vehicles	1,117,253	(537,988)	36,433	(78,409)	537,289
Equipment	236,038	(9,512)	43,349	(133,979)	135,896
Total accumulated depreciation	3,985,528	(547,500)	190,098	(959,763)	2,668,363
Total capital assets being depreciated, net	10,855,205				39,034,334
Total Capital Assets, Net	\$ 24,821,009				\$ 39,148,737

During the year, \$13,851,401 in construction in progress was completed and those capital assets were added to buildings and improvements. The District sold a Skid Loader for \$33,000 and disposed of assets, primarily old school buildings, with a total original cost of \$3,000,269 and associated accumulated depreciation of \$959,763, resulting in a net loss of (\$2,007,506). In addition, the District reviewed its capital asset register in light of its capitalization policies and adjusted some balances accordingly.

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

Program:

Instruction	\$ 85,468
Support Services	68,968
Enterprise and Community Services	9,885
Facilities Acquisition and Construction	25,777
	\$ 190,098

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

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

If the link is expired please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 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 benefits 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 1 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 2 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.
 - ii. **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 contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **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 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.
 - ii. **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. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
 - iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Contributions – PERS funding policy provides for 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. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Effective January 1, 2020, Senate Bill 1049 requires employees to pay contributions on re-employed PERS retirees' salaries as if they were an active member, excluding IAP (6%) contributions. Employer contributions for the year ended June 30, 2021 were \$1,068,779, excluding amounts to fund employer specific liabilities.

Pension Asset or Liability – At June 30, 2021, the District reported a net pension liability of \$6,063,785 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement dates of June 30, 2020 and 2019, the District's proportion was .028 percent and .030 percent, respectively. Pension expense for the year ended June 30, 2021 was \$410,515.

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

The rates in effect for the year ended June 30, 2021 were:

- (1) Tier 1/Tier 2 – 22.76%
- (2) PERS UAL – 8.00%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 266,880	\$ -
Changes in assumptions	325,424	11,402
Net difference between projected and actual earnings on pension plan investments	713,022	-
Net changes in proportionate share	-	606,644
Differences between District contributions and proportionate share of contributions	18,762	51,766
Subtotal - Amortized Deferrals (below)	1,324,088	669,812
District contributions subsequent to measurement date	1,068,779	-
Deferred outflow (inflow) of resources	\$ 2,392,867	\$ 669,812

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2022.

Subtotal amounts related to pension as deferred outflows of resources, \$1,324,088, and deferred inflows of resources, (\$669,812), net to (\$654,276) and will be recognized in pension expense as follows:

Year ending June 30,	Amount
2022	\$ 64,392
2023	210,641
2024	220,948
2025	172,403
2026	(14,108)
Thereafter	-
Total	\$ 654,276

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 12, 2021. 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 PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

**NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Actuarial Methods and Assumptions:

Valuation date	December 31, 2018
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. 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 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of 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.

Assumed Asset Allocation:

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

(Source: June 30, 2020 PERS CAFR; p. 102)

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Long-Term Expected Rate of Return:

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

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-driven	0.38%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
<i>Assumed Inflation - Mean</i>		2.50%

(Source: June 30, 2020 PERS CAFR; p. 74)

**NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2020 and 2019 was 7.20 percent for both years for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate – the following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate.

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability (asset)	\$ 9,004,219	\$ 6,063,785	\$ 3,598,094

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer’s reporting date that are expected to have a significant effect on the employer’s share of the collective Net Pension Liability, along with an estimate of the resulting change, if available. There are no changes subsequent to the June 30, 2020 Measurement Date that meet this requirement.

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

Employees of the District are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member’s IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

Pension Benefits:

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. 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 OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
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NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Death Benefits:

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

Contributions:

Employees of the District pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSERP members earning \$2,500 or more per month will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSERP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going 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. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2021.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700.

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

6. OTHER POST-EMPLOYMENT BENEFIT PLAN - RHIA

Plan Description:

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

Funding Policy:

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. 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.

**NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
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NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFIT PLAN - RHIA (CONTINUED)

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.06% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2021. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion 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. The District's contributions to RHIA are included in PERS contributions (see Note 5) for all reporting years and equaled the required contributions each year.

At June 30, 2021, the District reported a net OPEB liability/(asset) of \$(101,392) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2020, and the total OPEB liability/(asset) used to calculate the net OPEB 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 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 dates of June 30, 2020 and 2019, the District's proportion was .05 percent and .03 percent, respectively. OPEB income for the year ended June 30, 2021 was \$27,017.

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (16,308)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	(11,095)
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
Employer's Total OPEB Expense/(Income)	<u>\$ (27,403)</u>

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 10,365
Changes in assumptions	-	5,389
Net difference between projected and actual earnings on pension plan investments	11,276	-
Net changes in proportionate share	449	21,415
Differences between District contributions and proportionate share of contributions	-	-
Subtotal - Amortized deferrals (below)	11,725	37,169
District contributions subsequent to measurement date	-	-
Deferred outflow (inflow) of resources	\$ 11,725	\$ 37,169

District contributions subsequent to measurement date for RHIA are included in PERS contributions (see Note 5), and are not booked separately as RHIA deferred outflows.

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2022.

**NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFIT PLAN - RHIA (CONTINUED)

Subtotal amounts related to OPEB as deferred outflows of resources, \$11,725, and deferred inflows of resources, (\$37,169), net to (\$25,444) and will be recognized in OPEB expense as follows:

Year ending June 30,	Amount
2022	\$ (20,986)
2023	(12,184)
2024	4,168
2025	3,558
2026	-
Thereafter	-
Total	\$ (25,444)

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, 2020. That independently audited report was dated March 12, 2021 and can be found at:

https://www.oregon.gov/pers/EMP/Documents/GASB/2020/GASB_75_FYE_6.30.2020.pdf

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2018
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Retiree healthcare participation	Healthy retirees: 32%; Disabled retirees: 20%
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 Disabled 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 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.

**NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFIT PLAN - RHIA (CONTINUED)

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement dates of June 30, 2020 and 2019 was 7.20 and 7.20 percent, respectively. 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.

Long-Term Expected Rate of Return:

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

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-driven	38.00%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
<i>Assumed Inflation - Mean</i>		2.50%

(Source: June 30, 2020 PERS CAFR; p. 74)

**NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFIT PLAN - RHIA (CONTINUED)

Sensitivity of the District's proportionate share of the net OPEB liability/(asset) to changes in the discount rate – The following presents the District's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate.

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net OPEB liability (asset)	\$ (81,857)	\$ (101,392)	\$ (118,095)

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2020 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB) – HEALTH BENEFITS

The District operates a single-employer retiree benefit plan that provides access to post-employment health benefits to eligible employees and their spouses. Benefits and eligibility for members are established through the collective bargaining agreements.

The District's post-retirement health insurance program was established in accordance with ORS 243.303. ORS stipulates that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree health insurance premiums, represents the District's implicit employer contribution. The plan is currently unfunded in accordance with GASB Statement No. 75.

At June 30, 2021, the following employees were covered by the benefit terms:

Active Employees	74
Eligible Employees	1
Total Participants	75

**NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB) –HEALTH BENEFITS (CONTINUED)

The District’s total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date	July 1, 2019 rolled forward to June 30, 2021
Actuarial Cost Method	Entry Age Normal
Discount Rate	3.87% for results as of June 30, 2018. 3.50% for results as of June 30, 2019 measurement date. 2.21% for results as of June 30, 2020 measurement date. These rates reflect the Bond Buyer 20-year General Obligation Bond Index. Reporting Dates follow measurement dates by one full year.
Health Care Cost Trend	Health cost trend affects both the projected health care costs as well as the projected health care premiums.
Annual Premium Increase Rate	6.5% increase in 2016-17 with later increases reducing annually by 0.1% to 5.0% and stable thereafter.
Inflation Rate	2.5% per year, used to develop other economic assumptions
Salary Scale	3.5% per year

Changes in Total OPEB Liability:

Total OPEB Liability at June 30, 2020	\$	238,660
Changes for the year:		
Service Cost		32,264
Interest		9,306
Changes of Benefit Terms		-
Differences between expected and actual experience		-
Changes of assumptions or other inputs		15,885
Benefit Payments		<u>(10,166)</u>
Net Changes		<u>47,289</u>
Total OPEB Liability at June 30, 2021	\$	<u>285,949</u>

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB) – HEALTH BENEFITS (CONTINUED)

Sensitivity of the total OPEB Liability to changes in discount rate: the following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate 1 percentage point higher and lower than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

Discount Rate Sensitivity:

	1% Decrease	Current Discount Rate	1% Increase
<u>Discount rate:</u>			
Total OPEB Liability, as of June 30, 2021	\$ 303,009	\$ 285,949	\$ 269,593

	1% Decrease	Current Trend Rate	1% Increase
<u>Trend rate:</u>			
Total OPEB Liability, as of June 30, 2021	\$ 258,723	\$ 285,949	\$ 317,846

Schedule of Deferred Inflows and Outflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ (65,894)
Changes of assumptions or inputs	13,709	(16,824)
Subtotal	\$ 13,709	\$ (82,718)
Benefits Payments subsequent to measurement date	21,267	-
Total as of June 30, 2021	\$ 34,976	\$ (82,718)

Subtotal amounts related to OPEB deferred outflows of resources, \$13,709, and deferred inflows of resources, (\$82,718), net to (\$69,009) and will be recognized in OPEB expense as follows:

Year ending June 30,	Amount
2022	\$ (15,213)
2023	(14,433)
2024	(12,937)
2025	(12,436)
2026	(12,436)
Thereafter	(1,554)
Total	\$ (69,009)

Actuarial calculations of the OPEB plan reflect a long-term perspective and actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

**NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

8. SHORT TERM OBLIGATIONS

The following table illustrates changes in short term debt for the fiscal year ended June 30, 2021:

	Interest Rates	Original Issue Date	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021
Tax Revenue Anticipated Note	2.00%	6/4/2020	\$ 1,090,000	-	\$ (1,090,000)	\$ -
Total Short-term Liabilities			<u>\$ 1,090,000</u>	<u>\$ -</u>	<u>\$ (1,090,000)</u>	<u>\$ -</u>

In the prior fiscal year ended June 30, 2020, the District issued a six-month Tax Anticipation Note to adjust for the timing of property tax receipts. The proceeds were used to cover expenses from the start of the fiscal year until the November 2020 tax turnover. The debt was fully paid off in December 2020 and no new Tax Anticipation Notes were issued in fiscal year 2020-21.

9. LONG-TERM OBLIGATIONS

The following table shows changes in general obligation bonds, limited tax bonds, capital leases, loan payable, and other long-term debt for the fiscal year ended June 30, 2021:

	Outstanding July 1, 2020	Matured and Redeemed	Outstanding June 30, 2021	Due Within One Year
Bonds Payable:				
General Obligation Bonds	\$ 32,167,776	\$ 755,000	\$ 31,412,776	\$ 850,000
PERS/UAL Bond	1,665,000	150,000	1,515,000	170,000
Direct Borrowing:				
Capital Leases	180,304	81,726	98,578	48,402
Loan Payable	49,337	13,157	36,180	13,157
Total Principal	<u>34,062,417</u>	<u>999,883</u>	<u>33,062,534</u>	<u>1,081,559</u>
Premiums Related to Bonds:				
Unamortized Bond Premiums	<u>3,692,602</u>	<u>217,788</u>	<u>3,474,814</u>	<u>217,788</u>
Total Long-Term Debt	<u>\$ 37,755,019</u>	<u>\$ 1,217,671</u>	<u>\$ 36,537,348</u>	<u>\$ 1,299,347</u>
Loss on Refunding	\$ 611,605	\$ 76,451	\$ 535,153	\$ 76,451

General obligation bonds are direct obligations and pledge the full faith and credit of the District. The outstanding general obligation bonds were issued to provide funds for the acquisition and construction of school facilities. There is an issuance from 2012 (originally \$9,700,000) with remaining payments through 2028 at between 3.00-4.00% interest. There is an issuance from 2018 of \$25,697,776 with payments through 2039 at between 4.00-5.00% interest.

Limited pension bonds are direct obligations and pledge the full faith and credit of the District. The outstanding pension were issued to provide funds for the payment of the unfunded pension liability. The original amount of \$2,365,000 has payments remaining through 2028 at between 5.423-5.528% interest.

**NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

9. LONG-TERM OBLIGATIONS (CONTINUED)

Capital leases are for the acquisition of capital assets, including two buses and food service equipment. Each lease is executed as a separate finance agreement, distinct from other Property Schedules. All capital leases will be paid in full by 2023. Default in payment can result in additional charges.

The loan payable was a direct borrowing from Tillamook PUD for the improvement of lighting for a District facility, and is payable over 5 years at 5.00% interest. If the District defaults on any payment, the lender may accelerate the remaining unpaid balance. In addition, the improvements in which the loan was issued for can be recalled by lender if the District defaults on payments.

Future maturities of unmatured principal and interest for fiscal years ending June 30 are as follows:

Bonds Payable			Loans Payable		
Fiscal Year Ended	Principal	Interest	Fiscal Year Ended	Principal	Interest
2022	\$ 1,020,000	\$ 1,382,306	2022	\$ 13,157	\$ 1,740
2023	1,135,000	1,346,102	2023	13,157	1,740
2024	1,250,000	1,305,348	2024	9,867	1,304
2025	1,370,000	1,260,113	2025	-	-
2026	1,500,000	1,207,346	2026	-	-
2027-2031	8,440,000	5,061,986	2027-2031	-	-
2032-2036	12,210,000	2,699,500	2032-2036	-	-
2037-2039	6,002,776	3,955,974	2037-2039	-	-
	<u>\$ 32,927,776</u>	<u>\$ 18,218,675</u>		<u>\$ 36,180</u>	<u>\$ 4,784</u>

Capital Leases			Totals		
Fiscal Year Ended	Principal	Interest	Fiscal Year Ended	Principal	Interest
2022	\$ 48,402	\$ 3,614	2022	\$ 1,081,559	\$ 1,387,660
2023	50,176	1,839	2023	1,198,333	1,349,681
2024	-	-	2024	1,259,867	1,306,652
2025	-	-	2025	1,370,000	1,260,113
2026	-	-	2026	1,500,000	1,207,347
2027-2031	-	-	2027-2031	8,440,000	5,061,986
2032-2036	-	-	2032-2036	12,210,000	2,699,500
2037-2039	-	-	2037-2039	6,002,776	3,955,974
	<u>\$ 98,578</u>	<u>\$ 5,453</u>		<u>\$ 33,062,534</u>	<u>\$ 18,228,913</u>

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. LONG-TERM OBLIGATIONS (CONTINUED)

Advance Refunding

The District issued \$9,700,000 in general obligation refunding bonds with interest rates ranging from 3.0% to 4.0%. The proceeds were used to advance refund \$9,005,000 of outstanding Series 2005 general obligation bonds which had interest rates ranging from 3.25% to 5.00%. The net proceeds of \$10,357,923 (including a \$657,923 premium and after payment of \$53,350 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Series 2012 general obligation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The District advance refunded the Series 2005 general obligation bonds to reduce its total debt service payments over 16 years by \$720,886. The economic loss on refunding was \$1,242,324, and is being amortized over the life of the new bonds. At June 30, 2021, \$535,153 remains to be amortized.

10. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to minimize exposure to these risks. Settled claims have not exceeded this commercial coverage in the past three fiscal years.

11. COMMITMENTS AND CONTINGENCIES

Substantially all amounts received or receivable from grantor agencies are subject to audit 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 management expects such amounts, if any, to be immaterial.

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

The COVID-19 outbreak in the United States has caused substantial disruption to business and local governments due to mandated and voluntary suspension of operations and stay at home orders. There is considerable uncertainty around the duration of the outbreak and the long-term impact to the overall economy. The ultimate impact on the District's finances is not determinable.

**NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

12. PROPERTY TAX LIMITATION

The voters of the State of Oregon imposed a constitutional limit on property taxes for schools and nonschool government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this requirement has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue.

The State voters further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

13. INTERFUND TRANSFERS AND DUE TO/DUE FROM:

Operating transfers between funds were made to fund various programs and activities as follows:

	Transfers Out	Transfers In
General Fund	\$ 630,000	\$ -
Special Revenue Fund	-	555,000
Capital Projects Fund	-	75,000
	\$ 630,000	\$ 630,000

The internal transfers are budgeted and recorded to show legal and operational commitments between funds such as cost sharing.

The composition of the interfund balances is as follows:

	Due From	Due To
General Fund	\$ 426,867	\$ -
Special Revenue Fund	-	400,856
Debt Service Fund	344,197	-
Capital Projects Fund	-	370,208
	\$ 771,064	\$ 771,064

The internal balances are recorded to show legal and operational commitments between funds.

14. TAX ABATEMENTS

As of June 30, 2021, the District potentially had tax abatements through various state allowed programs that impacted levied taxes. Based on the information available from the county as of the date of issuance of these basic financial statements, there were no material abatements disclosed by the county for the year ended June 30, 2021 for any program covered under GASB 77.

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

15. RECLASSIFICATIONS

Certain reclassifications have been recorded to prior year balances, to allow for consistency in presentation with the current fiscal year.

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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NESTUCCA VALLEY SCHOOL DISTRICT
TILLAMOOK COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.028 %	\$ 6,063,785	\$ 3,846,104	157.7 %	75.8 %
2020	0.030	5,189,223	3,597,668	144.2	80.2
2019	0.033	4,925,005	3,505,231	140.5	82.1
2018	0.034	4,627,276	3,476,966	133.1	83.1
2017	0.037	5,600,204	3,984,277	140.6	80.5
2016	0.044	2,519,749	3,477,707	72.5	91.9
2015	0.038	(854,562)	3,396,583	(25.2)	103.6
2014	0.038	1,923,910	3,070,026	62.7	92.0

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year

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

SCHEDULE OF CONTRIBUTIONS

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2021	\$ 1,068,779	\$ 1,068,779	\$ -	\$ 4,164,197	25.7 %
2020	980,849	980,849	-	3,846,104	25.5
2019	931,096	931,096	-	3,597,668	25.9
2018	707,438	707,438	-	3,505,231	20.2
2017	546,804	546,804	-	3,476,966	15.7
2016	395,648	395,648	-	3,984,277	9.9
2015	417,655	417,655	-	3,477,707	12.0
2014	437,359	437,359	-	3,396,583	12.9

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year

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

NESTUCCA VALLEY SCHOOL DISTRICT
TILLAMOOK COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

OPEB - RHIA

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB ASSET/(LIABILITY) FOR RHIA

Year Ended June 30,	(a) District's Proportion of the net OPEB asset/(liability) (NOA/(L))	(b) District's proportionate share of the net OPEB asset/(liability)(NOA/(L))	(c) District's covered payroll	(b/c) NOA/(L) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.050	\$ 101,392	\$ 3,846,104	2.64 %	150.1 %
2020	0.029	55,626	3,597,668	1.55	144.4
2019	0.030	33,882	3,505,231	0.97	124.0
2018	0.029	12,063	3,476,966	0.35	108.9
2017	0.032	(8,655)	3,984,277	(0.22)	90.0

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

Amounts for covered payroll (c) use the prior year's data to match the measurement date used by the OPEB plan for each year.

SCHEDULE OF CONTRIBUTIONS FOR RHIA

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percent of covered payroll
2021	N/A	\$ N/A	\$ N/A	\$ 4,164,197	N/A %
2020	N/A	N/A	N/A	3,846,104	N/A
2019	N/A	N/A	N/A	3,597,668	N/A
2018	N/A	N/A	N/A	3,505,231	N/A
2017	N/A	N/A	N/A	3,476,966	N/A

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date of 6/30 for each year presented.

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

All statutorily required contributions were made and are included within PERS contributions (See p. 35)

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS

June 30, 2021

IMPLICIT BENEFIT (OPEB) - HEALTH INSURANCE BENEFITS:
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Year Ended June 30,	Total OPEB Liability - Beginning	Service Cost	Interest	Changes of Benefit Terms	Changes of Assumptions	Benefit Payments	Total OPEB Liability - End of Year	Estimated Covered Payroll	Total OPEB Liability as a % of Covered Payroll
2021	\$ 238,660	\$ 32,264	\$ 9,306	\$ 0	\$ 15,885	\$ (10,166)	\$ 285,949	\$ N/A	N/A
2020	324,808	44,431	13,571	0	(106,667)	(37,483)	238,660	N/A	N/A
2019	309,246	43,336	12,000	0	(4,666)	(35,108)	324,808	N/A	N/A
2018	300,333	44,133	9,341	0	(10,884)	(33,677)	309,246	N/A	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	(a) Actuarially Determined Contribution	(b) Contributions During Year	(b)-(a) Difference	(c) Covered Payroll	(b/c) Contributions as a Percentage of Payroll
2021	\$ 32,264	\$ -	\$ N/A	\$ N/A	N/A
2020	44,431	-	N/A	N/A	N/A
2019	43,336	-	N/A	N/A	N/A
2018	44,133	-	N/A	N/A	N/A

The above table presents the most recent actuarial valuations for the District's post-retirement health insurance and it provides information that approximates the funding progress of the plan.

The amounts presented for each fiscal year are actuarially determined and rolled forward.

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

**NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2021**

<u>GENERAL FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Local Sources	\$ 6,180,000	\$ 6,180,000	\$ 6,580,121	\$ 400,121
Intermediate Sources	500,000	500,000	607,555	107,555
State Sources	375,000	375,000	1,072,399	697,399
	<u>7,055,000</u>	<u>7,055,000</u>	<u>8,260,075</u>	<u>1,205,075</u>
EXPENDITURES				
Instruction	3,866,897	3,866,897 (1)	3,392,172	474,725
Support Services	3,540,688	3,465,688 (1)	3,343,602	122,086
Debt Service	122,415	122,415 (1)	79,521	42,894
Contingency	600,000	600,000 (1)	-	600,000
	<u>8,130,000</u>	<u>8,055,000</u>	<u>6,815,295</u>	<u>1,239,705</u>
Excess of Revenues Over (Under) Expenditures	(1,075,000)	(1,000,000)	1,444,780	2,444,780
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	1,000	1,000
Transfer Out	(625,000)	(700,000) (1)	(630,000)	70,000
	<u>(625,000)</u>	<u>(700,000)</u>	<u>(629,000)</u>	<u>71,000</u>
Net Change in Fund Balance	(1,700,000)	(1,700,000)	815,780	2,515,780
Beginning Fund Balance	<u>2,300,000</u>	<u>2,300,000</u>	<u>3,112,175</u>	<u>812,175</u>
Ending Fund Balance	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 3,927,955</u>	<u>\$ 3,327,955</u>

(1) Appropriation Level

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2021

<u>SPECIAL REVENUE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Local Sources	\$ 440,000	\$ 440,000	\$ 1,057,054	\$ 617,054
Intermediate Sources	-	-	2,500	2,500
State Sources	1,728,709	1,728,709	1,263,687	(465,022)
Federal Sources	1,111,143	1,436,143	1,768,146	332,003
Total Revenue	<u>3,279,852</u>	<u>3,604,852</u>	<u>4,091,387</u>	<u>486,535</u>
EXPENDITURES				
Instruction	1,243,499	668,499 (1)	819,344	(150,845)
Support Services	1,080,418	2,030,418 (1)	2,266,737	(236,319)
Enterprise and Community Services	1,050,935	1,000,935 (1)	945,516	55,419
Transits	730,000	730,000 (1)	475,358	254,642
Total Expenditures	<u>4,104,852</u>	<u>4,429,852</u>	<u>4,506,955</u>	<u>(77,103)</u>
Excess of Revenues Over (Under) Expenditures	(825,000)	(825,000)	(415,568)	409,432
OTHER FINANCING SOURCES (USES)				
Transfer In	625,000	625,000	555,000	(70,000)
Proceeds from Sale of Capital Assets	-	-	32,000	32,000
Total Other Financing Sources (Uses)	<u>625,000</u>	<u>625,000</u>	<u>587,000</u>	<u>(38,000)</u>
Net Change in Fund Balance	(200,000)	(200,000)	171,432	371,432
Beginning Fund Balance	200,000	200,000	455,341	255,341
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 626,773</u>	<u>\$ 626,773</u>

(1) Appropriation Level

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NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2021

DEBT SERVICE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Local Sources	\$ 2,133,150	\$ 2,133,150	\$ 2,373,403	\$ 240,253
EXPENDITURES				
Long-term Debt Service	2,328,150	2,328,150 (1)	2,318,940	9,210
Net Change in Fund Balance	(195,000)	(195,000)	54,463	249,463
Beginning Fund Balance	195,000	195,000	462,593	267,593
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 517,056</u>	<u>\$ 517,056</u>

(1) Appropriation Level

**NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2021**

<u>CAPITAL PROJECTS FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Local Sources	\$ 500,000	\$ 500,000	\$ 136,046	\$ (363,954)
State Sources	6,350,000	6,350,000	2,390,375	(3,959,625)
Total Revenue	<u>6,850,000</u>	<u>6,850,000</u>	<u>2,526,421</u>	<u>(363,954)</u>
EXPENDITURES				
Support Services	1,200,000	1,200,000 (1)	36,347	1,163,653
Facilities Acquisition and Construction	29,250,000	29,250,000 (1)	18,320,701	10,929,299
Total Expenditures	<u>30,450,000</u>	<u>30,450,000</u>	<u>18,357,048</u>	<u>12,092,952</u>
Excess of Revenues Over (Under) Expenditures	(23,600,000)	(23,600,000)	(15,830,627)	11,728,998
OTHER FINANCING SOURCES (USES)				
Transfer In	-	75,000	75,000	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Net Change in Fund Balance	(23,600,000)	(23,525,000)	(15,755,627)	7,769,373
Beginning Fund Balance	23,600,000	23,600,000	20,458,669	(3,141,331)
Ending Fund Balance	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ 4,703,042</u>	<u>\$ 4,628,042</u>

(1) Appropriation Level

**NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED
For the Year Ended June 30, 2021**

<u>GENERAL FUND</u>						
<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED JUNE 30, 2020</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED JUNE 30, 2021</u>
Current:						
2020-21	\$ 6,518,947	\$ 167,340	\$ (7,408)	\$ 3,777	\$ 6,220,634	\$ 127,342
Prior Years:						
2019-20	152,323	(104)	(11,027)	7,509	86,572	62,337
2018-19	75,407	(71)	(10,558)	8,145	40,043	33,022
2017-18	37,380	-	(7,540)	7,504	25,251	12,093
2016-17	14,969	-	(3,667)	3,638	9,772	5,168
Prior	48,864	866	(2,355)	1,970	30,851	16,762
Total Prior	328,943	691	(35,147)	28,766	192,489	129,382
Total	<u>\$ 6,847,890</u>	<u>\$ 168,031</u>	<u>\$ (42,555)</u>	<u>\$ 32,543</u>	<u>\$ 6,413,123</u>	<u>\$ 251,410</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 6,413,123
Accrual of Receivables:	
June 30, 2020	(27,051)
June 30, 2021	21,099
Taxes in Lieu	<u>(50,255)</u>
Total Revenue	<u>\$ 6,356,916</u>

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED
For the Year Ended June 30, 2021

DEBT SERVICE FUND

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED JUNE 30, 2020	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED JUNE 30, 2021
Current:						
2020-21	\$ 2,099,324	\$ 53,888	\$ (2,379)	\$ 1,216	\$ 2,003,267	\$ 41,006
Prior Years:						
2019-20	52,469	(36)	(3,800)	2,587	29,819	21,473
2018-19	25,421	(24)	(3,560)	2,747	13,502	11,130
2017-18	5,488	-	(1,107)	1,102	3,708	1,775
2016-17	2,241	-	(549)	545	1,463	774
Prior	6,400	120	25	272	4,265	2,312
Total Prior	92,019	96	(8,991)	7,253	52,757	37,464
Total	\$ 2,191,343	\$ 53,984	\$ (11,370)	\$ 8,469	\$ 2,056,024	\$ 74,733

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 2,056,024
Accrual of Receivables:	
June 30, 2020	(9,017)
June 30, 2021	4,034
Taxes in Lieu	9,731
Total Revenue	\$ 2,060,772

NESTUCCA VALLEY SCHOOL DISTRICT NO.101
TILLAMOOK COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
As required by Oregon Department of Education
For the Year Ended June 30, 2021

Federal Grantor/Pass Through Grantor/ Program Title	Pass Through Organization	Federal AL Number	Pass Through Number	Grant Period	Expenditures	Pass Through to Sub-Recipients
U.S. Department of Education						
Rural Education Achievement Program	USDOE	84.358A	S358A193746	2019-2020	\$25,450	-
Total Rural Education Achievement Program					<u>25,450</u>	<u>-</u>
Title I Grants to Local Educational Agencies	ODE	84.010	58317	2020-2021	133,755	-
Title I Grants to Local Educational Agencies	ODE	84.010	60407	2020-2021	41,170	-
Title I Grants to Local Educational Agencies	ODE	84.010	65130	2019-2020	41,328	-
Total Title I, Part A					<u>216,253</u>	<u>-</u>
Special Education Cluster						
Special Education Grants to States	ODE	84.027	49917	2018-2019	26,676	-
Special Education Grants to States	ODE	84.027	53872	2019-2020	45,841	-
Total Special Education Grants to States CFDA					<u>72,517</u>	<u>-</u>
Special Education Preschool Grants	ODE	84.173	54033	2019-2020	1,511	-
Total Special Education Preschool Grants					<u>1,511</u>	<u>-</u>
Total, Special Education Cluster						
					<u>74,028</u>	<u>-</u>
Title IIA - Improving Teacher Quality State Grants						
Title IIA - Improving Teacher Quality State Grants	ODE	84.367	53583	2019-2020	10,832	-
Title IIA - Improving Teacher Quality State Grants	ODE	84.367	58809	2019-2020	21,819	-
Total IIA Improving Teacher Quality State Grants					<u>32,651</u>	<u>-</u>
Title IV-A Student Support and Academic Enrichment						
Title IV-A Student Support and Academic Enrichment	ODE	84.424	54573	2019-2020	9,247	-
Title IV-A Student Support and Academic Enrichment	ODE	84.424	58620	2020-2021	10,000	-
Total IV-A Student Support and Academic					<u>19,247</u>	<u>-</u>
Twenty-First Century Community Learning Centers						
Twenty-First Century Community Learning Centers	ODE	84.287	54272	2018-2023	42,536	-
Twenty-First Century Community Learning Centers	ODE	84.287	49063	2018-2023	219,396	-
Total Twenty-First Century Community Learning					<u>261,932</u>	<u>-</u>
COVID-19 - Education Stabilization Fund						
COVID-19 - Education Stabilization Fund	ODE	84.425	57864	2020-2021	111,089	-
COVID-19 - Education Stabilization Fund	ODE	84.425A	64634	2020-2021	390,436	-
COVID-19 - Governors Emergency ED Relief Fund	ODE	84.425C	60992	2020-2021	154,500	-
Total COVID-19 - Education Stabilization Fund					<u>656,025</u>	<u>-</u>
Total, U.S. Department of Education						
					<u>\$1,285,586</u>	<u>-</u>
U.S. Department of Health and Human Services						
Vocational Rehabilitation Grants to States	Tillamook SD	84.126	N/A	2019-2021	\$61,364	-
Total, U.S. Dept. of Health and Human Svcs.					<u>\$61,364</u>	<u>-</u>
U.S. Department of Agriculture						
Child Nutrition Cluster						
Summer Food Service Program	ODE	10.559	N/A	2020-2021	\$294,697	-
Summer Food Service Program Commodities	ODE	10.559	N/A	2020-2021	22,261	-
Total Summer Food Service Program					<u>316,958</u>	<u>-</u>
Total, Child Nutrition Cluster						
					<u>316,958</u>	<u>-</u>
Child and Adult Food Care Program						
Child and Adult Food Care Program	ODE	10.558	N/A	2020-2021	102,159	-
Total Child and Adult Food Care Program					<u>102,159</u>	<u>-</u>
Total, U.S. Department of Agriculture						
					<u>\$419,117</u>	<u>-</u>
U.S. Department of the Interior						
Youth Conservation Programs	BLM	15.231	L17AC00114	2014-2020	\$2,079	-
Total, U.S. Department of the Interior					<u>2,079</u>	<u>-</u>
Total, Federal Awards						
					<u>\$ 1,768,146</u>	<u>-</u>

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NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

OTHER INFORMATION

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Nestucca Valley School District No. 101
Tillamook County, Oregon

REVENUE SUMMARY - ALL FUNDS
YEAR ENDED JUNE 30, 2021

Revenue from Local Sources	Fund 100	Fund 200	Fund 300	Fund 400	TOTAL
1111 Taxes - current year's levy	\$ 6,239,452	\$ -	\$ 2,009,285	\$ -	\$ 8,248,737
1112 Taxes - prior year's levies	200,878	-	51,414	-	252,292
1113 Taxes - county tax sales for back taxes	45,093	-	-	-	45,093
1114 Taxes - payments in lieu of taxes	1,341	-	-	-	1,341
1130 Construction excise tax	-	124,092	-	-	124,092
1190 Penalties and interest on taxes	472	-	73	-	545
1510 Earnings on investments	20,090	-	6,449	126,053	152,592
1600 Food Service	-	520	-	-	520
1700 Extracurricular Activities	750	22,070	-	-	22,820
1920 Contributions and donations from private sources	-	6,000	-	-	6,000
1960 Recovery of prior year expenditures	41,206	-	-	9,993	51,199
1970 Services Provided to other Funds	-	-	306,182	-	306,182
1980 Fees Charged to Grants	-	150,186	-	-	150,186
1990 Miscellaneous	1,367	754,185	-	-	755,552
1991 E-rate	29,472	-	-	-	29,472
Total Revenue from Local Sources	6,580,121	1,057,053	2,373,403	136,046	10,146,623
Revenue from Intermediate Sources					
2101 County school funds	581,521	-	-	-	581,521
2102 General Education Service Funds	23,850	2,500	-	-	26,350
2199 Other intermediate sources	2,184	-	-	-	2,184
Total Revenue from Intermediate Sources	607,555	2,500	-	-	610,055
Revenue from State Sources					
3103 Common school fund	48,091	-	-	-	48,091
3104 State managed county timber	991,297	-	-	-	991,297
3199 Other unrestricted sources	29,264	-	-	-	29,264
3299 Other restricted grants-in-aid	3,747	1,263,687	-	2,390,375	3,657,809
Total Revenue from State Sources	1,072,399	1,263,687	-	2,390,375	4,726,461
Revenue from Federal Sources					
4500 Restricted Rev Fed Gov through State	-	1,745,885	-	-	1,745,885
4900 USDA Donated Commodities	-	22,261	-	-	22,261
Total Revenue from Federal Sources	-	1,768,146	-	-	1,768,146
Revenue from Other Sources					
5200 Interfund Transfers	-	555,000	-	75,000	630,000
5300 Sale/compensation fixed assets	1,000	32,000	-	-	33,000
5400 Resources - Beginning Fund Balance	3,112,175	455,341	462,593	20,458,669	24,488,778
Total Revenue from Other Sources	3,113,175	1,042,341	462,593	20,533,669	25,151,778
Total	\$ 11,373,250	\$ 5,133,727	\$ 2,835,996	\$ 23,060,090	\$ 42,403,063

Nestucca Valley School District No. 101
Tillamook County, Oregon

**GENERAL FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2021**

Fund: 100 General Fund

Instruction Expenditures	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTAL
1111 Primary, K-3	\$ 703,067	\$ 489,414	\$ 21,170	\$ 8,790	\$ -	\$ 983	\$ -	\$ 1,223,424
1121 Middle/Junior high school programs	124,406	95,768	670	2,448	-	2,707	-	225,999
1122 Middle/Junior high school extracurricular	7,615	1,528	1,572	1,534	-	450	-	12,699
1131 High school programs	611,084	428,680	3,767	29,639	-	2,494	-	1,075,664
1132 High school extracurricular	104,549	37,963	9,928	12,075	-	14,300	-	178,815
1220 Restrictive programs for student with disabilities	11,501	14,028	-	97	-	-	-	25,626
1250 Less restrictive programs for student with disabilities	235,586	196,628	21,088	7,766	-	16,943	-	478,011
1260 Treatment and Habilitation	-	-	212	-	-	-	-	212
1280 Alternative education	-	-	35,601	140	-	-	-	35,741
1291 English second language programs	69,825	65,622	193	291	-	50	-	135,981
Total Instruction Expenditures	1,867,633	1,329,631	94,201	62,780	-	37,927	-	3,392,172
Support Services Expenditures								
2120 Guidance services	69,928	50,002	-	136	-	-	-	120,066
2130 Health services	7,840	654	122	725	-	-	-	9,341
2190 Service direction, student support services	99,253	62,677	160	196	-	-	-	162,286
2220 Educational media services	52,170	54,067	4,236	27,063	-	-	-	137,536
2230 Assessment testing	-	-	1,293	866	-	-	-	2,159
2240 Instructional staff development	2,125	2,993	7,198	-	-	89	-	12,405
2310 Board of education services	-	-	43,433	-	-	107,019	-	150,452
2320 Executive administration services	195,092	120,854	10,198	40,362	-	20,018	-	386,524
2410 Office of the principal services	350,443	237,481	4,570	16,780	-	6,453	-	615,727
2520 Fiscal services	51,590	40,334	71,114	20,970	-	3,561	-	187,569
2540 Operation and maintenance of plant services	236,768	140,688	250,188	47,795	-	10,475	-	685,914
2550 Student transportation services	243,768	217,816	4,203	19,853	-	2,693	-	488,333
2570 Internal services	-	-	18,529	-	-	-	-	18,529
2640 Staff services	56,909	35,192	1,085	2,619	-	6,990	-	102,795
2660 Technology services	128,797	72,913	51,822	10,284	-	150	-	263,966
Total Support Services Expenditures	1,494,683	1,035,671	468,151	187,649	-	157,448	-	3,343,602
Other Uses Expenditures								
5100 Debt Service	-	-	-	-	-	79,521	-	79,521
5200 Transfers of Funds	-	-	-	-	-	-	630,000	630,000
Total Other Uses Expenditures	-	-	-	-	-	79,521	630,000	709,521
Total 100 General Fund	\$ 3,362,316	\$ 2,365,302	\$ 562,352	\$ 250,429	\$ -	\$ 274,896	\$ 630,000	\$ 7,445,295

Nestucca Valley School District No. 101

Tillamook County, Oregon

**SPECIAL REVENUE FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2021**

Fund: 200 Special Revenue Fund

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTAL
Instruction Expenditures								
1111 Elementary programs	\$ -	\$ -	\$ -	\$ 57	\$ -	\$ -	\$ -	\$ 57
1113 Elementary extracurricular	-	-	-	2,530	-	-	-	2,530
1121 Middle/Junior high school programs	-	-	-	331	-	-	-	331
1122 Middle/Junior high school extracurricular	-	-	-	4,249	-	-	-	4,249
1131 High School Programs	73,618	46,680	1,523	32,819	-	-	-	154,640
1132 High school extracurricular	-	-	-	49,697	-	-	-	49,697
1140 Pre-kindergarten programs	-	-	150,186	-	-	-	-	150,186
1250 Less restrictive programs for student with disabilities	81,626	51,286	162	25,387	-	-	-	158,461
1272 Title IA/D	68,155	47,266	-	38,413	-	-	-	153,834
1280 Alternative education	45,466	22,711	29,211	47,587	-	-	-	144,975
1400 Summer school program	-	-	-	385	-	-	-	385
Total Instruction Expenditures	268,865	167,943	181,082	201,455	-	-	-	819,345
Support Services Expenditures								
2190 Service Direction, Student Support Services	65	22	-	-	-	-	-	87
2120 Guidance Services	137,563	72,486	-	615	-	-	-	210,664
2220 Educational Media Services	-	-	-	2,380	-	-	-	2,380
2240 Instructional Staff Development	1,875	625	-	-	-	1,825	-	4,325
2540 Operation and maintenance of plant services	51,119	37,299	323,437	25,693	192,744	7,739	-	638,031
2550 Student Transportation Services	-	-	-	-	320,224	-	-	320,224
2660 Technology Services	233	20	6,026	160,105	924,367	275	-	1,091,026
Total Support Services Expenditures	190,855	110,452	329,463	188,793	1,437,335	9,839	-	2,266,737
Enterprise and Community Services								
3100 Food services	105,506	103,149	4,077	217,485	-	41,678	-	471,895
3300 Community Services	210,535	202,404	22,314	38,367	-	-	-	473,620
Total Enterprise and Community Services	316,041	305,553	26,391	255,852	-	41,678	-	945,515
Other Uses Expenditures								
5300 Apportionment of funds	-	-	-	-	-	-	475,358	475,358
Total Other Uses Expenditures	-	-	-	-	-	-	475,358	475,358
Total 200 Special Revenue Fund	\$ 775,761	\$ 583,948	\$ 536,936	\$ 646,100	\$ 1,437,335	\$ 51,517	\$ 475,358	\$ 4,506,955

Nestucca Valley School District No. 101
Tillamook County, Oregon

DEBT SERVICE FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2021

Fund: 300 Debt Service

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTAL
Other Uses Expenditures								
5100 Debt Service	-	-	-	-	-	2,318,940	-	2,318,940
Total Other Uses Expenditures	-	-	-	-	-	2,318,940	-	2,318,940
Total 300 Debt Service Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,318,940	\$ -	\$ 2,318,940

Nestucca Valley School District No. 101

Tillamook County, Oregon

**CAPITAL PROJECTS FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2021**

Fund: 400 Capital Projects Fund

	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>	<u>TOTAL</u>
Support Services Expenditures								
2520 Fiscal Services	\$ -	\$ -	\$ 1,897	\$ -	\$ -	\$ -	\$ -	\$ 1,897
2540 Operation and Maintenance of Plant Services	7,105	2,771	24,473	35	66	-	-	34,450
Total Support Services Expenditures	7,105	2,771	26,370	35	66	-	-	36,347
Facilities Acquisition and Construction Expenditures								
4110 Service area direction	\$ -	\$ -	\$ 1,686,822	\$ 1,634	\$ -	\$ -	\$ -	\$ 1,688,456
4120 Site Acquisition and Development Services	-	-	43,246	-	-	-	-	43,246
4150 Building Acquisition, Construction and Improvement Services	-	-	62,184	143,744	16,375,792	7,279	-	16,588,999
Total Facilities Acquisition and Construction Expenditures	-	-	1,792,252	145,378	16,375,792	7,279	-	18,320,701
Total 400 Capital Projects Fund	\$ -	\$ -	\$ 1,818,622	\$ 145,413	\$ 16,375,858	\$ 7,279	\$ -	\$ 18,357,048

NESTUCCA VALLEY SCHOOL DISTRICT
TILLAMOOK COUNTY, OREGON

SUPPLEMENTAL INFORMATION
 As Required by The Oregon Department of Education - Form 3211-C
 For the Year Ended June 30, 2021

A.	Energy bills for heating - all funds:		Objects 325 and 326 & *327
	Function 2540	\$	152,830
	Function 2550		543
B.	Replacement of equipment - General Fund: Include all General Fund expenditures in Object 542, except for the following exclusions: Exclude these functions:		Amount
	1113, 1122 & 1132 Co-curricular activities 4150 Construction	\$	-
	1140 Pre-kindergarten 2550 Pupil transportation		
	1300 Continuing education 3100 Food service		
	1400 Summer school 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.*

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
ANNUAL OPERATING DATA
 Ending June 30, 2021

General Obligation Bond Debt Capacity - Fiscal Year 2020

Real Market Value (Fiscal Year 2021)	\$	1,876,875,114
Debt Capacity		
General Obligation Debt Capacity (7.95% of Real Market Value)		149,211,572
Less: Outstanding Debt Subject to Limit		(31,412,776)
Remaining General Obligation Debt Capacity		117,798,796
Percent of Capacity Issued		21.05%

Taxable Property Values

Fiscal Year	M5 Real Market Value	Total Assessed Value	Urban Renewal Excess	Net Assessed Value
2021	\$ 1,876,875,114	\$ 1,348,608,770	\$ -	\$ 1,348,608,770
2020	1,770,242,380	1,299,393,450	-	1,299,393,450
2019	1,654,922,932	1,243,798,059	-	1,243,798,059
2018	1,546,067,710	1,188,019,521	-	1,188,019,521
2017	1,453,275,042	1,148,885,279	-	1,148,885,279
2016	1,429,413,711	1,115,303,684	-	1,115,303,684
2015	1,359,450,275	1,078,038,802	-	1,078,038,802
2014	1,324,270,053	1,057,426,721	-	1,057,426,721
2013	1,327,316,755	1,031,259,139	-	1,031,259,139
2012	1,428,097,214	1,005,152,186	-	1,005,152,186

Representative Levy Rate

Fiscal Year	Permanent Rate	Bond Levy	Total
2021	\$ 4.8580	\$ 1.5557	\$ 6.4137
2020	4.8580	1.6309	6.4889
2019	4.8580	1.6234	6.4814
2018	4.8580	0.7056	5.5636
2017	4.8580	0.7200	5.5780
2016	4.8580	0.7041	5.5621
2015	4.8580	0.6117	5.4697
2014	4.8580	0.4728	5.3308
2013	4.8580	0.6884	5.5464
2012	4.8580	0.7461	5.6041

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
ANNUAL OPERATING DATA
Ending June 30, 2021

Debt Ratios - As of June 30 2021

Real Market Value	\$	1,876,875,114	
Estimated Population		4,296	
Per Capital Real Market Value	\$	436,889	
Debt Information		Gross Direct Debt ⁽¹⁾	Net Direct Debt ⁽²⁾
District Direct Debt	\$	32,927,776	\$ 32,927,776
Overlapping Direct Debt		6,233,390	5,753,046
Total Direct Debt	\$	<u>39,161,166</u>	<u>\$ 38,680,822</u>
Bonded Debt Ratios			
District Direct Debt to Real Market Value		1.75%	1.75%
Total Direct Debt to Real Market Value		2.09%	2.06%
Per Capita District Direct Debt	\$	7,665	\$ 7,665
Per Capital Total Direct Debt	\$	9,116	\$ 9,004

(1) Gross Direct Debt includes all unlimited (general obligation bonds) and limited (full faith and credit obligations) tax supported debt. Limited tax pension obligations are included.

(2) Net Debt is Gross Direct Debt less self-supporting limited and unlimited tax supported debt. (Gross Direct Debt less Debt Service Fund Balance) Beginning in FY 2010, the State changed its classification for pension bonds from self supporting to no-supporting. As a result, they are now included in the Net Direct Debt total.

Historical Average Daily Membership(w) ⁽¹⁾	
2021 ⁽²⁾	635.8
2020 ⁽²⁾	676.8
2019	684.7
2018	669.8
2017	680.5
2016	686.1

(1) Weighted Average Daily Membership is the enrollment figure, adjusted for part time students and students with special needs, that is used to allocate revenue appropriated by the State

(2) Preliminary, subject to change

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
ANNUAL OPERATING DATA
 Ending June 30, 2021

Major Taxpayers - Fiscal Year 2020-21

Tillamook County

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Tillamook PUD	Electrical/Utility	\$ 992,895	\$ 90,491,320	1.65%
Tillamook County Creamery AS	Retail	943,503	103,710,220	1.89%
Stimson Lumber Company	Wood Products	767,635	70,381,473	1.28%
Centurylink	Telecommunications	411,533	38,146,000	0.69%
Charter Communications	Telecommunications	254,684	22,440,400	0.41%
Hampton Lumber Mills Co	Wood Products	222,099	18,665,880	0.34%
Fred Meyer Stores Inc	Retail	213,805	17,965,790	0.33%
Store Capital Acquisitions LLC	Retail	196,550	17,149,590	0.31%
Pelican Brewing Company	Retail	150,619	12,516,110	0.23%
Kiwanda Lodge LLC	Travel	139,210	11,262,930	0.20%
Subtotal - ten of County's largest taxpayers			312,238,393	5.68%
All other County's taxpayers			5,182,161,644	94.32%
Total County			\$ 5,494,400,037	100.00%

Major Taxpayers - Fiscal Year 2020-21

Nestucca Valley School District

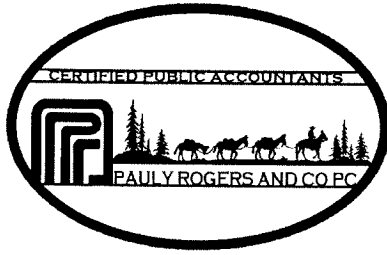
Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Tillamook PUD	Electrical/Utility	\$ 167,261	\$ 14,992,650	1.11%
Kiwanda Lodge LLC	Real Estate	139,210	11,262,930	0.84%
Centurylink	Telecommunications	133,085	11,598,000	0.86%
Stimson Lumber Company	Wood Products	123,138	10,460,695	0.78%
Kiwanda Properties LLC	Real Estate	104,574	8,439,270	0.63%
L & C Tree Farms LLC		80,506	6,828,405	0.51%
Sahhali South LLC	Real Estate	71,757	6,086,900	0.45%
Nestucca Forests LLC	Wood Products	45,036	3,787,340	0.28%
Thousand Trails Inc	Real Estate	39,773	3,502,900	0.26%
Elemar LLC		38,513	3,095,080	0.23%
Subtotal - ten of District's largest taxpayers			80,054,170	5.94%
All other District's taxpayers			1,268,554,600	94.06%
Total District			\$ 1,348,608,770	100.00%

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NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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September 17, 2021

Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of Nestucca Valley School District No. 101 for the year ended June 30, 2021, and have issued our report thereon dated September 17, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as noted below:

1. Expenditures of various funds were within authorized appropriations, except as noted on page 9 of the financial report.

OAR 162-10-0230 Internal Control

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

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

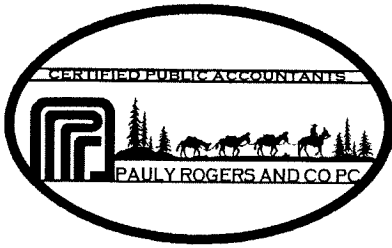
A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive style with a large, prominent "R" in the middle.

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

NESTUCCA VALLEY SCHOOL DISTRICT NO. 101
TILLAMOOK COUNTY, OREGON

GRANT COMPLIANCE REVIEW

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September 17, 2021

To the Board of Directors
Nestucca Valley School District No.101
Tillamook County, Oregon

INDEPENDENT AUDITORS' 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*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities and each major fund of Nestucca Valley School District No.101 as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated September 17, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the basic financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

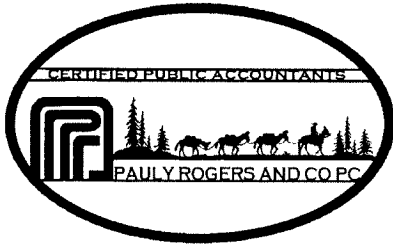
As part of obtaining reasonable assurance about whether the basic financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

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

A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive style with a large, stylized 'R'.

Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.



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September 17, 2021

To the Board of Directors
Nestucca Valley School District No.101
Tillamook County, Oregon

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

Report on Compliance for Each Major Federal Program

We have audited Nestucca Valley School District No.101's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2021. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Nestucca Valley School District No.101 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

Report on Internal Control Over Compliance

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

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

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



Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.

NESTUCCA VALLEY SCHOOL DISTRICT NO.101
TILLAMOOK COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Any GAGAS audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? yes no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? yes no

IDENTIFICATION OF MAJOR PROGRAMS

<u>AL NUMBER</u>	<u>NAME OF FEDERAL PROGRAM CLUSTER</u>
84.425, 84.425A, 84.425C	COVID -19 Education Stabilization Fund

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

Auditee qualified as low-risk auditee? yes no

NESTUCCA VALLEY SCHOOL DISTRICT NO.101
TILLAMOOK COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL EXPENDITURES

1. BASIS OF PRESENTATION

The schedule of expenditures of federal awards included in this report includes federal grant activity and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditure of federal awards 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 allowed 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. The District has elected not to use the ten percent de minimis indirect cost rate as allowed under Uniform Guidance, due to the fact that they already have a negotiated indirect cost rate with Oregon Department of Education, and thus is not allowed to use the de minimis rate.