

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

**CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon**

BOARD OF EDUCATION

JUNE 30, 2021

	<u>Term Expires</u>
Scott Leeper – Chair	June 30, 2021
Mike Knepp – Vice Chair	June 30, 2021
Lindsay Cloud	June 30, 2021
Seth Taylor	June 30, 2023
Robert Buckner	June 30, 2021

All board members receive mail at the District Office address below.

ADMINISTRATION

Stefanie Garber – Superintendent
Megan VerVaecke – Business Manager
412 West E Street
PO Box 259
Culver, Oregon 97734

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-9
BASIC FINANCIAL STATEMENTS	
Statement of Net Position.....	10
Statement of Activities	11
Balance Sheet – Governmental Funds.....	12
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	15
Notes to Financial Statements.....	16-48
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the Proportionate Share of the Net Pension Liability (Asset).....	49
Schedule of Contributions – Pension Plan	50
Schedule of the Proportionate Share of the Net OPEB Liability (Asset) - RHIA.....	51
Schedule of Contributions – RHIA OPEB	52
Schedule of Changes in Other Postemployment Benefit (OPEB) Liability – Implicit Health Insurance Subsidy	53
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	54
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Special Revenue Fund	55
SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Debt Service Fund	56
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Capital Projects Fund.....	57
Schedule of Property Tax Transactions and Balances of Taxes – Uncollected – General Fund.....	58
Schedule of Property Tax Transactions and Balances of Taxes – Uncollected – Debt Service Fund	59
Schedule of Bond and Interest Transactions and Balances	60
Schedule of Bond Redemption and Interest Requirements	61

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

	<u>Page</u>
OTHER FINANCIAL SCHEDULES	
Schedule of Expenditures of Federal Awards	62
Notes to the Schedule of Expenditures of Federal Awards	63
Supplemental Information as Required by the Oregon Department of Education	64
INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS	65-66
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 <i>Government Auditing Standards</i>	67-68
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	69-70
Schedule of Findings and Questioned Costs	71-72
Corrective Action Plan	73

INDEPENDENT AUDITORS' REPORT



Board of Education
Culver School District No. 4
Jefferson County, Oregon

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of Culver School District No. 4, Jefferson County, Oregon (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Report on Summarized Comparative Information

The financial statements of Culver School District No. 4 as of June 30, 2020 were audited by other auditors whose report dated October 23, 2020 expressed an unmodified opinion on those statements.

Emphasis of Matter

As more fully disclosed in Note 16 to the financial statements, the District implemented GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) during the fiscal year ended June 30, 2018. The impact of one of the OPEB programs was deemed immaterial during the year of implementation and in subsequent years. During the current fiscal year, management concluded the net asset and related deferrals were overall material and implemented the standard retroactively, resulting in a prior period adjustment to net position as of July 1, 2019 and restatement of the financial statements for fiscal year ended June 30, 2020. Our opinion is not modified as a result of this restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and 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 Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Budgetary Comparison Schedules – General and Special Revenue Fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare 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 Budgetary Comparison Schedules – General and Special Revenue Fund, 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 District's 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 (CFR) 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 Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Supplementary Information, Other Financial Schedules and Supplemental Information Required by the Oregon Department of Education, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2021 on our consideration of the District's 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 that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 15, 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 our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Brenda Bartlett

Brenda Bartlett, CPA
SGA Certified Public Accountants and Consultants, LLP
Bend, Oregon

December 15, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

As management of Culver School District No. 4, our discussion and analysis provide an overview of the District's financial activities for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the District's Financial Statements, which follows this Management's Discussion and Analysis.

FINANCIAL HIGHLIGHTS

- At June 30, 2021 the District's assets exceeded its liabilities by \$2,627,739.
- The District has \$12,483,535 invested in capital assets, net of depreciation.

OVERVIEW OF THE FINANCIAL STATEMENTS

The School District's annual report consists of a series of financial statements that show information for the District as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities provides information about the activities of the District as a whole and presents a longer-term view of the District's finances. Our fund financial statements are included later in the financial report. For our government activities, these statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights in to the District's overall financial health. Fund financial statements also report the District's operations in more detail than the government-wide financial statements by providing information about the District's most significant fund, the general fund.

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

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

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

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

Fund financial statements. Governmental funds account for the same functions as reported as governmental activities in the government-wide statements. The governmental fund reporting focuses on how money flows in and out of the funds and the balances left at year end that are available for spending. They are reported using the accounting method called "modified accrual" accounting, which measures cash and all other financial assets that can readily convert to cash. This information is essential for preparation of and compliance with annual budgets. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations following government statements. The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Total assets, liabilities and net position are compared as follows:

	June 30,	
	2021	2020
Assets		(Restated)
Current and other assets	\$ 4,240,340	\$ 4,176,018
Capital assets (net)	12,483,535	12,623,267
Total assets	16,723,875	16,799,285
Deferred Outflows of Resources	3,757,168	3,003,088
Liabilities		
Other liabilities	\$ 11,303,290	\$ 10,151,404
Long-term liabilities	5,515,215	6,183,950
Total liabilities	16,818,505	16,335,354
Deferred Inflows of Resources	1,034,799	755,489
Net Position		
Invested in capital assets	5,779,045	5,269,970
Restricted	601,330	669,023
Unrestricted	(3,752,636)	(3,227,463)
Total net position	\$ 2,627,739	\$ 2,711,530

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

The District's revenues and expenses for fiscal year 2021 and 2020 are as follows:

	2021	2020
REVENUES		
Program revenues		
Charges for services	\$ 85,414	\$ 145,405
Operating grants	1,986,489	584,558
General revenues		
Property taxes	2,578,697	2,493,485
State revenue sharing	6,279,521	6,713,781
Loss on disposal of capital assets	(13,000)	(28,800)
Miscellaneous	268,542	433,473
Total revenues	11,185,663	10,341,902
EXPENSES		
Instruction	6,377,051	6,342,688
Support services	4,255,470	3,663,245
Community services	419,111	413,328
Interest on long-term debt	217,822	295,032
Total expenses	11,269,454	10,714,293
Change in net position	(83,791)	(372,391)
Net position - beginning as restated	2,711,530	3,083,921
Net position - ending	\$ 2,627,739	\$ 2,711,530

Approximately 23% of the costs of the District's activities are paid by property taxes. Approximately 56% of the revenue comes from the State of Oregon. About 1% of the cost of the District is paid for by charges for services.

Ending Net Position decreased by \$83,791 primarily due to increases in spending which were not completely offset by increases in grant revenue.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The focus of government funds is to provide information on near term inflows, outflows, and balances of spendable resources. Unassigned fund balance measures the District's net resources for appropriation in the next fiscal year. As of June 30, 2021 total fund balance of the governmental funds was \$3,556,044. These amounts are available to use, in accordance with applicable restrictions, on the nature of the expenditures.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

Summary of ending fund balances for the governmental funds for 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>	<u>Change</u>
General Fund	\$ 2,663,507	\$ 2,608,328	\$ 55,180
Special Revenue Fund	318,880	333,323	(14,442)
Debt Service Fund	(15,859)	26,580	(42,439)
Capital Projects Fund	589,516	631,728	(42,212)
	<u>\$ 3,556,044</u>	<u>\$ 3,599,959</u>	<u>\$ (43,913)</u>

Budget Variations in the General Fund:

	<u>Original Appropriation</u>	<u>Increase</u>	<u>Decrease</u>	<u>Final Appropriation</u>
General Fund				
Instruction	\$ 5,444,385	\$	\$	\$ 5,444,385
Support Services	3,634,729		35,000	3,599,729
Interfund Transfers	565,000	35,000		600,000
Contingencies	100,000			100,000
	<u>\$ 9,744,114</u>	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 9,744,114</u>

Budget Variations in the Special Revenue Fund:

	<u>Original Appropriation</u>	<u>Increase</u>	<u>Decrease</u>	<u>Final Appropriation</u>
Special Revenue Fund				
Instruction	\$ 992,465	\$ 186,651	\$ 16,000	1,163,116
Support Services	918,030	857,095	44,543	1,730,582
Enterprise Services	401,434	176,616		578,050
Interfund Transfers	119,563			119,563
	<u>\$ 2,431,492</u>	<u>\$ 1,220,362</u>	<u>\$ 60,543</u>	<u>\$ 3,591,311</u>

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

CAPITAL ASSETS

The District’s capital assets increased by \$139,732 overall. Depreciation expense of \$219,042 was offset by additions for busses, a Ford Expedition, and various other equipment purchases. A comparison of the makeup of capital assets, year over year, is presented below:

	<u>2021</u>	<u>2020</u>
Land and land improvements	\$ 1,737,297	\$ 1,737,297
Buildings	16,378,285	16,378,285
Equipment	1,670,697	1,591,387
Less: accumulated depreciation	<u>(7,302,744)</u>	<u>(7,083,702)</u>
Total capital assets	<u>\$ 12,483,535</u>	<u>\$ 12,623,267</u>

See footnote 6 for further information on capital assets.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The most significant economic factor affecting the District’s operating fund is the stability of the funding level for the State of Oregon’s State School Fund. For the year ended June 30, 2021, the State School Fund – General Support provided approximately 56% of the District’s program resources. Local property taxes provided approximately an additional 23%. Although Oregon Legislators during the 2021 legislative session increased statewide school funding, it continues to remain an unknown factor facing Oregon’s schools. In addition to the uncertainty of the State School Fund, the ongoing COVID-19 pandemic and state-wide labor shortages have led to a large increase in wages and benefit costs across the State. This will potentially be problematic in the coming years as wages will have to be increased if we want to maintain our current staff and be competitive in the job market when recruiting new staff. The significant reliance on State funding, coupled with the Oregon Department of Education’s increasing mandates is challenging. The District continues to depend on its cash carryover in order to meet the growing demands of the District along with the State and Federal mandates.

Salaries and benefit costs are expected to increase approximately 6% in 2021-2022, due to contractual obligations and substantial increases in benefit costs. The increase is based on staff receiving a 2.0% COLA and full experience step, plus rising benefits costs. Additional positions have been added due to increased needs and state mandates related to COVID-19. The health insurance benefits cap also increased \$50 per month per employee. The District will use its increase in the State School Fund, Federal COVID funds, and cash carryover in order to meet this obligation.

**CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

The District's enrollment showed a slight decrease during the 2020-2021 school year, but is expected to steadily increase for the 2021-2022 school year. However, with the ongoing circumstances due to the COVID-19 pandemic, it is possible to see some fluctuation until students and families feel comfortable returning to school on site in a full-time capacity. Total enrollment was 659 at the end of the 2020-2021 school year. The District's budget committee and School Board considered all of these factors while preparing the District's budget for 2021-2022 fiscal year.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of Culver School District's finances for all those interested. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to Culver School District, PO Box 259, Culver, Oregon 97734.

BASIC FINANCIAL STATEMENTS

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

STATEMENT OF NET POSITION

JUNE 30, 2021

	2021	2020 (Restated)
ASSETS		
Current Assets		
Cash and investments	\$ 3,701,971	\$ 3,833,131
Property taxes receivable	117,850	137,194
Grants receivable	165,154	63,436
Accounts receivable	101,211	48,230
Prepaid expenses	15,789	
Supply inventory	24,918	27,246
Net other postemployment benefit asset	113,447	66,781
Non-Current Assets		
Capital assets - nondepreciable	1,737,297	1,737,297
Capital assets - depreciable, net of depreciation	10,746,238	10,885,970
TOTAL ASSETS	16,723,875	16,799,285
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferrals - PERS	3,718,098	2,972,882
Deferred outflows - other postemployment benefits	39,070	30,206
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,757,168	3,003,088
LIABILITIES		
Current liabilities		
Accounts payable	109,936	68,438
Payroll liabilities	344,589	333,165
Interest payable	17,926	15,889
Long-term debt due within one year	783,958	705,693
Noncurrent liabilities		
Net other postemployment benefit liability	113,574	100,660
Net pension liability - PERS	9,495,682	8,444,850
Accrued compensated absences	32,308	19,055
Bond premium	405,317	463,654
Long-term debt due in more than one year	5,515,215	6,183,950
TOTAL LIABILITIES	16,818,505	16,335,354
DEFERRED INFLOWS OF RESOURCES		
Pension related deferrals - PERS	945,714	698,432
Deferred inflows - other postemployment benefits	89,085	57,057
TOTAL DEFERRED INFLOWS OF RESOURCES	1,034,799	755,489
NET POSITION		
Net investment in capital assets	5,779,045	5,269,970
Restricted		
Restricted for Capital Projects	589,516	631,728
Restricted for Debt Service		26,580
Restricted for Private Donations	11,814	10,715
Unrestricted	(3,752,636)	(3,227,463)
TOTAL NET POSITION	\$ 2,627,739	\$ 2,711,530

See notes to financial statements

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

FUNCTIONS	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities	
	Expenses	Charges for Services	Operating Grants and Contributions	(Restated)	
				2021	2020
Instructor	\$ 6,377,051	\$ 85,305	\$ 1,091,166	\$ (5,200,580)	\$ (6,003,845)
Support Services	4,255,470		879,695	(3,375,775)	(3,547,523)
Community Services	419,111	109	15,628	(403,374)	(137,930)
Interest on long-term debt	217,822			(217,822)	(295,032)
Total governmental activities	<u>\$ 11,269,454</u>	<u>\$ 85,414</u>	<u>\$ 1,986,489</u>	<u>(9,197,551)</u>	<u>(9,984,330)</u>
General revenues:					
Property taxes levied for general purposes				1,833,771	1,765,659
Property taxes levied for debt service				744,926	727,826
State school fund revenue				6,279,521	6,713,781
Income Not Restricted to Specific Programs					
Local sources				141,103	83,035
Intermediate sources				28,724	30,448
State sources				52,051	214,681
Loss on disposal of capital assets				(13,000)	(28,800)
Interest and investment earnings				46,664	105,309
Total general revenues				<u>9,113,760</u>	<u>9,611,939</u>
CHANGE IN NET POSITION				(83,791)	(372,391)
Net Position - beginning				2,711,530	3,045,296
Prior period adjustment					38,625
Net Position - ending				<u>\$ 2,627,739</u>	<u>\$ 2,711,530</u>

See notes to financial statements

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

<u>ASSETS</u>	General	Special Revenue	Debt Service	Capital Projects	Totals	
					2021	2020
Cash and investments	\$ 2,931,446	\$ 181,009	\$	\$ 589,516	\$ 3,701,971	\$ 3,833,131
Property taxes receivable	83,711		34,140		117,851	137,194
Accounts receivable	45,084	56,127			101,211	48,230
Interfund receivable	72,495				72,495	67,378
Interfund loan	15,859				15,859	
Grants receivable		165,154			165,154	63,436
Supply inventory		24,917			24,917	27,246
Total assets	<u>\$ 3,148,595</u>	<u>\$ 427,207</u>	<u>\$ 34,140</u>	<u>\$ 589,516</u>	<u>\$ 4,199,458</u>	<u>\$ 4,176,615</u>
<u>LIABILITIES</u>						
Liabilities						
Accounts payable	\$ 68,987	\$ 40,949	\$	\$	\$ 109,936	\$ 68,438
Interfund payable		67,378	5,117		72,495	67,378
Interfund loan			15,859		15,859	
Payroll liabilities	344,589				344,589	333,165
Total liabilities	<u>413,576</u>	<u>108,327</u>	<u>20,976</u>		<u>542,879</u>	<u>468,981</u>
<u>DEFERRED INFLOWS</u>						
Unavailable revenue - property taxes	71,512		29,023		100,535	107,675
Total deferred inflows	<u>71,512</u>		<u>29,023</u>		<u>100,535</u>	<u>107,675</u>
<u>FUND BALANCES</u>						
Nonspendable		24,917			24,917	27,246
Restricted for:						
Private donations		13,431			13,431	10,715
Energy program		41,020			41,020	
Debt service						26,580
Capital projects				589,516	589,516	631,728
Committed for:						4,438
Property principal payment reserve		4,261			4,261	
Assigned for:						
Student Body Funds		111,990			111,990	116,202
Employee pension fund		80,650			80,650	
Textbook replacement		40,325			40,325	
Asset replacement		25,203			25,203	
Unassigned	2,663,507	(22,917)	(15,859)		2,624,731	2,783,050
Total fund balances	<u>2,663,507</u>	<u>318,880</u>	<u>(15,859)</u>	<u>589,516</u>	<u>3,556,044</u>	<u>3,599,959</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,148,595</u>	<u>\$ 427,207</u>	<u>\$ 34,140</u>	<u>\$ 589,516</u>	<u>\$ 4,199,458</u>	<u>\$ 4,176,615</u>

See notes to financial statements

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION

JUNE 30, 2021

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 3,556,044
The net PERS 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.		(9,495,682)
Deferred inflows and outflows of resources related to the pension plan 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		3,718,098
Deferred inflows - PERS		(945,714)
Deferred Outflows - other postemployment benefits		39,070
Deferred Inflows - other postemployment benefits		(89,085)
The cost of capital assets (land, buildings, improvements, equipment and vehicles) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets amount the assets of the District as a whole.		
Net Capital Assets		12,483,535
Net other postemployment benefit assets applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund assets.		113,447
Prepaid expenses are reported as assets in the District's governmental activities.		15,789
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 Liabilities:		
General obligation bonds payable	\$ (6,070,000)	
Interest payable	(17,926)	
Capitalized lease obligations	(229,173)	
Net other postemployment benefit liability	(113,574)	
Accrued compensated absences	(32,308)	(6,462,981)
The unamortized portion of bond premium revenue is not available to pay for current period revenues, and therefore is not reported in the governmental funds.		(405,317)
Unavailable revenue related to property taxes.		100,535
NET POSITION		<u><u>\$ 2,627,739</u></u>

See notes to financial statements

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

	General	Special Revenue	Debt Service	Capital Projects	Totals	
					2021	2020
<u>Revenues</u>						
Local sources						
Property taxes	\$ 1,837,841	\$	\$ 747,996	\$	\$ 2,585,837	\$ 2,502,180
Excise tax				45,816	45,816	32,860
Investment earnings	37,566	1,774	4,164	3,160	46,664	105,310
Tuition and other local revenue	128,879				128,879	99,516
Meal sales		108			108	34,562
Donations		60,929			60,929	134,444
Intermediate sources						
County school funds	28,724				28,724	30,448
State sources						
State school fund	6,218,210	2,733		58,578	6,279,521	6,308,593
Common school fund	54,784				54,784	51,218
Restricted grants	550	514,722			515,272	353,971
Federal sources		1,468,485			1,468,485	720,445
Total revenues	8,306,554	2,048,751	752,160	107,554	11,215,019	10,373,547
<u>Expenditures</u>						
Instruction	4,991,861	787,437			5,779,298	5,640,217
Support services	3,058,423	863,679		91,595	4,013,697	3,168,252
Community services		403,266			403,266	365,926
Capital outlay		90,340			90,340	99,021
Debt service						
Principal			645,000	53,211	698,211	647,594
Interest			269,162	4,960	274,122	296,975
Total expenditures	8,050,284	2,144,722	914,162	149,766	11,258,934	10,217,985
Excess (deficiency) of revenue: over (under) expenditures:	256,270	(95,971)	(162,002)	(42,212)	(43,915)	155,562
<u>Other financing sources (uses)</u>						
Transfers in		201,091	119,563		320,654	714,196
Transfers out	(201,091)	(119,563)			(320,654)	(714,196)
Total other financing sources and (uses)	(201,091)	81,528	119,563			
Net change in fund balances:	55,179	(14,443)	(42,439)	(42,212)	(43,915)	155,562
Fund balances - beginning of year	2,608,328	333,323	26,580	631,728	3,599,959	3,444,397
Fund balances - end of year	\$ 2,663,507	\$ 318,880	\$ (15,859)	\$ 589,516	\$ 3,556,044	\$ 3,599,959

See notes to financial statements

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2021

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	(43,915)
<p>The revenue (expense) represents the changes in net asset (liability) from year to year due to changes in total asset (liability) and the fair value of plan net position available to pay benefits.</p>		
PERS	\$ (552,898)	
Other postemployment benefits	<u>10,588</u>	(542,310)
<p>Repayment of bond principal, capital leases and vested compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Additions to bond principal, capital leases and vested compensated absences for the Statement of Net Position but not the governmental funds.</p>		
Capital lease payments	\$ 89,740	
Accrued compensated absences	<u>(13,253)</u>	76,487
<p>Fixed asset additions are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets additions exceeds depreciation.</p>		
Capital asset additions, net of disposals and adjustments	\$ 85,918	
Depreciation expense, net of adjustments	<u>(369,920)</u>	(284,002)
<p>Expenses paid in advance of receiving good or services are reported as expenditures in governmental funds. However, in the Statement of Net Position, these expenses are reported as an asset.</p>		
		15,789
<p>Repayment of long-term debt principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.</p>		
		645,000
<p>Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>		
		(2,037)
<p>Bond issue premiums are reported as revenue received in the Governmental Funds. For government-wide reporting, these costs are reported as a liability and amortized over the life of the bond. This represents the amount expensed in the Statement of Activities.</p>		
		58,337
<p>Property tax revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes unavailable revenue for all property taxes levied but not received, however in the Statement of Activities, there is not unavailable revenue and the full property tax receivable is accrued.</p>		
		<u>(7,140)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(83,791)</u>

See notes to financial statements

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Culver School District No. 4 (the District) is a municipal corporation governed by an elected Board of Directors. Administration officials are approved by the Board. The daily functioning is under the supervision of the Superintendent-Clerk. As required by accounting principles generally accepted in the United States of America, all activities have been included in these basic financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts which provide services within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, in accordance with GASB 61, none of them are considered component units or included in these basic financial statements.

Government-wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; revenues reduce the cost of the function to be financed from general revenues. The Statement of Activities presents charges for services and operating grants and contributions under program 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 on 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.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 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 number of funds are maintained consistent with legal and managerial requirements.

Governmental Fund Types

Governmental funds are used to account for the general government activities. Governmental fund types use the flow of current financial resources measurement focus and the 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. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences, pension costs, and claims and judgments, which are not recognized as expenditures because they will be liquidated with future expendable financial resources.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

These are the following major governmental funds:

General Fund – This fund accounts for the financial operations not accounted for in any other fund. Principal sources of revenue are property taxes and distributions from the State of Oregon. Expenditures in the fund are made for instructional purposes and related support services.

Special Revenue Funds – This fund accounts for the revenue and expenditures restricted for specific educational projects or programs. Principal revenue sources are federal grants and other local sources.

Debt Service Fund – Bond principal and interest payments are accounted for in the Debt Service Fund. The main source of revenue is local property taxes.

Capital Projects Funds – The Capital Projects Funds account for bus replacement, major improvement and construction projects. Major financing is from bond proceeds, interest income and fund balance carryforward.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Use of Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires that management makes 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 and expenditures during the reporting period. Actual results could differ from those estimates.

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.

Property Taxes

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 and 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.

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 is recorded as a liability in the balance sheet and statement of net position.

Supplies Inventories

General Fund operating and maintenance supplies and food and other cafeteria supplies recorded in the Special Revenue Funds are valued at cost using the first-in, first-out method. All inventory items are charged to expenditures of user departments at the time of withdrawal from inventory (consumption method) for the government wide statements. Food inventories include the value of United States Department of Agriculture donated commodities; revenues and expenditures in Special Revenue Funds include the value of donated commodities.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Capital Assets

Capital assets, which include land, buildings, equipment and construction in progress, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost.

Donated capital assets are recorded at their estimated fair market value on the date donated. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	50 years
Equipment and Vehicles	5 to 15 years

Compensated Absences

It is policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued in the government-wide statements.

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 straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

Deferred Outflows / Inflows or 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 future periods and so will not be recognized as an outflow of resources. At June 30, 2021 there were deferred outflows representing PERS pension related deferrals and OPEB health insurance related deferrals reported in the Statement of Net Position.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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 be recognized as an inflow of resources (revenue) until that time. At June 30, 2021 there were deferred inflows reported in the governmental funds balance sheet representing unavailable revenue from property tax. 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 reported in the Statement of Net Position representing PERS pension related deferrals and OPEB health insurance related deferrals.

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.

Unrestricted – 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 Balances

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 the 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.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

- Nonspendable fund balance represents amounts that are not in a spendable form, such as prepaid expenditures and inventory.
- 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. The authority to classify portions of ending fund balance as Assigned is granted to the Superintendent and the Business Manager.
- 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.

The governing body 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) and unassigned.

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' 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.

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 upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 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.

NOTE 2 – BUDGETARY INFORMATION

A budget is prepared and legally adopted for each fund in accordance with Oregon Local Budget Law. The budget is prepared using the modified accrual basis of accounting. The budgeting process begins by appointing Budget Committee members in early fall. Budget recommendations are developed by management through spring, with the Budget Committee approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June, and the hearing is held in June. The budget is adopted, appropriations are made and the tax levy is declared no later than June 30. Expenditure budgets are appropriated at the major function level (instruction, support services, community services, debt service, contingency, and transfers) for the general fund, special revenue fund, debt service fund, and capital projects fund. Expenditure appropriations may not legally be over expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 2 – BUDGETARY INFORMATION - continued

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of the fund's original budget may be adopted by the Board of Directors at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels). Such transfers require approval by the Board.

Budget amounts shown in the financial statements include the original budget amounts and four appropriation increases. Appropriations lapse at the end of each fiscal year. Expenditures of the various funds were within authorized appropriations.

NOTE 3 – BUDGET/GAAP REPORTING DIFFERENCES

The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The budgetary basis of accounting is the same as generally accepted accounting principles in the United States of America with the exceptions that capital outlay expenditures are expenses when purchased, depreciation and amortization are not calculated, principal on debt and capital lease payments are budgeted as expenditures when paid, property taxes are recorded when received, pension costs and compensated absences are not recorded until paid, and inventories of supplies are budgeted as expenditures when purchased.

NOTE 4 - CASH AND INVESTMENTS

The cash management policies are governed by state statutes. A cash pool is maintained that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as Cash and Investments or amounts of Interfund Payables. In addition, cash is separately held by some of the funds.

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

Deposits with financial institutions:	
Demand deposits	\$ 1,293,440
Investments	2,408,531
	<u>\$ 3,701,971</u>

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 4 - CASH AND INVESTMENTS - continued

Deposits

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. The total bank balance per the bank statements as of June 30, 2021 was \$3,741,305, of which \$250,000 was covered by federal depository insurance and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP).

Investments

Statutes authorize investing in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Fitch Ratings and Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record (A-2/P-2 if Oregon commercial paper) and the state treasurer's investment pool.

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. The audited financial reports of the Oregon Short Term Fund can be found here:

<https://www.oregon.gov/treasury/public-financial-services/oregon-short-term-funds/pages/default.aspx>

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

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 4 - CASH AND INVESTMENTS – continued

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (months)</u>		
		<u>Less than 3</u>	<u>3-18</u>	<u>18-59</u>
State Treasurer's Investment Pool	\$	\$ 1,170,754	\$	\$
Jefferson County Investment Pool		1,237,777		
	<u>\$</u>	<u>\$ 2,408,531</u>	<u>\$</u>	<u>\$</u>

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 were no investments that have a maturity date greater than three months.

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2021, none of the bank balance was exposed to custodial credit risk.

Credit Risk – Investments

Oregon Revised Statutes do 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

As June 30, 2021, 49% of total investments were in the State Treasurer's Investment Pool and 51% of total investments were in the Jefferson County Investment Pool. State statutes do not limit the percentage of investments in these types of instruments.

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable is comprised primarily of claims for reimbursement of costs under various federal and state grant programs. No allowance for uncollectible accounts had been recorded because management considers all receivables to be collectible.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 6 - CAPITAL ASSETS

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

	Balance <u>June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2021</u>
Capital assets not being depreciated				
Land	\$ 1,737,297	\$	\$	\$ 1,737,297
Total capital assets not being depreciated	<u>1,737,297</u>			<u>1,737,297</u>
Capital assets being depreciated				
Building and improvements	16,378,285			16,378,285
Vehicles and equipment	1,591,387	243,188	163,878	1,670,697
Total capital assets being depreciated	<u>17,969,672</u>	<u>243,188</u>	<u>163,878</u>	<u>18,048,982</u>
Less accumulated depreciation for				
Buildings and improvements	5,908,928	285,657		6,194,585
Vehicles and equipment	1,174,774	84,263	150,881	1,108,159
Total accumulated depreciation	<u>7,083,702</u>	<u>369,920</u>	<u>150,881</u>	<u>7,302,744</u>
Total capital assets being depreciated, net	<u>10,885,970</u>	<u>(126,732)</u>	<u>12,997</u>	<u>10,746,238</u>
Total capital assets, net	<u>\$12,623,267</u>	<u>\$ (126,732)</u>	<u>\$ 12,997</u>	<u>\$12,483,536</u>

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

Instruction	\$ 284,189
Support Services	85,564
Community Services	167
	<u>\$ 369,920</u>

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT RATE SUBSIDY

Postemployment Healthcare Plan

The District reports its liability for other postemployment benefits consistent with established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

Plan Description

The District sponsors a self-pay early retirement health insurance program for its retirees. The plan provides post-retirement healthcare benefits for eligible retirees and their dependents through the District's group health insurance plans. The District's post-retirement plan was established in accordance with Oregon Revised Statutes (ORS) 243.303 which states, in part, that for the purposes of establishing healthcare premiums, the calculated rate must be based on the cost of all plan members, including both active employees and retirees. Because claim costs are generally higher for retiree groups than for active members, the premium amount does not represent the full cost of coverage for retirees. The resulting additional cost, or implicit subsidy, is required to be valued under GASB Statement 75 related to Other Post-Employment Benefits (OPEB). Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective. The plan does not issue a stand-alone financial report.

Funding Policy

The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan. The benefits from this program are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT RATE SUBSIDY – continued

Actuarial Methods and Assumptions

The District engaged an actuary to perform an evaluation as of June 30, 2020 using entry age normal actuarial funding method. The OPEB liability was determined based on a valuation date of July 1, 2019 and using the following actuarial assumptions:

Discount Rate	2.25%
General Inflation	2.50%
Annual Salary Increases	3.50% plus merit increases/decreases ranging from (.95)% to 3.72%

Health Care Cost Trend

Medical and Vision:

Year	Rate	Year	Rate
2020	5.00%	2030	5.30%
2021	5.50%	2031	5.20%
2022	6.00%	2032	5.10%
2023	6.00%	2033	5.00%
2024	5.90%	2034	4.90%
2025	5.80%	2035	4.80%
2026	5.70%	2036	4.70%
2027	5.60%	2037	4.60%
2028	5.50%	2038+	4.50%
2029	5.40%		

Dental -1.25% for 2020, 4.00% per year thereafter

Demographic assumptions regarding retirement, mortality, and turnover are based on Oregon PERS valuation assumptions as of December 31, 2019. Mortality rates: Election rate and lapse assumptions are based on experience implied by valuation data for this and other Oregon public employers. Mortality rates used are the Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.

Future retiree coverage: 40% of active members were assumed to elect coverage upon retirement. 60% of male members and 35% of female members who elect coverage upon retirement are also assumed to elect spouse coverage. Retirees for whom the Employer will never pay any portion of the health care premiums are assumed to have a 5% probability of lapsing (dropping) coverage per year. Female spouses are assumed to be two years younger than male spouses.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT RATE SUBSIDY - continued

Under GASB 75, unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The assumptions in this report reflect the Bond Buyer 20-Year General Obligation Bond Index.

For the measurement date of July 1, 2020, 87 participants were covered under the plan, all of which were active participants.

Changes in OPEB Liability

The District recognized \$11,221 of OPEB expense related to the implicit rate subsidy for the year ended June 30, 2021.

Balance as of June 30, 2020	\$ 100,660
Changes for the year:	
Service cost	12,060
Interest on total OPEB liability	2,517
Difference between expected and actual experience	
Effect of economic/demographic gains/losses	
Effect of assumptions changes or inputs	
Benefit payments	<u>(1,663)</u>
Balance as of June 30, 2021	<u><u>\$ 113,574</u></u>

Sensitivity Analysis

The following analysis presents the net OPEB liability using a discount rate of 2.25%, as well as what the District's net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower and one percentage point higher than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption:

	1% Decrease	Current Discount rate	1% Increase
	<u>1.25%</u>	<u>2.25%</u>	<u>3.25%</u>
Total OPEB Liability	\$ 122,958	\$ 113,574	\$ 104,757

	1% Decrease	Current Trend Rate	1% Increase
	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Total OPEB Liability	\$ 97,369	\$ 113,574	\$ 133,403

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT RATE SUBSIDY - continued

Deferred Inflow and Outflows

Under GASB 75, gains and losses which are amortized over future years are referred to as deferred inflows (gains) and deferred outflows (losses). Economic and demographic gains and losses and changes in the Total OPEB Liability due to changes in assumptions are recognized over the closed period equal to the average expected remaining service lives of all covered active and inactive participants. The amortization period of 8.1 years is calculated as the weighted average of expected remaining service lives assuming zero years for all retirees.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$	\$ 49,925
Changes of assumptions	26,430	
Total	\$ 26,430	\$ 49,925

Changes of assumptions or inputs reported as deferred outflows of resources will be recognized in OPEB expense as follows:

Year ending June 30,		
2022	\$	(3,356)
2023		(3,356)
2024		(3,356)
2025		(3,356)
2026		(3,356)
Thereafter		(6,715)
	\$	(23,495)

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS – PERS RETIREE HEALTH INSURANCE PLAN

Plan Description

The District contributes to the Oregon Public Employees Retirement System (PERS) which is a cost sharing multiple employer defined benefit pension plan. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the plan. Participation by school districts is mandatory. PERS administers the Retirement Health Insurance Account (RHIA), a cost-sharing, multiple employer defined benefit other postemployment benefit plan (OPEB). RHIA plan assets may be used to pay the benefits of any employer that is a member of PERS. Contributions to RHIA are mandatory for PERS members.

PERS 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 PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by PERS, 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 PERS 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 for the year ended June 30, 2021 were \$794.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS – PERS RETIREE HEALTH INSURANCE PLAN - continued

Net OPEB asset

At June 30, 2021, the District reported an asset of \$113,447 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Proportionate share allocation methodology

The basis for the employer’s proportion is actuarially 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.

Net OPEB income

For the year ended June 30, 2021, the District recognized net RHIA OPEB income of \$20,146. The District’s proportionate share of the collective net OPEB asset was .0557%, an increase from its proportionate share of .0345% of the OPEB liability at the previous measurement date.

Deferred inflows and outflows

At June 30, 2021, the District reported deferred inflows of resources related to RHIA OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$	\$ 11,598
Changes of assumptions		6,030
Net difference between projected and actual earnings on investments	12,616	
Changes in proportionate share	24	21,532
Total	\$ 12,640	\$ 39,160

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS – PERS RETIREE HEALTH INSURANCE PLAN - continued

Deferred inflows and outflows of resources will be recognized into OPEB expense as follows:

Year ending June 30,	
2022	\$ (22,622)
2023	(12,542)
2024	4,664
2025	3,980
	<u>\$ (26,520)</u>

Deferred inflows and outflows of resources are calculated at the Plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2020, the following deferred items are reported:

- A difference between actual and experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement dates
- Net difference between projected and actual investment earnings. One year's amortization is recognized in total OPEB expense for the measurement period.

Differences between expected and actual experience, changes in assumptions, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. OPEB expense is recognized based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are described below:

Fiscal year ended June 30, 2020 – 2.9 years
Fiscal year ended June 30, 2019 – 3.1 years
Fiscal year ended June 30, 2018 – 3.3 years
Fiscal year ended June 30, 2017 – 3.7 years

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS – PERS RETIREE HEALTH INSURANCE PLAN - continued

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50 percent
Salary increases	3.50 percent
COLA adjustments	Blend of 2.0% COLA & graded COLA (1.25%/0.15%) in accordance with Moro decision
Discount rate	7.20 percent
Long term expected rate of return	7.20 percent

Healthy retirees' and beneficiaries' mortality rates were based on the Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs. Active members' mortality rates were based on the Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs. Disabled retirees' mortality rates were based on the Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the four years ended 2018, published July 24, 2019.

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. 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.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS – PERS RETIREE HEALTH INSURANCE PLAN - continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Core Fixed Income	9.60%	4.14%	4.07%	3.90%
Short-Term Bonds	9.60%	3.70%	3.68%	2.10%
Bank/Leverage Loans	3.60%	5.40%	5.19%	6.85%
High Yield Bonds	1.20%	6.13%	5.74%	9.35%
Large/Mid Cap US Equities	16.17%	7.35%	6.30%	15.50%
Small Cap US Equities	1.35%	8.35%	6.68%	19.75%
Micro Cap US Equities	1.35%	8.86%	6.79%	22.10%
Developed Foreign Equities	13.48%	8.30%	6.91%	17.95%
Emerging Market Equities	4.24%	10.35%	7.69%	25.35%
Non-US Small Cap Equities	1.93%	8.81%	7.25%	19.10%
Private Equity	17.50%	11.95%	8.33%	30.00%
Real Estate (Property)	10.00%	6.19%	5.55%	12.00%
Real Estate (REITS)	2.50%	8.29%	6.69%	21.00%
Hedge Fund of Funds - Diversified	1.50%	4.28%	4.06%	6.90%
Hedge Fund - Event-driven	38.00%	5.89%	5.59%	8.10%
Timber	1.13%	6.36%	5.61%	13.00%
Farmland	1.13%	6.87%	6.12%	13.00%
Infrastructure	2.25%	7.51%	6.67%	13.85%
Commodities	1.13%	5.34%	3.79%	18.70%
Assumed Inflation Mean			2.50%	1.65%

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

Discount Rate

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

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS – PERS RETIREE HEALTH INSURANCE PLAN - continued

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 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	Current Discount rate	Total other postemployment benefit liability
1% decrease	6.20%	\$ 91,589
Current rate	7.20%	113,447
1% increase	8.20%	132,136

Plan Fiduciary Net Position

GASB 75 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected rate of return on plan investments may be used to discount liabilities to the extent that the plan’s Fiduciary Net Position is projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 often requires that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 75 (paragraph 82) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of solvency; it is left to professional judgment. The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 specifies that the projections regarding future solvency assume the plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS – PERS RETIREE HEALTH INSURANCE PLAN - continued

Based on these circumstances, it is the PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

NOTE 9 – PUBLIC PENSION RETIREMENT PLAN

Plan Description

The District contributes to the Oregon Public Employees Retirement System (PERS) which is a cost sharing multiple employer defined benefit pension plan. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the plan. Participation by school districts is mandatory. PERS issues a publicly available financial report which can be obtained on their website, www.oregon.gov/PERS.

PERS is administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board (Board) to administer and manage the System. All members of the Board are appointed by the governor and confirmed by the state Senate. The governor designates the chairperson. One member must be a public employer manager or a local elected official, one member must be a union-represented public employee or retiree, and three members must have experience in business management, pension management, or investing.

The 1995 Legislature enacted Chapter 654, Section 3, Oregon Laws 1995, which has been codified into ORS 238.435. This legislation created a second tier of benefits for those who established membership on or after January 1, 1996. The second tier does not have the Tier One assumed earnings rate guarantee and has a higher normal retirement age of 60, compared to 58 for Tier One. As of June 30, 2019, there were 18,971 active plan members, 128,177 retired plan members or their beneficiaries currently receiving benefits, 11,065 inactive plan members entitled to but not yet receiving benefits for a total of 158,213 Tier One members. For Tier Two members, as of June 30, 2019, there were 32,441 active plan members, 15,567 retired plan members or their beneficiaries currently receiving benefits, 15,566 inactive plan members entitled to but not yet receiving benefits, for a total of 63,574 Tier Two members in the System.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 9 – PUBLIC PENSION RETIREMENT PLAN - continued

The 2003 Legislature enacted HB 2020, codified as ORS 238A, which created the Oregon Public Service Retirement Plan (OPSRP). OPSRP consists of the Pension Program (defined benefit), which is part of the Plan and the Individual Account Program, which is reported as a separate plan in PERS financial statements. Membership includes public employees hired on or after August 29, 2003. As of June 30, 2020, there were 130,806 active plan members, 6,940 retired plan members or their beneficiaries currently receiving benefits, 6,281 inactive plan members entitled to but not receiving benefits, and 16,439 inactive plan members not eligible for refund or retirement, for a total of 160,466 OPSRP Pension Program members.

Beginning January 1, 2004, PERS active Tier One and Tier Two members became members of the Individual Account Program (IAP) of OPSRP. PERS members retain their existing Plan accounts, but member contributions are now deposited into the member's IAP account, not into the member's Defined Benefit Plan account. Accounts are credited with earnings and losses net of administrative expenses. OPSRP is part of PERS and is administered by the Board. The PERS Board is directed to adopt any rules necessary to administer OPSRP, and such rules are to be considered part of the plan for IRS purposes.

For the year ended June 30, 2021, the District's total payroll for all employees was \$4,883,143. Total covered payroll was \$4,667,157. Covered payroll refers to all compensation paid by the District to active employees covered by PERS.

Contributions

PERS members are required to contribute 6% of their salary and the employer makes contributions at an actuarially determined rate as adopted by the PERS Board. The rate for Tier One and Tier Two for the year ended June 30, 2021 was 32.03% of covered annual payroll. The rate for OPSRP for the year ended June 30, 2021 was 26.58%. The contribution requirements of plan members are established by state statute. The employer contribution is set and may be amended by the Retirement Board. The District's contributions to Oregon PERS for the year ended June 30, 2021 was \$1,316,338. In addition, employee contributions made by the District under employment contracts were \$280,151 employee contributions for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$9,495,682 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. Update procedures were used to roll forward the total pension liability to the measurement date.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 9 – PUBLIC PENSION RETIREMENT PLAN - continued

The basis for the employer's proportion is actuarially determined by comparing the employer's projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers. The projected long-term contribution effort is equal to the sum of the present value of the future normal costs (PVFNC) and the unfunded actuarial liability (UAL). The contribution rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

The projected long-term contribution effort is estimated by projecting the present value of all future normal cost rate contributions. The PVFNC represents the portion of the projected long-term contribution effort related to future service.

An employer's PVFNC depends on both the Normal Cost Rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For PERS funding, employers have three different payrolls, each with a different Normal Cost Rate:

- Tier One/Tier Two payroll
- OPSRP General Service payroll
- OPSRP Police & Fire payroll

A UAL exists when Plan assets are less than the actuarial liability as measured by the Plan's actuarial funding valuations. UAL can arise in a biennium when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises in a given biennium over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The UAL represents the portion of the projected long-term contribution effort related to past service. In determining the employer's projected long-term contribution effort to the Plan, the UAL component was adjusted for supplemental lump-sum payments made during the measurement period, if applicable.

After the employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's supplemental lump-sum payments, known as side accounts, transition surpluses and pre-SLGRP (State and Local Government Rate Pool) surpluses as of the valuation date. Side accounts decrease the employer's projected long-term contribution effort because side accounts are effectively pre-paid contributions.

The employer's projected long-term contribution effort does not include contributions toward the current value of transition liabilities and pre-SLGRP (State and Local Government Rate Pool) liabilities, which PERS has determined meet the definition of separately financed employer liabilities.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 9 – PUBLIC PENSION RETIREMENT PLAN - continued

For the year ended June 30, 2021, the District recognized pension expense of \$552,898. The District’s proportionate share of the collective net pension liability was .0435%, a decrease from its proportionate share of .0488%, at the previous measurement date. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 417,925	\$
Changes of assumptions	509,603	17,855
Net difference between projected and actual earnings on investments	1,116,569	
Changes in proportionate share		927,859
Differences between employer contributions and employer's proportionate share of system contributions	351,495	
Total prior to post-measurement date contributions	2,395,592	945,714
Contributions subsequent to measurement date	1,322,506	
	\$ 3,718,098	\$ 945,714

Deferred inflows and outflows of resources are calculated at the Plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2020, the following deferred items are reported:

- Difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Net difference between projected and actual investment earnings
- Employer contributions made after the measurement date

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 9 – PUBLIC PENSION RETIREMENT PLAN - continued

Differences between expected and actual experience, changes in assumptions, changes in employer proportion and changes between employer contributions and proportionate share of contributions are amortized over the remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period “layers” attributable to each measurement period. The average remaining service lives determined at the beginning of each measurement period are:

- Year ended June 30, 2020 – 5.3 years
- Year ended June 30, 2019 – 5.2 years
- Year ended June 30, 2018 – 5.2 years
- Year ended June 30, 2017 – 5.3 years
- Year ended June 30, 2016 – 5.3 years
- Year ended June 30, 2015 – 5.4 years
- Year ended June 30, 2014 – 5.6 years

The difference between projected and actual earnings attributable to each measurement period is amortized over a closed five-year period.

The \$1,322,506 of deferred outflows of resources resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	
2022	\$ 296,560
2023	434,741
2024	439,088
2025	298,252
2026	(18,763)
Thereafter	
	<u><u>\$ 1,449,878</u></u>

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 9 – PUBLIC PENSION RETIREMENT PLAN - continued

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50 percent
Projected salary increase	3.50 percent
Discount rate	7.20 percent
Long-term expected rate of return	7.20 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with <i>Moro</i> decision; blended based on service

Healthy retirees and beneficiaries mortality rates were based on the RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active members' mortality rates are a percentage were based on the RP-2014 Employees, sex-distinct, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees' mortality rates were based on the RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for 2018, published July 2019.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 9 – PUBLIC PENSION RETIREMENT 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 April 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. 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*	Annual Arithmetic Return	20-year Annualized (Geometric) Return	Standard Deviation
Core Fixed Income	9.60%	4.14%	4.07%	3.90%
Short-Term Bonds	9.60%	3.70%	3.68%	2.10%
Bank/Leverage Loans	3.60%	5.40%	5.19%	6.85%
High Yield Bonds	1.20%	6.13%	5.40%	9.35%
Large/Mid Cap US Equities	16.17%	7.35%	6.30%	15.50%
Small Cap US Equities	1.35%	8.35%	6.68%	19.75%
Micro Cap US Equities	1.35%	8.86%	6.79%	22.10%
Developed Foreign Equities	13.48%	8.30%	6.91%	17.95%
Emerging Market Equities	4.24%	10.35%	7.69%	25.35%
Non-US Small Cap Equities	1.93%	8.81%	7.25%	19.10%
Private Equity	17.50%	11.95%	8.33%	30.00%
Real Estate (Property)	10.00%	6.19%	5.55%	12.00%
Real Estate (REITS)	2.50%	8.29%	6.69%	21.00%
Hedge Fund of Funds - Diversified	1.50%	4.28%	4.06%	6.90%
Hedge Fund - Event-driven	0.38%	5.89%	5.59%	8.10%
Timber	1.13%	6.36%	5.61%	13.00%
Farmland	1.13%	6.87%	6.12%	13.00%
Infrastructure	2.25%	7.51%	6.67%	13.85%
Commodities	1.13%	5.34%	3.79%	18.70%
Assumed Inflation Mean			2.50%	1.65%

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

Discount Rate

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

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 9 – PUBLIC PENSION RETIREMENT PLAN - continued

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 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease 6.20%	Discount Rate 7.20%	1% Increase 8.20%
Proportionate share of net pension liability	\$ 14,100,303	\$ 9,495,682	\$ 5,634,493

Plan Fiduciary Net Position

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected rate of return on plan investments may be used to discount liabilities to the extent that the plan’s Fiduciary Net Position is projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 often requires that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of solvency, it is left to professional judgment.

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

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume the plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 9 – PUBLIC PENSION RETIREMENT PLAN - continued

Based on these circumstances, it is the PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

NOTE 10 – LONG-TERM OBLIGATIONS

On February 5, 2008, \$1,800,000 of Full Faith and Credit Obligation bonds were issued to provide resources to acquire land. On February 20, 2014, \$8,800,000 of General Obligation bonds were issued to refinance \$725,000 of the 2008 bond and to make improvements to school buildings. A portion of the net proceeds of \$9,665,912 (including an \$865,912 premium and after payment of \$120,483 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 2008 Full Faith and Credit bonds' total debt service payments were reduced over 9 years by \$897,587. There are no significant default remedy clauses noted in the agreements that would impact the financial statements or require disclosure under GASB 88.

On November 20, 2015, capital lease agreement was entered into with Mercedes-Benz Financial Services to acquire a new school bus. On June 28, 2018, a capital lease agreement was entered into with Marlin Leasing Corporation to acquire new chromebooks for all students grades 3-12. On January 18, 2019, an Installment Purchase Agreement was entered into with Mercedes-Benz Financial Services to acquire a new school bus. Another Installment Purchase Agreement for a school bus was entered into with Mercedes-Benz Financial Services in January, 2021.

All long-term obligations are payable from the general and debt service funds. The following are changes in long-term debt during the year ended June 30, 2021.

	Beginning Balance	Issued	Matured and Redeemed	Ending Balance	Due in One Year
Bonds payable					
GO Bond 2008	\$ 225,000	\$	\$ 110,000	\$ 115,000	\$ 115,000
GO Bond 2014	6,490,000		535,000	5,955,000	575,000
Capitalized lease obligations					
Bus leases	99,763	144,270	53,211	190,822	55,543
Chromebooks	74,880		36,529	38,351	38,415
Bond premium	463,654		58,337	405,317	
	<u>\$ 7,353,297</u>	<u>\$ 144,270</u>	<u>\$ 793,077</u>	<u>\$ 6,704,490</u>	<u>\$ 783,958</u>

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 10 – LONG-TERM OBLIGATIONS - continued

Future maturities of Long-Term Liabilities are as follows:

Year Ending June 30,	GO Bond 2008	GO Bond 2014	Capital Leases	Total
2022	\$ 115,000	\$ 575,000	\$ 93,958	\$ 783,958
2023		620,000	53,731	673,731
2024		665,000	51,924	716,924
2025		715,000	29,560	744,560
2026		765,000		765,000
2027-2029		2,615,000		2,615,000
	<u>\$ 115,000</u>	<u>\$ 5,955,000</u>	<u>\$ 229,173</u>	<u>\$ 6,299,173</u>

NOTE 11 – NON-CANCELABLE OPERATING LEASES

The District entered into a five-year lease agreement for copy machines in November, 2020. Total lease expense for the year ended June 30, 2021 was \$14,934. Future payments associated with operating leases are due as follows:

Year Ending June 30,	Amount
2022	\$ 13,140
2023	13,140
2024	13,140
2025	13,140
2026	5,475
	<u>\$ 58,035</u>

NOTE 12 - 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 for the last three fiscal years.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 13 – INTERFUND TRANSFERS AND INTERFUND RECEIVABLE / PAYABLE

Transfers were made to fund operations and the internal receivables/payables are used as a pooling of cash between various funds.

Amounts are comprised of the following:

	Transfer In	Transfer Out	Interfund Receivable	Interfund Payable	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$	\$ 166,091	\$ 154,322	\$	\$ 15,859	\$
Special Revenue Fund	201,091	119,563		145,230		
Debt Service Fund	84,563			9,092		15,859
Total	<u>\$ 285,654</u>	<u>\$ 285,654</u>	<u>\$ 154,322</u>	<u>\$ 154,322</u>	<u>\$ 15,859</u>	<u>\$ 15,859</u>

NOTE 14 – COMMITMENTS AND CONTINGENCIES

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.

There is participation in a number of federally assisted grant programs. These programs are subject to program compliance audits by the federal grantors or state passthrough agencies. In the event an audit is conducted and amounts spent are deemed to be unallowable, the agencies may require repayment of funds. Management believes future repayment of federal funds to be insignificant.

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.

NOTE 15 – TAX ABATEMENTS

As of June 30, 2021, the Culver School 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.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 16 – PRIOR PERIOD ADJUSTMENT

During the fiscal year ended June 30, 2021, the District implemented GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions related to the Oregon Pension System’s Retiree Health Insurance Account (RHIA). The Standard was effective for fiscal years beginning after June 15, 2017. In prior years, management determined the balances related to RHIA OPEB were not material, however during the current fiscal year, the District’s proportionate share of the net OPEB asset increased significantly and the standard was implemented retroactively.

Management recorded a prior period adjustment for the net OPEB asset as of June 30, 2019 in the amount of \$38,625. The financial statements as of and for the year ended June 30, 2020 have been restated to reflect the RHIA net asset of \$66,781 on the Statement of Net Position, and a related reduction in instruction function of \$28,156 reported on the Statement of Activities. For information the RHIA OPEB plan, see footnote 8.

REQUIRED SUPPLEMENTARY INFORMATION

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

SCHEDULE OF THE PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET)

YEAR ENDED JUNE 30, 2021

Year Ended June 30,	(a) Employer's proportion of the net pension liability (asset) (NPL(A))	(b) Employer's proportionate share of the NPL(A)	(c) CAL's covered payroll	(b/c) NPL(A) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.043511%	\$ 9,495,682	\$ 4,368,292	217.4%	75.8%
2020	0.192373%	8,444,850	3,810,209	221.6%	80.2%
2019	0.199727%	7,572,557	3,629,236	208.7%	82.1%
2018	0.193411%	7,356,264	3,709,595	198.3%	83.1%
2017	0.209208%	8,279,537	3,782,760	218.9%	80.5%
2016	0.222334%	3,301,675	3,560,360	92.7%	91.9%
2015	0.240095%	(1,225,592)	3,122,355	-39.3%	103.6%
2014	0.240095%	2,759,224	3,170,086	87.0%	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 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.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

SCHEDULE OF CONTRIBUTIONS
PENSION PLAN

YEAR ENDED JUNE 30, 2021

<u>Year Ended June 30,</u>	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Employer's covered payroll</u>	<u>Contributions as a percent of covered payroll</u>
2021	\$ 1,316,338	\$ 1,316,338	\$	\$ 4,667,157	28.2%
2020	1,157,220	1,157,220		4,368,292	26.5%
2019	894,463	894,463		3,810,209	23.5%
2018	866,038	866,038		3,629,236	23.9%
2017	705,508	705,508		3,709,595	19.0%
2016	736,298	736,298		3,782,760	19.5%
2015	708,224	708,224		3,560,360	19.9%
2014	616,608	616,608		3,122,355	19.7%

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.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2021

Year Ended June 30,	(a) Employer's proportion of the net OPEB liability (asset) (NPL(A))	(b) Employer's proportionate share of the NPL(A)	(c) District's covered payroll	(b/c) NPL(A) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.055677%	\$ (113,447)	\$ 4,368,292	-2.6%	75.8%
2020	0.034559%	(66,781)	3,810,209	-1.8%	80.2%

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.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

SCHEDULE OF CONTRIBUTIONS
RHIA OPEB

YEAR ENDED JUNE 30, 2021

Year Ended June 30,	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	\$ 794	\$ 794	\$	\$ 4,667,157	0.017%
2020	3,976	3,976		4,368,292	0.091%

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.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

**SCHEDULE OF CHANGES IN OTHER POSTEMPLOYMENT
BENEFIT (OPEB) LIABILITY - IMPLICIT HEALTH INSURANCE SUBSIDY**

YEAR ENDED JUNE 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB, beginning	\$ 100,660	\$ 118,813	\$ 132,032	\$ 139,407
Service cost	12,060	7,178	6,935	6,700
Interest	2,517	4,876	4,630	5,025
Changes in benefit terms		(64,189)		
Changes of assumptions		33,982		
Benefit payments	(1,663)		(24,784)	(19,100)
Total OPEB, ending	<u>\$ 113,574</u>	<u>\$ 100,660</u>	<u>\$ 118,813</u>	<u>\$ 132,032</u>
Covered payroll	4,916,342	4,528,899	3,756,259	3,629,236
Total OPEB liability as a percentage of covered payroll	2.31%	2.22%	3.16%	3.64%

Notes to RSI

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.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance to Final Budget
<u>Revenues</u>				
Local sources	\$ 1,915,444	\$ 1,915,444	\$ 2,004,286	\$ 88,842
Intermediate sources	3,000	3,000	28,724	25,724
State sources	6,364,090	6,364,090	6,273,544	(90,546)
Total revenues	8,282,534	8,282,534	8,306,554	24,020
<u>Expenditures</u>				
Instruction	5,444,385	5,444,385	4,991,861	452,524
Support services	3,634,729	3,599,729	3,058,423	541,306
Contingency	100,000	100,000		100,000
Total expenditures	9,179,114	9,144,114	8,050,284	1,093,830
Excess (deficiency) of revenues over (under) expenditures	(896,580)	(861,580)	256,270	1,117,850
<u>Other financing sources (uses)</u>				
Interfund Loan		(35,000)	(15,859)	19,141
Transfers out	(565,000)	(565,000)	(201,091)	363,909
Total other financing sources and (uses)	(565,000)	(600,000)	(216,950)	383,050
Net change in fund balance	(1,461,580)	(1,461,580)	39,320	1,500,900
Fund balance - beginning of year	2,242,000	2,242,000	2,608,328	366,328
Fund balance - end of year	\$ 780,420	\$ 780,420	2,647,648	\$ 1,867,228
Reconciliation to GAAP Fund Balance:				
			15,859	
			\$ 2,663,507	

(1) Appropriation level

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual GAAP Basis	Adjustment	Actual Budgetary Basis	Variance To Final Budget
<u>Revenues</u>						
Local sources	\$ 268,000	\$ 268,000	\$ 62,811	\$	\$ 62,811	\$ 205,189
State sources	952,927	976,320	517,455		517,455	458,865
Federal sources	797,255	1,883,681	1,468,485		1,468,485	415,196
Total revenues	2,018,182	3,128,001	2,048,751		2,048,751	1,079,250
<u>Expenditures</u>						
Instruction	992,465	1,163,116	787,437	26,340	813,777	349,339
Support services	918,030	1,730,582	863,679	58,000	921,679	808,903
Community and enterprise	401,434	578,050	403,266	6,000	409,266	168,784
Capital outlay			90,340	(90,340)		
Total expenditures	2,311,929	3,471,748	2,144,722		2,144,722	1,327,026
Excess (deficiency) of revenues over (under) expenditures	<u>(293,747)</u>	<u>(343,747)</u>	<u>(95,971)</u>		<u>(95,971)</u>	<u>(247,776)</u>
<u>Other financing sources (uses)</u>						
Transfers in	310,000	360,000	201,091		201,091	158,909
Transfers out	<u>(119,563)</u>	<u>(119,563)</u>	<u>(119,563)</u>		<u>(119,563)</u>	
Total other financing sources and (uses)	190,437	240,437	81,528		81,528	158,909
Net change in fund balance	(103,310)	(103,310)	(14,443)		(14,443)	(88,867)
Fund balance - beginning of year	315,685	315,685	333,323		333,323	(17,638)
Fund balance - end of year	<u>\$ 212,375</u>	<u>\$ 212,375</u>	<u>\$ 318,880</u>	<u>\$</u>	<u>\$ 318,880</u>	<u>\$ (106,505)</u>

(1) Appropriation level

(2) Included is the state revenue match of \$2,733 the District receives for the National School Lunch Support Program general cash assistance match

SUPPLEMENTARY INFORMATION

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>
<u>Revenues</u>				
Local sources	\$ 734,600	\$ 734,600	\$ 752,159	\$ 17,559
<u>Expenditures</u>				
Debt service	914,163	949,163	914,161	35,002
Excess (deficiency) of revenues over (under) expenditures	<u>(179,563)</u>	<u>(214,563)</u>	<u>(162,002)</u>	<u>52,561</u>
<u>Other financing sources (uses)</u>				
Loan proceeds		35,000	15,859	(19,141)
Transfers in	119,563	119,563	119,563	
Total other financing sources and (uses)	<u>119,563</u>	<u>154,563</u>	<u>135,422</u>	<u>(19,141)</u>
Net change in fund balance	(60,000)	(60,000)	(26,580)	33,420
Fund balance - beginning of year	<u>60,000</u>	<u>60,000</u>	<u>26,580</u>	<u>(33,420)</u>
Fund balance - end of year	<u>\$</u>	<u>\$</u>		<u>\$</u>
Reconciliation to GAAP Fund Balance:				
			(15,859)	
			<u>\$</u>	<u>(15,859)</u>

(1) Appropriation level

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

CAPITAL PROJECTS FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance to Final Budget
<u>Revenues</u>				
Local sources	\$ 25,000	\$ 25,000	\$ 48,977	\$ 23,977
State sources	38,856	38,856	58,578	19,722
Total revenues	<u>63,856</u>	<u>63,856</u>	<u>107,555</u>	<u>43,699</u>
<u>Expenditures</u>				
Support services	897,553	787,553	91,595	695,958
Debt Service		60,000	58,172	1,828
Total expenditures	<u>897,553</u>	<u>847,553</u>	<u>149,767</u>	<u>697,786</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(833,697)</u>	<u>(783,697)</u>	<u>(42,212)</u>	<u>741,485</u>
<u>Other financing sources (uses)</u>				
Transfers in	<u>255,000</u>	<u>205,000</u>		<u>(205,000)</u>
Total other financing sources and (uses)	<u>255,000</u>	<u>205,000</u>		<u>(205,000)</u>
Net change in fund balance	(578,697)	(578,697)	(42,212)	536,485
Fund balance - beginning of year	<u>582,553</u>	<u>582,553</u>	<u>631,728</u>	<u>49,175</u>
Fund balance - end of year	<u>\$ 3,856</u>	<u>\$ 3,856</u>	<u>\$ 589,516</u>	<u>\$ 585,660</u>

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

GENERAL FUND
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED

YEAR ENDED JUNE 30, 2021

<u>Tax Year</u>	<u>Original Levy or Balance Uncollected June 1, 2020</u>	<u>Deduct Discounts</u>	<u>Adjustments to Rolls</u>	<u>Add Interest</u>	<u>Cash Collections by County Treasurer</u>	<u>Balance Uncollected or Unsegregated June 30, 2021</u>
2020-2021	\$ 1,879,640	\$ (49,114)	\$ (10,141)	\$ 1,208	\$ 1,778,698	\$ 42,895
2019-2020	51,967		(77)	2,337	31,363	22,864
2018-2019	25,569			2,761	16,119	12,211
2017-2018	13,254			2,963	12,419	3,798
2016-2017	3,658			1,283	4,627	314
Prior Years	2,044			256	670	1,630
Total	<u>\$ 1,976,132</u>	<u>\$ (49,114)</u>	<u>\$ (10,218)</u>	<u>\$ 10,808</u>	<u>\$ 1,843,896</u>	<u>\$ 83,712</u>

RECONCILIATION TO REVENUE:

Cash collections by County Treasurer above	\$ 1,843,896
Accrual of receivables:	
June 30, 2020	(96,009)
June 30, 2021	83,711
Change in unavailable revenue	<u>6,243</u>
 Total Revenue	 <u>\$ 1,837,841</u>

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

DEBT SERVICE FUND
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED

YEAR ENDED JUNE 30, 2021

Tax Year	Original Levy or Balance Uncollected June 1, 2020	Deduct Discounts	Adjustments to Rolls	Add Interest	Cash Collections by County Treasurer	Balance Uncollected or Unsegregated June 30, 2021
2020-2021	\$ 763,887	\$ (19,960)	\$ (4,121)	\$ 491	\$ 722,864	\$ 17,433
2019-2020	21,317		(32)	959	12,865	9,379
2018-2019	10,937			1,181	6,895	5,223
2017-2018	6,022			1,346	5,643	1,725
2016-2017	2,029			712	2,567	174
Prior Years	368			92	254	206
Total	\$ 804,560	\$ (19,960)	\$ (4,153)	\$ 4,781	\$ 751,088	\$ 34,140

RECONCILIATION TO REVENUE:

Cash collections by County Treasurer above	\$ 751,088
Accrual of receivables:	
June 30, 2020	(41,185)
June 30, 2021	34,140
Change in unavailable revenue	<u>3,953</u>
 Total Revenue	 <u><u>\$ 747,996</u></u>

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

SCHEDULE OF BOND AND INTEREST TRANSACTIONS AND BALANCES

YEAR ENDED JUNE 30, 2021

<u>Date of Issue</u>	<u>Matured Bonds & Coupons Outstanding July 1, 2020</u>	<u>Bonds & Coupons Maturing During the Year</u>	<u>Bonds Redeemed & Coupons Paid During the Year</u>	<u>Matured Bonds & Coupons Outstanding June 30, 2021</u>	<u>Due Within One Year</u>
January 23, 2008	\$ 225,000	\$	\$ 110,000	\$ 115,000	\$ 115,000
January 20, 2014	6,490,000		535,000	5,955,000	575,000
	<u>\$ 6,715,000</u>	<u>\$</u>	<u>\$ 645,000</u>	<u>\$ 6,070,000</u>	<u>\$ 690,000</u>

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

SCHEDULE OF BOND REDEMPTION AND INTEREST REQUIREMENTS

JUNE 30, 2021

GENERAL OBLIGATION BONDS
 SERIES 2008

Year of Maturity	Due June 1 Principal	Due December 1 and June 1 Interest	Interest Rates
2021-22	\$ 115,000	\$ 4,888	4.250%
	<u>\$ 115,000</u>	<u>\$ 4,888</u>	

GENERAL OBLIGATION BONDS
 SERIES 2014

Year of Maturity	Due June 15 Principal	Due December 15 and June 15 Interest	Interest Rates
2021-22	\$ 575,000	\$ 238,200	4.000%
2022-23	620,000	215,200	4.000%
2023-24	665,000	190,400	4.000%
2024-25	715,000	163,800	4.000%
2025-26	765,000	135,200	4.000%
2026-27	815,000	104,600	4.000%
2027-28	870,000	72,000	4.000%
2028-29	930,000	37,200	4.000%
	<u>\$ 5,955,000</u>	<u>\$ 1,156,600</u>	

OTHER FINANCIAL SCHEDULES

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass Through Grantor / Program Title	Grant Fund	Period Covered	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures
US. DEPARTMENT OF EDUCATION					
Passed through Oregon State Department of Education					
Title 1-A	210	7/1/19-9/30/20	84.010	53246	\$ 41,454
Title 1-A	210	7/1/20-7/30/21	84.010	58241	184,676
					226,130
IDEA Part B, Section 611	219	7/1/19-9/30/21	84.027	53833	6,422
IDEA Part B, Section 611	219	7/1/19-9/30/21	84.027	60640	106,247
IDEA Part B, Section 619	229	7/1/20-9/30/22	84.173	60483	795
Subtotal - Special Education Cluster (IDEA)					113,464
Rural & Low-Income School Program	228	7/1/2020-9/30/21	84.358	60324	6,147
Title II-A Improving Teacher Quality	215	7/1/19-9/30/20	84.367	53508	9,626
Title II-A Improving Teacher Quality	215	7/1/20-9/30/21	84.367	58736	9,385
					19,011
ESSA Partnerships 19-20	220	7/1/19-9/30/20	84.377	54348	4,615
Title IV-A Student Support and Academic Enrichment	226	7/1/19-9/30/20	84.424	54498	9,571
Title IV-A Student Support and Academic Enrichment	226	7/1/20-9/30/21	84.424	58556	2,870
					12,441
LEA ESSER Fund	236	3/13/20-9/30/22	84.425	57788	170,462
LEA ESSER Fund	239	7/1/20-5/30/21	84.425	60906	143,855
LEA ESSER II Fund	237	3/13/20-9/30/23	84.425	64558	350,651
					664,968
Passed Through Oregon State University					
Gear UP	261	9/1/20-8/31/21	84.334S	ED159A-K	34,854
COVID-19 Supplemental Funds - Gear UP	261	9/1/20-8/31/21	84.334S	ED159A-K	50,000
					84,854
Passed Through Jefferson County School District 509J					
Youth Transition Program -YTP	223	7/1/20-6/30/21	93.575	143297	36,613
Total U.S. Department of Education					\$ 1,168,243
US. DEPARTMENT OF AGRICULTURE					
Passed Through Oregon Department of Education					
National School Lunch Program	205	7/1/20-6/30/21	10.555	1603003	\$ 178,934
National School Lunch Program-Breakfast	205	7/1/20-6/30/21	10.553	1603003	90,443
Commodities	205	7/1/20-6/30/21	10.555	1603003	25,656
Subtotal - Child Nutrition Cluster					
Total U.S. Department of Agriculture					\$ 295,033
US. DEPARTMENT OF TREASURY					
Passed Through Jefferson County					
Coronavirus Relief Fund	295	7/1/20-6/30/21	21.019	None	\$ 3,050
Total U.S. Department of Treasury					\$ 3,050
Total U.S. Federal Awards					\$ 1,466,326

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

NOTES TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

NOTE A – PURPOSE OF THE SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of Culver School District (the District). The information in this schedule is prepared in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - Expenditures on the SEFA are reported on the modified accrual basis of accounting. Expenditures are recorded when a liability is incurred. Such expenditures are recognized using the Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance, but rather uses a rate approved by the Oregon Department of Education each year.

Federal Financial Assistance – Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

NOTE C – CHILD NUTRITION CLUSTER

The District commingles cash receipts from the US Department of Agriculture with similar state grants. When reporting expenditures on this schedule, the District assumes it expends federal monies first. The District reports commodities consumed on the schedule at fair value.

NOTE D – DONATED PERSONAL PROTECTIVE EQUIPMENT (PPE)

During the fiscal year, the District was provided donated PPE, sourced through FEMA and passed through Oregon Department of Education. The fair value of the donated items was unable to be determined.

CULVER SCHOOL DISTRICT NO. 4
Jefferson County, Oregon

SUPPLEMENTAL INFORMATION
AS REQUIRED BY THE OREGON DEPARTMENT OF EDUCATION

YEAR ENDED JUNE 30, 2021

A.	Energy bills for heating - all funds:		<u>Objects 325 and 326</u>
		Function 2540	\$ 130,453
		Function 2550	23,835
B.	Replacement of equipment - General Fund:		
	Include all General Fund expenditures in Object 542, except for the following exclusions		<u>Amount</u>
	Exclude these functions:		
	1113, 1122 & 1132 Co-curricular activities	Construction	\$
	1140 Pre-kindergarten	Pupil transportation	
	1300 Continuing education	Food service	
	1400 Summer school	Community services	

**INDEPENDENT AUDITORS' REPORT REQUIRED BY
OREGON STATE REGULATIONS**



Board of Directors
Culver School District No. 4
Jefferson County, Oregon

INDEPENDENT AUDITORS' REPORT REQUIRED BY
OREGON STATE REGULATIONS

We have audited the basic financial statements of the Culver School District No. 4, Jefferson County, Oregon (the District) as of and for the year ended June 30, 2021, and have issued our report thereon dated December 15, 2021. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

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

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

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

OAR 162-10-0230 Internal Control

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

We noted certain matters that we consider to be material weaknesses in internal control and have reported those findings to the District in the Findings and Questioned Costs report contained in this reporting package.

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



Brenda Bartlett, CPA
SGA Certified Public Accountants and Consultants, LLP
Bend, Oregon

December 15, 2021



**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**

Board of Directors
Culver School District
Jefferson County, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Culver School District No. 4, Jefferson County, Oregon (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2021.

Internal Control over Financial Reporting

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

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

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

**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 - continued**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances 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 is not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brenda Bartlett

Brenda Bartlett, CPA
SGA Certified Public Accountants and Consultants, LLP
Bend, Oregon

December 15, 2021



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

Board of Directors
Culver School District
Jefferson County, Oregon

Report on Compliance for Each Major Federal Program

We have audited Culver School District No. 4, Jefferson County, Oregon (the District's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of the auditor's 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.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 deficiencies, significant deficiencies, or material weaknesses. 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.

Brenda Bartlett

Brenda Bartlett, CPA
SGA Certified Public Accountants and Consultants, LLP
Bend, Oregon

December 15, 2021

**CULVER SCHOOL DISTRICT NO. 4
(Jefferson County, Oregon)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes
- Significant deficiencies? None reported

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? No
- Significant deficiencies identified? No

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

<u>CFDA No(s).</u>	<u>Name of Federal Program or Cluster</u>
84.425D	COVID-19 Elementary and Secondary School Emergency Relief fund

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

Auditee qualified as low-risk auditee? No

CULVER SCHOOL DISTRICT NO. 4
(Jefferson County, Oregon)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

Section II – Financial Statement Findings

2021-001 – Material weakness in internal control over cash disbursements

Condition: The Business Manager has the authority to (1) initiate purchase requisitions; (2) approve the purchase requisition into an authorized purchase order; and (3) sign checks that are generated by the Accounts Payable Clerk in payment of the approved purchase order. Additionally, the Business Manager has recording access to the accounting system and the ability to make journal entries.

Criteria: An effective internal control system requires separation of duties between the functions of authorization, recording and custody of assets.

Cause: Accounting processes were set up within the accounting system to streamline the approval process in order to provide timely vendor payment.

Effect: Disbursements could be made for unauthorized purposes and accounting records could later be altered so that the transactions appeared to be valid.

Recommendation: The District should update the disbursement approval process to provide segregation between the incompatible duties of custody, recording and authorization; or implement mitigating detection controls, such as a regular review of all purchase orders initiated by the Business Manager.

View of Responsible

Officials: Management agrees that the internal control system should include segregation of duties and has implemented processes to provide for additional controls in that area.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.



Culver School District #4
PO Box 259 * 412 West E Street
Culver OR 97734

Stefanie Garber, Superintendent

CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2021

Finding 2021-01

Condition:

The auditor noted a material weakness in our internal controls over cash disbursements where the Business Manager had access to initiate, approve and sign the checks for the cash disbursements.

Corrective Action Plan

Corrective Action Planned: The District's Business Manager reached out to the person in charge of the Regional Financial Systems Support and discussed various controls that could be implemented within the iVisions systems to correct this control deficiency. Access to initiate the requisitions has been removed from the Business Manager's account in the iVisions system. The Payroll/HR Director is also running a monthly report when she completes the bank reconciliations that identifies which users have initiated requisitions to ensure that the Business Manager is not initiating requisitions.

Name of Contact Person Responsible for Corrective Action: Megan VerVaecke

Completion Date: June 30, 2021