



GERVAIS SCHOOL DISTRICT NO. 1
GERVAIS, OREGON

ANNUAL FINANCIAL REPORT

JUNE 30, 2021

GERVAIS SCHOOL DISTRICT #1

290 First Street
Gervais, OR 97026
(503) 792-3803

DISTRICT OFFICIALS

LORRAINE MARTIN PO Box 100, Gervais, OR 97026	Board Chair
HENRY BUSTAMANTE PO Box 100, Gervais, OR 97026	Vice Chair
MARIA CABALLERO PO Box 100, Gervais, OR 97026	Director
ANA CONTRERAS PO Box 100, Gervais, OR 97026	Director
DEBBIE SULLIVAN PO Box 100, Gervais, OR 97026	Director

ADMINISTRATION

CARYN DAVIS PO Box 100, Gervais, OR 97026	Business Manager
DANDY STEVENS PO Box 100, Gervais, OR 97026	Superintendent

GERVAIS SCHOOL DISTRICT NO. 1
AUDIT REPORT

JUNE 30, 2021

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1a - 1b
MANAGEMENT'S DISCUSSION AND ANALYSIS	2-9
BASIC FINANCIAL STATEMENTS:	
<u>Government-wide Financial Statements:</u>	
Statement of Net Position	10
Statement of Activities	11
<u>Fund Financial Statements:</u>	
Balance Sheet - Governmental Funds	12
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	15
<u>Notes To The Basic Financial Statements</u>	16-51
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund #100	52
Special Revenue Fund #200	53
Schedule of Proportionate Share of the Net Pension Liability	54
Schedule of Employer Contributions	55
Schedule of Proportionate Share of the Net OPEB (RHIA) Liability	56
Schedule of Employer Contributions	57
Schedule of Related Ratios OPEB	58
OTHER SUPPLEMENTARY DATA:	
<u>Other Governmental Funds:</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Debt Service Fund #300 (A Major Fund)	59

GERVAIS SCHOOL DISTRICT NO. 1
AUDIT REPORT

JUNE 30, 2021

TABLE OF CONTENTS (Cont.)

PAGE

OTHER SUPPLEMENTARY DATA (Cont.):

Additional Supporting Schedules:

Schedule of Long-Term Debt Transactions & Future Requirements	60-63
Form 581-3211-C	64
Revenue Summary – All Governmental Funds	65
Expenditure Summary – General Fund #100	66
Expenditure Summary – Special Revenue Funds #200	67
Expenditure Summary – Debt Service Funds #300	68

ACCOMPANYING INFORMATION:

Independent Auditor’s Report Required by Oregon State Regulations	69
---	----

SINGLE AUDIT SECTION:

Independent Auditor’s Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standard	70
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	71-72
Schedule of Expenditures of Federal Awards	73
Notes to the Schedule of Expenditures of Federal Awards	74
Schedule of Findings and Questioned Costs	75



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Gervais School District No. 1,
531 East Central Avenue Gervais, Oregon 97479

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gervais School District No. 1 as of and for the year ended June 30, 2021 which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Gervais School District No. 1 as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 2-9, the schedules of revenues, expenditures and changes in fund balances – budget and actuals on pages 52-53 and 59, and the pension schedules on pages 54-55 and pension and OPEB schedules on pages 56-57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals described above on pages 52-53 and 59 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedules of revenues, expenditures and changes in fund balances – budget and actuals are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gervais School District No. 1's basic financial statements. The other supplementary data on pages 60-69 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Gervais School District No. 1. The schedule of expenditures of federal awards on page 72 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary data on pages 60-69 and the schedule of expenditures of federal awards on page 72 are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other supplementary data and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, I have also issued our report dated December 5, 2021, on our consideration of the Gervais School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gervais School District No. 1's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 5, 2021, on our consideration of the Gervais School District No. 1's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on the District's compliance.



Steve Tuchscherer, CPA
December 5, 2021

MANAGEMENT'S
DISCUSSION
AND ANALYSIS

GERVAIS SCHOOL DISTRICT NO. 1
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2021

The discussion and analysis of Gervais School District No. 1's financial performance provides an overview of the District's financial activities for the fiscal year that ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

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

- Pension and OPEB asset and liability accounts are based on estimates from Oregon PERS that will fluctuate significantly from year to year, which impact several of the following highlights. See the pension and OPEB Notes for additional information.
- Total liabilities, increased during the fiscal year by \$1,866,390 during the year primarily due to an increase in the net pension liability of \$2,421,415.
- The District's net position increased by \$507,524 which represents a 28% increase from the previous year because of the above noted PERS and OPEB accrual fluctuations.
- General revenues accounted for \$17,175,586 in revenue, or 77.6% of all revenues. Program specific revenues in the form of charges for services, and grants and donations accounted for \$4,952,239 or 22.4% of total revenues of \$22,127,824.
- Total assets of governmental activities increased by \$821,560, primarily due to an increase in cash and investments from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

GERVAIS SCHOOL DISTRICT NO. 1

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

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

Fund Financial Statements

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

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

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information budgetary comparison statements for the General Fund and the Special Revenue Fund #200. The required supplementary information immediately follows the notes to the financial statements. Other supplementary data includes combining statements, individual fund statements and schedules, and other schedules. These statements and schedules immediately follow the required supplementary information in this report.

GERVAIS SCHOOL DISTRICT NO. 1

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

The District's net position at fiscal year-end was -\$1,304,592. This is a \$507,524 increase from last year's net position and represents a 28% decrease from the previous year.

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

Summary of Net Position

	<u>Governmental Activities</u>		
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
Assets			
Current and Other Assets	\$ 6,488,991	\$ 5,362,363	21.0%
Capital Assets	<u>7,553,002</u>	<u>7,858,070</u>	-3.9%
Total Assets	14,041,993	13,220,433	6.2%
Deferred Outflow of Resources	<u>4,145,798</u>	<u>2,623,990</u>	58.0%
Liabilities			
Long-Term Liabilities	16,856,702	15,824,681	6.5%
Other Liabilities	<u>1,198,475</u>	<u>364,106</u>	229.2%
Total Liabilities	<u>18,055,177</u>	<u>16,188,787</u>	11.5%
Deferred Inflow of Resources	<u>1,437,206</u>	<u>1,467,752</u>	-2.1%
Net Position			
Net Investment in Capital Assets	4,149,133	4,287,201	-3.2%
Restricted	-	677,884	-100.0%
Unrestricted	<u>(5,453,725)</u>	<u>(6,777,201)</u>	-19.5%
Total Net Position	<u>\$ (1,304,592)</u>	<u>\$ (1,812,116)</u>	-28.0%

GERVAIS SCHOOL DISTRICT NO. 1
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2021

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

Changes in Net Position			
	Governmental Activities		
	2020-21	2019-20	Percentage Change
Revenues			
Program Revenues			
Charges for Services	\$ 270,749	\$ 415,236	-34.8%
Operating Grants and Contributions	4,634,880	1,430,807	223.9%
General Revenues			
Property Taxes	2,761,342	2,645,774	4.4%
State Basic School Support	13,931,498	13,225,578	5.3%
Other	529,356	1,823,607	-71.0%
Total Revenues	22,127,824	19,541,002	13.2%
Program Expenses			
Instruction	13,008,415	11,829,077	10.0%
Support Services	6,001,234	5,833,971	2.9%
Community Services	1,539,015	1,044,684	47.3%
Interest on Long-Term Debt	977,541	757,188	29.1%
Total Program Expenses	21,526,205	19,464,920	10.6%
Change in Net Position	\$ 601,619	\$ 76,082	

GERVAIS SCHOOL DISTRICT NO. 1

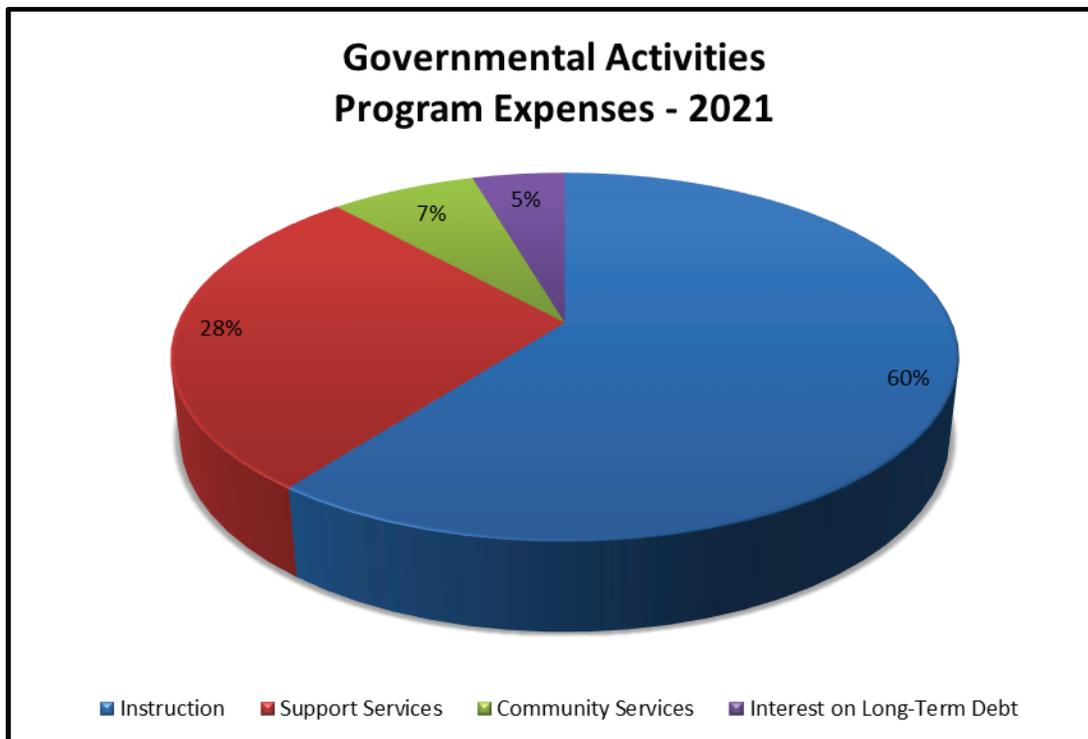
Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2021

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

Governmental Activities				
	2020-21		2019-20	
	Total Cost of Services	Net Cost (Profit) of Services	Total Cost of Services	Net Cost (Profit) of Services
Instruction	\$ 13,008,415	\$ 10,955,211	\$ 11,829,077	\$ 10,983,992
Support Services	6,001,234	4,614,031	5,833,971	5,350,897
Community Services	1,539,015	27,183	1,044,684	526,800
Total Program Expenses	\$ 21,526,205	\$ 16,573,967	\$ 19,464,920	\$ 17,618,877

The dependence on general revenues for general government activities is apparent. For the current year, 77% of general government activities are supported through general revenues.

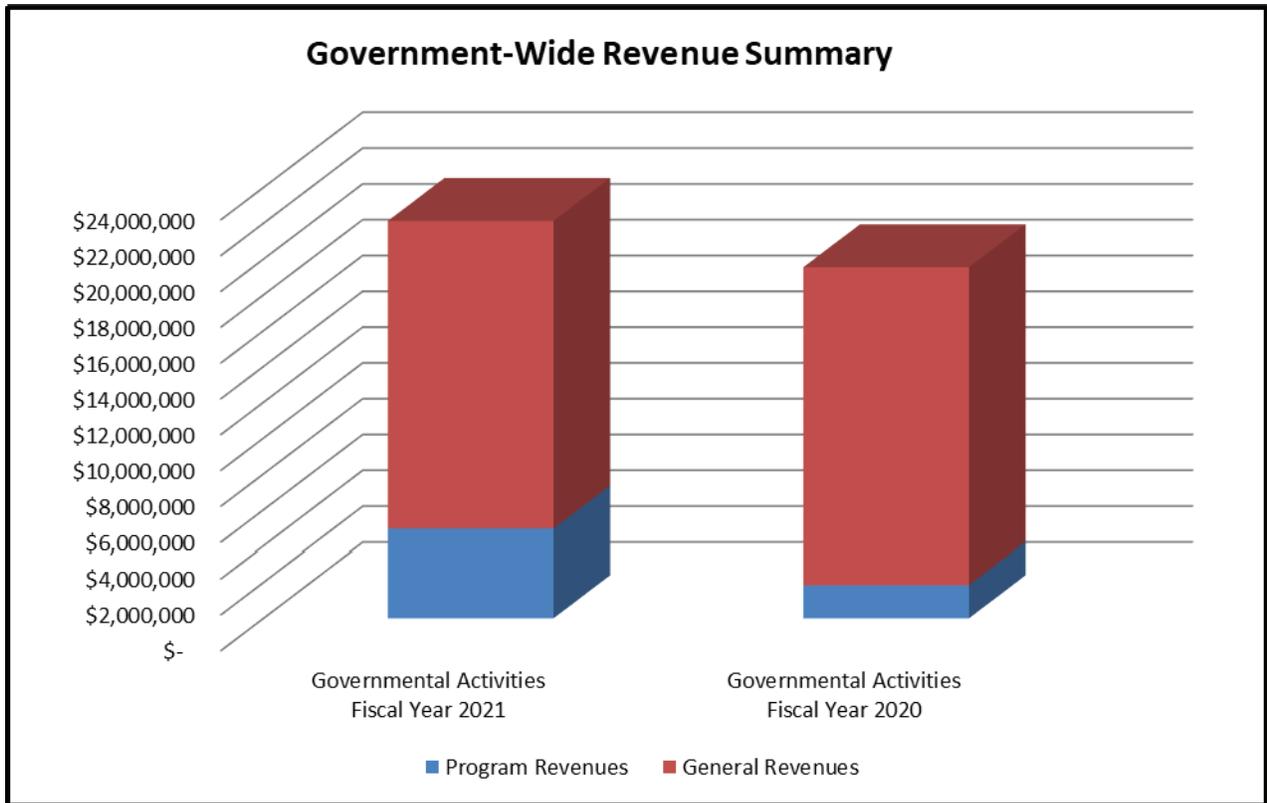
This graph represents the cost of the District's Program expenses by governmental activities.



GERVAIS SCHOOL DISTRICT NO. 1

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

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



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$5,574,998, an increase of \$1,234,729. The fund balance consists of nonspendable, restricted, committed, assigned and unassigned amounts. Of the current fund balances, \$0 is nonspendable, \$0 is restricted, \$1,849,346 is committed and \$3,725,652 is unassigned and available for spending at the District's discretion.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$851,343.

GERVAIS SCHOOL DISTRICT NO. 1
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2021

BUDGETARY HIGHLIGHTS

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

General Fund revenues were budgeted and anticipated to be collected in the amount of \$16,475,540 during the fiscal year. Actual revenues of \$17,304,915 were more than budgeted revenues by \$829,375. General Fund expenditures budget was under-spent by \$2,239,577. The actual ending fund balance was more than the budgeted ending fund balance by \$656,700.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2021, the District had invested \$15,481,922 in capital assets, including school buildings, athletic facilities, land, vehicles, computers and other equipment and furnishings. This amount represents a net increase prior to depreciation of \$215,834 from last year due to additions of \$215,834 and deletions of \$0.

Total depreciation expense for the year was \$520,901. Additional information on the District's capital assets can be found in the Capital Asset Note in the notes to the basic financial statements section of this report.

Long-Term Debt

At June 30, 2021, the District had \$8,931,834 in long-term debt outstanding. The District paid \$518,411 toward the principal balance of the long-term debt. The District paid \$944,634 in interest on total debt.

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

GERVAIS SCHOOL DISTRICT NO. 1
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The General Fund is the chief operating fund of Gervais School District. The National and State economies continue to be recovering slightly. As with years past, current funding for public education continues to be unstable and difficult to predict, even as the District's state revenues have shown significant increases. Gervais School District's budget is based on a \$9.3 billion budget from the House Ways and Means Committee. Although enrollment has continued to decline in 2021-22 fiscal year, the state's 2-year look back and readjustment of the State School Fund Formula has kept the funding at the level that the district has budgeted for.

The adjustments made in the 2020-21 fiscal year, allowed for a generous beginning fund balance to roll into the general fund for the 2021-22 fiscal year. The generous beginning fund balance was necessary in budgeting for 2021-22 as it took all of those funds to bring the budget into balance due to rising employee payroll and associated costs, as well as increases in materials and supplies due to supply chain issues, brought on by the pandemic. The budget reflects an increase in total FTE for the District to account for changing demographics and necessary programs. The increase in costs, decreasing enrollment and lower than needed state funding will have a direct impact on the District's Unappropriated Ending Fund Balance at the end of the 2021-22 fiscal year.

The District's adopted budget for the fiscal year ending June 30, 2022 represents an overall increase of \$6,488,299 or 25.2% when compared with the 2020-21 fiscal year. The total budget for the fiscal year ending June 30, 2022 is \$32,224,148. The increase in the total budget was due to a large influx of COVID-related funding sources, as well as increases to allow for the capacity to take on additional grants, should the funds become available, without the need for a Supplemental Budget.

The District will levy its maximum permanent property tax rate of \$4.6427 per \$1,000 of assessed property valuation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

If you have any questions about this report or need additional information, contact the Gervais School District No. 1 at 290 First Street, Gervais, Oregon 97026.

BASIC FINANCIAL
STATEMENTS

Government-Wide
Financial Statements

GERVAIS SCHOOL DISTRICT #1
STATEMENT OF NET POSITION
June 30, 2021

		<u>Governmental Activities</u>
<u>ASSETS:</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 4,239,061	
Property Taxes Receivable	116,635	
Accounts Receivable	1,924,640	
Prepaid Expenses	2,486	
Total Current Assets		\$ 6,282,822
Restricted Assets:		
Net OPEB Asset (RHIA)	206,169	
Total Restricted Assets		206,169
Capital Assets:		
Land	392,550	
Building and Building Improvement	13,166,774	
Machinery and Equipment	1,922,598	
Less: Accumulated Depreciation	(7,928,919)	
Total Capital Assets, Net of Depreciation		7,553,002
Total Assets		<u>14,041,993</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pension Related Deferrals	3,948,088	
OPEB Related Deferrals - RHIA	24,962	
OPEB Related Deferrals - OEBC	172,748	
Total Deferred Outflow of Resources		<u>4,145,798</u>
<u>LIABILITIES:</u>		
Accounts Payable	\$ 556,818	
Accrued Interest Payable	42,107	
Payroll Liabilities	62,844	
Accrued Vacation Benefits	39,866	
Leases Payable		
Due within one year	27,478	
Due in more than one year	978,627	
Bonds Payable		
Due within one year	432,747	
Due in more than one year	7,492,982	
Unamortized Premiums on Bonds	36,615	
Net OPEB Obligation - OEBC	801,557	
Net Pension Liability	7,583,536	
Total Liabilities		<u>18,055,177</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Pension Related Deferrals	1,335,328	
OPEB Related Deferrals - RHIA	78,869	
OPEB Related Deferrals - OEBC	23,009	
Total Deferred Inflow of Resources		<u>1,437,206</u>
<u>NET POSITION:</u>		
Net Investment in Capital Assets	4,149,133	
Unrestricted	(5,453,725)	
Total Net Position		<u>\$ (1,304,592)</u>

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

GERVAIS SCHOOL DISTRICT #1

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2021

		Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services (Expenses)	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<u>GOVERNMENTAL ACTIVITIES:</u>					
Instruction	\$ 13,008,415	\$ 270,698	\$ 1,735,896	\$ -	\$ (11,001,821)
Support Services	6,001,234	-	1,387,203	-	(4,614,031)
Enterprise and Community Services	1,539,015	51	1,511,781	-	(27,183)
Interest on Long-Term Debt	977,541	-	-	-	(977,541)
Total Governmental Activities	<u>\$ 21,526,205</u>	<u>\$ 270,749</u>	<u>\$ 4,634,880</u>	<u>\$ -</u>	<u>\$ (16,620,577)</u>

GENERAL REVENUES:

Local Sources:

Property Taxes, Levied for General Purposes	\$ 2,761,342
Local Excise Tax	46,610
Earnings on Investments	48,595
Unrestricted State and Local Revenue	45,332
Intermediate Sources	9,012
State School Fund for Education and Support Services	13,931,498
State Common School Fund	379,807
Subtotal - General Revenues	17,222,196
Change in Net Position	601,619
Net Position, July 1, 2020	(1,906,211)
Net Position, June 30, 2021	<u>\$ (1,304,592)</u>

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

BASIC FINANCIAL
STATEMENTS

Fund Financial Statements

GERVAIS SCHOOL DISTRICT #1

BALANCE SHEET GOVERNMENTAL FUNDS

June 30, 2021

	<u>General Fund #100</u>	<u>Special Revenue Fund #200</u>	<u>Debt Service Fund #300</u>	<u>Total Govern- mental Funds</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 3,917,386	\$ -	\$ 321,675	\$ 4,239,061
Property Taxes Receivable	115,862	773	-	116,635
Accounts Receivable	74,569	1,850,071	-	1,924,640
Due From Other Funds	273,076	-	-	273,076
Prepaid Expenses	2,486	-	-	2,486
Total Assets	\$ 4,383,379	\$ 1,850,844	\$ 321,675	\$ 6,555,898
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u>				
LIABILITIES:				
Accounts Payable	\$ 506,721	\$ 50,097	\$ -	\$ 556,818
Payroll Liabilities	62,844	-	-	62,844
Due to Other Funds	-	273,076	-	273,076
Total Liabilities	569,565	323,173	-	892,738
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue - Property Taxes	88,162	-	-	88,162
Total Deferred Inflows of Resources	88,162	-	-	88,162
FUND BALANCES:				
Committed for:				
Debt Service	-	-	321,675	321,675
Special Programs	-	1,527,671	-	1,527,671
Assigned for:				
Unassigned	3,725,652	-	-	3,725,652
Total Fund Balances	3,725,652	1,527,671	321,675	5,574,998
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,383,379	\$ 1,850,844	\$ 321,675	\$ 6,555,898

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

GERVAIS SCHOOL DISTRICT #1

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

June 30, 2021

Total Fund Balances - Governmental Funds \$ 5,574,998

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Cost of assets	\$ 15,481,922	
Accumulated depreciation	<u>(7,928,919)</u>	
Net Value of Capital Assets		7,553,002

Property taxes receivable that will not be available to pay for current-period expenditures are deferred in the governmental funds. 88,162

Deferred inflows and outflows of pension and OPEB contributions and earnings are not reported in the governmental funds.

Deferred Pension/OPEB Contributions	4,145,798	
Deferred Earnings on Pension/OPEB Assets	<u>(1,437,206)</u>	
Net Value of Deferrals		2,708,592

Some liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

These liabilities consist of :

Accrued Interest Payable	42,107	
Leases Payable	1,006,105	
Bonds Payable	7,925,729	
Unamortized Bond Premium	36,615	
Net Pension Liability	7,583,536	
Net OPEB Obligations	595,388	
Accrued Vacation Benefits	<u>39,866</u>	
Total		<u>(17,229,346)</u>

Net Position of Governmental Activities \$ (1,304,592)

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

GERVAIS SCHOOL DISTRICT #1

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

For the Fiscal Year Ended June 30, 2021

	<u>General Fund #100</u>	<u>Special Revenue Fund #200</u>	<u>Debt Service Fund #300</u>	<u>Total Govern- mental Funds</u>
<u>REVENUES:</u>				
Taxes	\$ 2,752,848	\$ 46,610	\$ -	\$ 2,799,458
Tuition Charges	30,075	-	-	30,075
Earnings on Investments	44,759	-	3,835	48,594
Fees and Charges	1,500	33,729	-	35,229
Miscellaneous Revenue	134,340	162,303	1,013,242	1,309,885
Intermediate Government Aid	9,012	-	-	9,012
State Aid	14,332,381	1,192,959	-	15,525,340
Federal Aid	-	3,374,979	-	3,374,979
Total Revenues	17,304,915	4,810,580	1,017,077	23,132,572
<u>EXPENDITURES:</u>				
Current:				
Instruction	11,096,250	1,663,059	-	12,759,309
Support Services	4,743,273	1,382,304	-	6,125,577
Enterprise and Community Services	21,824	1,506,441	-	1,528,265
Capital Outlay:				
Facilities Acquisition and Construction	-	21,647	-	21,647
Debt Service	-	23,360	1,439,685	1,463,045
Total Expenditures	15,861,347	4,596,811	1,439,685	21,897,843
Excess (Deficiency) of Revenues Over Expenditures	1,443,568	213,769	(422,608)	1,234,729
<u>OTHER FINANCING SOURCES (USES):</u>				
Interfund Transfers In	-	214,500	377,725	592,225
Interfund Transfers Out	(592,225)	-	-	(592,225)
Total Other Financing Sources (Uses)	(592,225)	214,500	377,725	-
Net Change in Fund Balance	851,343	428,269	(44,883)	1,234,729
Beginning Fund Balance	2,874,309	1,099,402	366,558	4,340,269
Ending Fund Balance	\$ 3,725,652	\$ 1,527,671	\$ 321,675	\$ 5,574,998

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

GERVAIS SCHOOL DISTRICT #1

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

For the Fiscal Year Ended June 30, 2021

Net Changes in Fund Balances - Total Governmental Funds \$ 1,234,729

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

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

Expenditures for capitalized assets	\$ 215,834	
Less current year depreciation	<u>(520,901)</u>	
		(305,067)

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

Deferred revenues increased by this amount this year.	8,494
---	-------

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

Retirement of principal is as follows:

Leases	94,095	
Bonds	424,316	
Amortization of Bond Premium	<u>6,149</u>	
		524,560

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

This is the net change in pension related items.	(828,274)
--	-----------

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

The activities consist of:

Net increase/(decrease) in accrued interest expense	(39,056)	
Increase/(decrease) in accrued OPEB	(6,159)	
Increase/(decrease) in accrued vacation benefits	<u>12,392</u>	
		<u>(32,823)</u>

Change in Net Position of Governmental Activities **\$ 601,619**

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

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

Gervais School District No. 1 was organized under the provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is government by a separately elected five-member Board of Directors who approve the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic financial statements of Gervais School District No. 1 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

Reporting Entity

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

The District sponsors the Frontier Charter Academy. Based on the aforementioned criteria, Frontier Charter Academy is not considered a component unit of Gervais School District No. 1.

Basis of Presentation

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

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

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Basis of Presentation (Cont.)

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

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

The District reports the following major governmental funds:

General Fund - The General Fund is the main operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General Fund expenditures are categorized by "Instruction" which is the direct teaching of students or the interaction between teacher and students. "Support Services" covers all the support activities for students, teachers, and facilities. Major activities in support services are transportation, maintenance of facilities (i.e. heating, phones, electricity, cleaning), administration, counseling for students, and technology support.

Special Revenue Fund – This fund includes all resources received from federal state and local grants passed through the Oregon Department of Education and other sources.

Debt Service Fund - Accounted for in this fund are 1) pension charges to other funds for the accumulation of resources and payment of the PERS bonds, and 2) transfers of funds from the General Fund and related payment of other long-term debts.

Measurement Focus/Basis of Accounting:

Measurement focus refers to what is being measured; basis of accounting refers to when transactions are recognized in the financial records and reported on the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized when the liability is incurred.

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

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Measurement Focus/Basis of Accounting (Cont.):

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

Budgeting

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

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

Cash and Investments

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

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

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

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

Receivables

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

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Receivables (Cont.)

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

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

Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Years of Useful Lives</u>
Buildings and Building Improvements	15-50
Machinery and Equipment	5-10

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

Compensated Absences and Accrued Liabilities

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual vacation.

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

Advances from Grantors

Amounts received for reimbursement-type grants in excess of District expenditures related to that grant are reported in the liability section of the government-wide statements as advances from grantors and are consequently not reported as revenues.

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Long-Term Obligations

All bonds payable and capital leases payable are recognized in the government-wide financial statements as a liability of the District. Amounts of the long-term debt due within the following fiscal year are included in the current liabilities section of the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported at face value. Bond premiums or discounts are reported separately.

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

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred pension contributions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category, deferred earnings on pension assets. In the governmental funds balance sheet, a different category of deferred inflow of resources, delinquent property tax revenue not available, is reported. Property taxes levied and considered receivable at the end of the fiscal year, but not collected within sixty days of the end of the fiscal year are reported in this category. These amounts are recognized as an inflow of resources (revenue) in the period that the amounts become available.

Property Taxes

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

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

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Equity Classifications

Government-wide Statements

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

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

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

Fund Financial Statements

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

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

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

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Inter-Fund Transactions

In the fund financial statements, quasi-external transactions are accounted for as revenues or expenditures, while reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

Use of Estimates

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

Pensions

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

CASH AND INVESTMENTS:

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

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

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

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

CASH AND INVESTMENTS (Cont.):

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website. Qualifying depository banks must pledge securities with a particular value based on the bank's level of capitalization. The balances in excess of the FDIC insurance are considered exposed to custodial credit risk.

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

As of June 30, 2021, the reported amount of the District's deposits was \$568,784, the bank balance was \$1,174,439 and the amount of petty cash was \$100. Of the bank balance, the entire amount was covered by federal depository insurance or covered by the collateral held in a multiple financial institutions collateral pool administered by the Oregon State Treasurer.

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

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

At June 30, 2021, the District's deposits in financial institutions were as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	\$ 3,670,177	N/A
Total Investments	<u>\$ 3,670,177</u>	

Investments in the LGIP and federal agency notes do not require disclosure credit rating quality.

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

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

CAPITAL ASSETS:

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

<u>Governmental Activities</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Assets not being depreciated:				
Land	\$ 392,550	\$ -	\$ -	\$ 392,550
Total assets not being depreciated	392,550	-	-	392,550
Assets being depreciated:				
Building and Building Improvement	13,079,715	87,059	-	13,166,774
Machinery and Equipment	1,793,823	128,775	-	1,922,598
Total Depreciable Assets	14,873,538	215,834	-	15,089,372
Less: Accumulated Depreciation				
Building and Building Improvement	6,014,038	405,304	-	6,419,342
Machinery and Equipment	1,393,980	115,597	-	1,509,577
Total Accumulated Depreciation	7,408,018	520,901	-	7,928,919
Net Value of Capital Assets Being Depreciated	7,465,519	(305,067)	-	7,160,452
Total Governmental Activities --				
Net Value of Capital Assets	<u>\$ 7,858,069</u>	<u>\$ (305,067)</u>	<u>\$ -</u>	<u>\$ 7,553,002</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 362,931
Support Services	136,777
Enterprise and Community Services	21,193
Total Depreciation Expense	<u>\$ 520,901</u>

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

LONG-TERM DEBT:

Leases

Equip Lease Purchase Energy Project- Equipment lease purchase of Johnson Controls Energy Project financed by Sterling National Bank. Dated July 16, 2019 with a maturity date of Jul 1, 2039. Original balance \$1,130,200. Interest rate 3.63%.

Bonds

Consolidation 2013 Bonds - Full Faith and Credit Obligation Bonds, Series 2013 held by US Bank. Bonds are dated June 12, 2013 with a final maturity date of June 1, 2033. Original balance is \$3,405,000 and carry an interest rate between 2.0 and 4.0%.

Land FlexFund 2003A - 17 acres land purchase for the high school financed by Flexfund Series 2003 bond carried by Bank of New York Mellon dated July 16, 2003 with a final maturity date June 1, 2023. Original balance \$330,000. Interest rates vary from 1.9% to 4.8%.

OSBA Limited Tax Pension Obligation Bonds - On April 21, 2003, the District participated with other school districts in a pooled issuance of Oregon School Boards Association Limited Tax Pension Obligation Bond, Series 2003. The original balance was \$9,541,779 with an interest rate between 1.5% and 6.27%. The Series 2003, bonds are held by Wells Fargo Northwest, Corporate Trust Services. Except for the payment of its pension bond payment and additional charges when due, each school district has no obligation or liability to any other participating school district's pension bonds or liabilities to PERS. Upon issuance of these bonds, the bond proceeds were paid to the Oregon Public Employees Retirement System for the District's pension actuarial obligation. An intercept agreement with the State of Oregon was required as a condition of issuance; therefore, a portion of State School Fund support is withheld on a monthly basis to repay debt. Funds are accumulated and invested by a trust officer and annual principal and interest payments are made each June 30, and December 30, beginning December 2003 for the Series 2003 bonds and ending June 2028.

	<u>Outstanding Balance July 1, 2020</u>	<u>Principal Paid</u>	<u>Interest Paid</u>	<u>Outstanding Balance June 30, 2021</u>	<u>Due Within One Year</u>
Leases Payable:					
Equip Lease Purchase Energy Project	\$ 1,100,200	\$ 94,095	\$ 38,405	\$ 1,006,105	\$ 27,478
Total Leases Payable	<u>\$ 1,100,200</u>	<u>\$ 94,095</u>	<u>\$ 38,405</u>	<u>\$ 1,006,105</u>	<u>\$ 27,478</u>
Bonds Payable:					
Consolidation 2013 Bond	\$ 2,455,000	\$ 150,000	\$ 95,150	\$ 2,305,000	\$ 155,000
Land FlexFund 2003A	70,000	20,000	3,360	50,000	25,000
OSBA Limited Tax Pension Obligation Bonds	5,825,045	254,316	807,719	5,570,729	252,747
Total Bonds Payable	<u>8,350,045</u>	<u>424,316</u>	<u>906,229</u>	<u>7,925,729</u>	<u>432,747</u>
Total Long-Term Debt	<u>\$ 9,450,245</u>	<u>\$ 518,411</u>	<u>\$ 944,634</u>	<u>\$ 8,931,834</u>	<u>\$ 460,225</u>

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

LONG-TERM DEBT (Cont.):

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

Leases Payable:	Due Fiscal Year			
	Ending June 30,	Principal	Interest	Total
	2022	\$ 27,478	\$ 36,522	\$ 64,000
	2023	30,276	35,524	65,800
	2024	33,075	34,425	67,500
	2025	35,975	33,225	69,200
	2026	47,181	31,919	79,100
	2027 - 2031	192,284	138,415	330,699
	2032 - 2036	300,486	96,114	396,600
	2037 - 2041	339,350	31,833	371,183
	Total	\$ 1,006,105	\$ 437,977	\$ 1,444,082

Bonds Payable:	Due Fiscal Year			
	Ending June 30,	Principal	Interest	Total
	2022	\$ 432,747	\$ 952,339	\$ 1,385,086
	2023	437,982	1,001,253	1,439,235
	2024	1,100,000	366,636	1,466,636
	2025	1,220,000	307,584	1,527,584
	2026	1,350,000	241,228	1,591,228
	2027 - 2031	2,925,000	360,304	3,285,304
	2032 - 2036	460,000	27,800	487,800
	Total	\$ 7,925,729	\$ 3,257,144	\$ 11,182,873

The District has no unused lines of credit.

The District has no assets that are specifically pledged as collateral for any of the debt.

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

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

PENSION PLAN

Name of Pension Plan

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

Description of Benefit Terms

Plan Benefits

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

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

Pension Benefits

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years, or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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

1. Employer Programs Project (effective July 1, 2019): established the Employer Incentive Fund (EIF) Program, which allows eligible employers to receive matching funds if they apply and make a qualifying deposit into a side account.
2. Salary Limit Project (effective January 1, 2020): A new \$195,000 limitation on subject salary used for PERS benefit calculations and contributions is used to determine member IAP contributions, employer contributions to fund the pension program, and the Final Average Salary (FAS) used in calculating retirement benefits under formula methods. This amount will be indexed annually to the Consumer Price Index (CPI).
3. Work After Retirement Project (effective January 1, 2020): The 1,039-hour Work After Retirement limit for all PERS retirees is removed for calendar years 2020 through 2024. If a member retires on or after normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations. If a member retires earlier than normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations if the date of their employment is more than six months after their retirement date.

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

PENSION PLAN (Cont.):

4. Member Redirect Project (effective July 1, 2020): For all currently employed Tier One/Tier Two and OPSRP members earning \$2,500/month or more, a portion of their 6 percent monthly IAP contributions will be redirected to an "Employee Pension Stability Account." The Employee Pension Stability Account will be used to pay for part of the member's future pension benefit.
 - Tier One/Tier Two members: 2.5 percent of each member's salary, currently contributed to the IAP, (whether paid by the member or employer) will start going into an Employee Pension Stability Account (EPSA). The remaining 3.5 percent of salary will continue to go to the member's existing IAP account.
 - Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full, 6 percent contribution to the IAP.
5. Member Choice Project (effective January 1, 2021): IAP accounts are currently invested in Target-Date Funds based on a member's birth year. Beginning in 2021, members may choose to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age.
6. Additionally, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier 1/Tier 2 UAL over 22 years. This means that, effective with the December 31, 2019 rate-setting valuation, the entire unamortized Tier 1/Tier 2 UAL for each rate pool and independent employer will be re-amortized over a 22 year period as a level percentage of projected future payroll.

Death Benefits

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

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

Disability Benefits

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

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

PENSION PLAN (Cont.):

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

Pension Benefits

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

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

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

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

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

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

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

PENSION PLAN (Cont.):

Death Benefits

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

Disability Benefits

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

3. Individual Account Program (IAP).

Benefit Terms

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400.

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option.

Death Benefits

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

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

4. Postemployment Healthcare Benefits.

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

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

Description of Funding and Contributions for PERS Benefit Plans

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

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

PENSION PLAN (Cont.):

The District's employer contributions for the year ended June 30, 2021 were \$1,681,457 excluding amounts to fund employer specific liabilities. The contribution rates in effect for the period July 1, 2019 to June 30, 2021 were: Tier1/Tier2 – 7.87%, and OPSRP General Service – 2.42%. The current year contribution rates in effect for PERS have been reduced while the District receives amortization of the PERS retirement bonds (described in Long Term Debt).

Member Contributions

Beginning January 1, 2004, all member contributions, except for contributions by judge members, were placed in the OPSRP Individual Account Program (IAP). Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. During FY 2020-2021, approximately \$389,066 in employee IAP contributions were paid or picked up by the District.

Employer Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and OPEB (Other Post Employment Benefit) Plans. Employer contribution rates during the period were based on the December 31, 2017, actuarial valuation, which became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivisions have made supplemental unfunded actuarial liability payments, and their rates have been reduced. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions.

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

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

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

For **Oregon PERS Postemployment Benefit Plans**, for the fiscal year ended June 30, 2020, PERS employers contributed 0.06 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. No UAL rate was assigned for the RHIA program as it was funded at 126.4 percent as of December 31, 2017. These rates were based on the December 31, 2017, actuarial valuation.

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

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

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

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

PENSION PLAN (Cont.):

Pension Plan CAFR

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

Actuarial Valuations

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the Entry Age Normal actuarial cost method.

For the Tier One/Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years by ongoing Board policy. However, upon passage of Senate Bill 1049, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier 1/Tier 2 UAL over 22 years. This means that, effective with the December 31, 2019 rate-setting valuation, the entire unamortized Tier 1/Tier 2 UAL for each rate pool and independent employer will be re-amortized over a 22 year period as a level percentage of projected future payroll.

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

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

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

PENSION PLAN (Cont.):

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study	2018, published July 24, 2019
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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

Discount Rate

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

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

PENSION PLAN (Cont.):

Depletion Date Projection

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

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

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

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

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

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

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

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

PENSION PLAN (Cont.):

Long-Term Expected Rate of Return

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

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

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

Sensitivity Analysis

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

	1% Decrease 6.20%	Discount Rate 7.20%	1% Increase 8.20%
Employer's proportionate share of the net pension liability	\$ 11,260,925	\$ 7,583,536	\$ 4,499,875

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

PENSION PLAN (Cont.):

Changes in Assumptions

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

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

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

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

PENSION PLAN (Cont.):

Mortality Rates

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

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

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

PENSION PLAN (Cont.):

Changes Subsequent to the Measurement Date

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

Deferred Items

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

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

Employer Contributions

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

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

Elements of Changes in Net Position

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

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

At June 30, 2021, the employer reported a liability of \$7,583,536 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on a projection of the employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

PENSION PLAN (Cont.):

At June 30, 2020, the employer's proportion was 0.03474950%.

For the year ended June 30, 2021, the employer recognized pension expense of \$1,466,075. On June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 333,767	\$ -
Changes of assumptions	406,984	14,260
Net difference between projected and actual earnings on investments	891,725	-
Changes in proportionate share	634,155	433,413
Differences between employer contributions and employer's proportionate share of system contributions	-	887,655
Total Deferred Outflows/Inflows	\$ 2,266,631	\$ 1,335,328
Post-measurement date contributions	1,681,457	N/A
Total Deferred Outflow/(Inflow) of Resources	\$ 3,948,088	\$ 1,335,328
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		931,303

Contributions of \$1,681,457 were made subsequent to the measurement date, but prior to the end of the District's reporting period. These contributions, which are reported as deferred outflows of resources related to pensions, will be included as a reduction of the net pension liability in next fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ 87,204
2nd Fiscal Year	227,282
3rd Fiscal Year	285,049
4th Fiscal Year	314,066
5th Fiscal Year	17,702
Thereafter	-
Total	\$ 931,303

Net Pension Liability

Net pension liabilities are calculated at the system-wide level and are allocated to employers based on their proportionate share. UAL Side Accounts are included as assets in this calculation. The rate setting actuarial valuation will continue to allocate the UAL Side Account, transitional or pre-SLGRP liabilities or surpluses as adjustments to the respective employers.

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

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

Plan Description

The District contributes to the Oregon Public Employees Retirement Systems' (OPERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Oregon Public Employees Retirement Board (OPERB). The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible OPERS retirees. RHIA post-employment benefits are set by state statute. The plan was closed to new entrants hired on or after August 29, 2003.

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

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

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

Funding Policy

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB. For the fiscal year ended June 30, 2020, state agencies contributed 0.06 and 0.18 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA and RHIPA benefits. No UAL rate was assigned for the RHIA program as it was funded at 126.4 percent as of December 31, 2017. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years.

Contributions

The District's contributions to OPERS' RHIA for the years ended June 30, 2021, 2020, and 2019 were \$1,531, \$7,256, and \$27,392 respectively, which equaled the required contributions for the year.

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

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

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

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

<https://www.oregon.gov/PERS/EMP/Documents/GASB/2019/PERS%20GASB%2075%20RHIA%20Report%20FY%2006.30.19.pdf>

Actuarial Methods and Assumptions - OPEB Plans - RHIA	
Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study	2018, published July 24, 2019
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Healthcare cost trend rate	Not applicable
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category</p>

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

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

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

Discount Rate

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

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Table 31 on page 74 shows Milliman's assumptions for each of the asset classes in which the plans were invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown on page 74. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major class, calculated using both arithmetic and geometric means, see Pension Plan note disclosure above or the PERS' audited financial statements at:

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

Sensitivity Analysis

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

	1% Decrease	Discount Rate	1% Increase
	6.20%	7.20%	8.20%
Employer's proportionate share of the net OPEB liability	\$ (166,447)	\$ (206,169)	\$ (240,134)

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

At June 30, 2021, the District reported a net OPEB RHIA liability/(asset) of \$(206,169) for its proportionate share of the net OPEB RHIA liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2020, and the total OPEB RHIA liability/(asset) used to calculate the net OPEB RHIA liability/(asset) was determined by an actuarial valuation as of December 31, 2018. Consistent with GASB Statement No. 75, paragraph 59(a), The District's proportion of the net OPEB RHIA liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2020, the District's proportion was 0.10118232 percent. OPEB RHIA expense/(income) for the year ended June 30, 2021 was \$(57,537).

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 21,076
Changes of assumptions	-	10,959
Net difference between projected and actual earnings on investments	22,928	-
Changes in proportionate share	503	46,834
Differences between employer contributions and employer's proportionate share of system contributions	-	-
Total Deferred Outflows/Inflows	\$ 23,431	\$ 78,869
Post-measurement date contributions	1,531	N/A
Total Deferred Outflow/(Inflow) of Resources	\$ 24,962	\$ 78,869
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		(55,438)

Contributions of \$1,531 were made subsequent to the measurement date, but prior to the end of the District's reporting period. These contributions, which are reported as deferred outflows of resources related to OPEB, will be included as a reduction of the net OPEB liability in the next fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense/(income) as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (44,758)
2nd Fiscal Year	(26,388)
3rd Fiscal Year	8,475
4th Fiscal Year	7,232
5th Fiscal Year	-
Thereafter	-
Total	\$ (55,438)

Changes Subsequent to the Measurement Date

We are not aware of any changes subsequent to the June 30, 2019 Measurement Date that meet this requirement and thus require a brief description under the GASB standard.

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

OTHER POST-EMPLOYMENT BENEFITS (OPEB) OEBB:

OEBB Health Insurance Subsidy

The OEBB net OPEB liability is reported only as an estimate for the current year financial reporting. No actuarial report was obtained by the District for the current fiscal year. Therefore, the amounts reported on the Statement of Net Position for deferred items and the liability are estimated based on use of the most recent actuarial report.

Plan Description

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

Funding Policy

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

At June 30, 2021, the District reported a an estimated net OPEB OEBB liability/(asset) of \$801,557 for its proportionate share of the net OPEB liability/(asset). The OPEB OEBB liability/(asset) was measured as of June 30, 2020, and the total OPEB OEBB liability/(asset) used to calculate the net OPEB OEBB liability/(asset) was determined by a rollforward actuarial valuation as of July 2, 2019. Consistent with GASB Statement No. 75, paragraph 59(a), The District’s proportion of the net OPEB OEBB liability/(asset) is determined by comparing the employer’s actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. Based on the measurement date of June 30, 2019, the District’s estimated OPEB OEBB expense/(income) for the year ended June 30, 2021 was \$(87,753).

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

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

Actuarial Methods and Assumptions - The District engaged an actuary to perform an evaluation as of July 1, 2017 using entry age normal Actuarial Cost Method, which was rolled forward for June 30, 2019. The District is responsible for the selection of assumptions, and were developed in consultation with IAI Independent Actuaries, Inc. The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date:

Discount Rate	2.75%
Other Key Actuarial Assumptions and Methods	
Valuation date	July 1, 2019
Measurement date	June 30, 2019
Health Care Cost Inflation Rate	2.50%
Annual Salary increases	3.50%
Withdrawal, retirement, and mortality rates	Oregon PERS valuation 50% of eligible employees
Annual Premium Increase Rate	5% increase in 2019-20 with increases of .5% to reach 6%. Rates are trended in accordance with prevalent actuarial
Actuarial cost method	Entry Age Normal

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

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

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

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

Discount Rate - The District does not have a dedicated Trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). A rate of 2.75% is used, which is the S&P Municipal Bond 20 Year High-Grade Rate Index as of July 1, 2019.

Starting per capita costs are based on premium rates. The same rates are charged for actives and pre-Medicare retirees. When an employer provides benefits to both active employees and retirees through the same plan, the benefits to retirees should be segregated and measured independently for actuarial measurement purposes. The projection of future retiree benefits should be based on claims costs, or age-adjusted premiums approximating claims costs, for retirees, in accordance with actuarial standards issued by the Actuarial Standards Board. As such, premiums were estimated for pre-Medicare retirees based on average ages and assumptions on the relationship between costs and increasing age (Morbidity).

Sensitivity Analysis

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

	1% Decrease 1.75%	Discount Rate 2.75%	1% Increase 3.75%
Total OPEB liability from Implicit Rate Subsidy	\$ 868,270	\$ 801,557	\$ 739,200
Trend Rate	1% Decrease	Trend Rate	1% Increase
Total OPEB liability from Implicit Rate Subsidy	\$ 704,347	\$ 801,557	\$ 916,147

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

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

Participation

The following table represents the number of the District's covered participants:

As of Valuation Date	July 1, 2019
Active Employees	136
Eligible Retirees	<u>3</u>
Total Participants	139

Changes in Net (OPEB) OEGB Liability

Changes in Total OPEB Liability June 30, 2020 to June 30, 2021	Increase (Decrease) Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balance per actuarial as of June 30, 2020	736,813	-	736,813
Changes for the year:			
Service Cost	38,663	-	38,663
Interest	26,964	-	26,964
Effect of changes to benefit terms	-	-	-
Effect of economic/ demographic gains or losses	22,126	-	22,126
Changes in assumptions or other inputs	(1)	-	(1)
Employer Contributions	-	-	-
Benefit payments	<u>(23,009)</u>	<u>-</u>	<u>(23,009)</u>
Net OPEB Liability per actuarial at June 30, 2021	<u>801,557</u>	<u>-</u>	<u>801,557</u>

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

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

Components of OPEB Expense

	July 1, 2020 to June 30, 2021
OPEB Expense	2021
Service cost	\$ 38,663
Interest on total OPEB liability	26,964
Effect of plan changes	-
Recognition of Deferred (Inflows)/Outflows of Resources	
Recognition of economic/demographic (gains) or losses	22,126
Recognition of assumption changes	-
Administrative Expense	n/a*
OPEB Expense	\$ 87,753

Schedule of Deferred Inflows and Outflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,126	\$ -
Changes of assumptions or inputs	150,622	-
Benefit Payments	-	23,009
Changes in proportionate share	-	-
Differences between employer contributions and employer's proportionate share of system contributions	-	-
Total Deferred Outflows/Inflows (prior to post-measurement date contributions)	\$ 172,748	\$ 23,009

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

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ 27,945
2nd Fiscal Year	27,945
3rd Fiscal Year	27,945
4th Fiscal Year	27,945
5th Fiscal Year	27,945
Thereafter	10,014
Total	\$ 149,739

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

CONTINGENT LIABILITIES:

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

The District is not currently named as a defendant in any pending or threatened litigation.

COMMODITIES RECEIVED IN FOOD SERVICE FUND:

During the year the District received USDA commodities. Fair market value of the amount of commodities received during the current fiscal year is \$55,258. The amount is reflected as federal revenue received and as food expenditure in the Food Service Fund in the financial statements. Fair market value is determined by the Oregon Department of Education.

RISK MANAGEMENT:

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The District is joined together with other school district and special districts in the state, which are members of Special Districts of Oregon (SDOA). SDOA oversees the Special Districts Insurance Services Trust, a public entity risk pool currently operating as a common risk management and insurance program for member governments. The District has an annually renewable contract to pay SDOA an annual premium for its general liability, property liability, automobile liability, boiler and machinery, comprehensive crime, and umbrella insurance coverage.

The District carries commercial insurance for all other losses, including workers' compensation and employee health and accident insurance. Premiums to the health insurance company are paid through a combination of employer contributions and payroll withholdings for eligible employees.

The District came under the State Unemployment Act as of July 1, 1974. The District has elected to pay State Unemployment insurance to the State of Oregon to pay for any claims paid to former employees.

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

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund balances at the end of the fiscal consisted of the following individual fund receivables and payables:

	Due From Other Funds	Due To Other Funds
General Fund #100	\$ 273,076	\$ -
Special Revenue Fund #200	-	273,076
Total	\$ 273,076	\$ 273,076

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

	Transfers Out	Transfers In
General Fund #100	\$ 592,225	\$ -
Special Revenue Fund #200	-	214,500
Debt Service Fund #300	-	377,725
Total	\$ 592,225	\$ 592,225

The transfers out of the general fund to the special revenue fund, represents the District's election to provide general fund support to the programs and activities of that fund. The transfer out of the general fund to the debt service fund was made to provide funds for repayment of capital leases and other long-term debt not provided for by other services provided.

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements (Cont.)
June 30, 2021

PROPERTY TAX ABATEMENTS:

Gervais School District #130 received reduced revenue from property taxes as a result of one tax abatements program - Enterprise Zones agreements. These tax abatement agreements are negotiated with Marion County, Oregon.

For the fiscal year ended June 30, 2021, information regarding the property tax abatements are as follows:

	Assessed Value of Excluded Properties	Rate per Thousand Dollars of Assessed Value		Reduced Property Taxes
Historical Property	\$ 2,289,180	4.6427	\$	10,628
Total Tax Abatements				\$ 10,628

REQUIRED
SUPPLEMENTARY
INFORMATION

GERVAIS SCHOOL DISTRICT #1
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
GENERAL FUND #100
For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts	Final Budget
			(Budgetary Basis)	Over
			(See Note 1)	(Under)
<u>REVENUES:</u>				
Taxes	\$ 2,650,000	\$2,650,000	\$ 2,752,848	\$ 102,848
Tuition Charges	40,000	40,000	30,075	(9,925)
Earnings on Investments	75,000	75,000	44,759	(30,241)
Fees and Charges	13,500	13,500	1,500	(12,000)
Miscellaneous Revenue	38,100	38,100	134,340	96,240
Intermediate Government Aid	5,000	5,000	9,012	4,012
State Aid	13,652,940	13,652,940	14,332,381	679,441
Total Revenues	16,474,540	16,474,540	17,304,915	830,375
<u>EXPENDITURES:</u>				
Instruction	11,399,206	11,399,206	11,096,250	(302,956)
Support Services	5,899,958	5,899,958	4,743,273	(1,156,685)
Enterprise and Community Services	45,000	45,000	21,824	(23,176)
Contingency	719,760	719,760	-	(719,760)
Total Expenditures	18,063,924	18,063,924	15,861,347	(2,202,577)
Excess (Deficiency) of Revenues Over Expenditures	(1,589,384)	(1,589,384)	1,443,568	3,032,952
<u>OTHER FINANCING SOURCES (USES):</u>				
Interfund Transfers Out	(629,225)	(629,225)	(592,225)	37,000
Sale of or Compensation for Loss of Fixed Assets	1,000	1,000	-	(1,000)
Total Other Financing Sources (Uses)	(628,225)	(628,225)	(592,225)	36,000
Net Change in Fund Balance	(2,217,609)	(2,217,609)	851,343	3,068,952
Beginning Fund Balance	2,217,609	2,217,609	2,874,309	656,700
Ending Fund Balance	\$ -	\$ -	\$ 3,725,652	\$ 3,725,652

GERVAIS SCHOOL DISTRICT #1
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Special Revenue Fund #200
For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Taxes	\$ 15,000	\$ 15,000	\$ 46,610	\$ 31,610
Fees and Charges	133,275	133,275	33,729	(99,546)
Miscellaneous Revenue	124,025	124,025	162,303	38,278
State Aid	1,224,375	1,224,375	1,192,959	(31,416)
Federal Aid	1,724,375	2,979,375	3,374,979	395,604
Total Revenues	<u>3,221,050</u>	<u>4,476,050</u>	<u>4,810,580</u>	<u>334,530</u>
<u>EXPENDITURES:</u>				
Instruction	1,759,256	1,759,256	1,663,059	(96,197)
Support Services	1,498,084	1,875,084	1,382,304	(492,780)
Enterprise and Community Services	965,725	1,843,725	1,506,441	(337,284)
Facilities Acquisition and Construction	95,000	95,000	21,647	(73,353)
Debt Service	23,360	23,360	23,360	-
Total Expenditures	<u>4,341,425</u>	<u>5,596,425</u>	<u>4,596,811</u>	<u>(999,614)</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,120,375)	(1,120,375)	213,769	1,334,144
<u>OTHER FINANCING SOURCES (USES):</u>				
Interfund Transfers In	251,500	251,500	214,500	(37,000)
Total Other Financing Sources (Uses)	251,500	251,500	214,500	(37,000)
Net Change in Fund Balance	(868,875)	(868,875)	428,269	1,297,144
Beginning Fund Balance	868,875	868,875	1,099,402	230,527
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,527,671</u>	<u>\$ 1,527,671</u>

GERVAIS SCHOOL DISTRICT #1

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

PERS

Last 10 Fiscal Years*

Measurement Date June 30,	(a)	(b)	(c)	(b/c)	Plan fiduciary net position as a percentage of the total pension liability
	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	
2021	0.03474950%	\$ 7,583,536	\$ 5,131,712	147.78%	75.8%
2020	0.02984298%	5,162,121	5,928,430	87.07%	80.2%
2019	0.03489225%	5,285,716	5,708,167	92.60%	82.1%
2018	0.03644586%	4,912,916	5,447,856	90.18%	83.1%
2017	0.03470273%	5,209,686	5,540,303	94.03%	80.5%
2016	0.02891135%	1,659,934	5,574,279	29.78%	91.9%
2015	0.02995053%	\$ (678,893)	\$ 5,471,552	-12.41%	103.6%

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

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.

GERVAIS SCHOOL DISTRICT #1
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERS
Last 10 Fiscal Years*

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered payroll	(b/c) Contributions as a percent of covered payroll
2021	\$ 1,681,457	\$ 1,681,457	\$ -	\$ 5,131,712	32.77%
2020	1,320,802	1,320,802	-	5,928,430	22.28%
2019	1,054,311	1,054,311	-	5,708,167	18.47%
2018	1,002,377	1,002,377	-	5,447,856	18.40%
2017	950,300	950,300	-	5,540,303	17.15%
2016	924,704	924,704	-	5,574,279	16.59%
2015	1,141,971	1,141,971	-	5,471,552	20.87%

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

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.

GERVAIS SCHOOL DISTRICT #1
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY
OPEB RHIA
Last 10 Fiscal Years*

Measurement Date June 30,	(a) Employer's proportion of the net OPEB liability (asset)	(b) Employer's proportionate share of the net OPEB liability (asset)	(c) Employer's covered payroll	(b/c) Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.10118232%	\$ (206,169)	\$ 5,131,712	-4.02%	150.1%
2020	0.05526786%	\$ (106,797)	\$ 5,928,430	-1.80%	144.4%
2019	0.05702295%	(63,653)	\$ 5,708,167	-1.12%	124.0%
2018	0.05615976%	(23,438)	\$ 5,447,856	-0.43%	108.9%
2017	0.05882964%	\$ 15,976	\$ 5,540,303	0.29%	94.2%

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

GERVAIS SCHOOL DISTRICT #1
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB RHIA
Last 10 Fiscal Years*

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered employee payroll	(b/c) Contributions as a percent of covered payroll
2021	\$ 1,531	\$ 1,531	\$ -	\$ 5,131,712	0.03%
2020	7,256	7,256	-	\$ 5,928,430	0.12%
2019	27,392	27,392	-	\$ 5,708,167	0.48%
2018	27,611	27,611	-	\$ 5,447,856	0.51%
2017	27,838	27,838	-	\$ 5,540,303	0.50%
2016	\$ 28,255	\$ 28,255	\$ -	\$ 5,574,279	0.51%

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

GERVAIS SCHOOL DISTRICT #1
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
OREGON EDUCATORS BENEFIT BOARD
Last 10 Fiscal Years*

Total OPEB Liability	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 38,663	\$ 37,356	\$ 36,093	\$ 25,048
Interest on total OPEB liability	26,964	24,522	22,277	14,555
Effect of changes to benefit terms	-	-	-	-
Effect of economic/demographic gains or (losses)	-	-	-	-
Effect of assumption changes or inputs	22,126	18,486	187,311	-
Benefit payments	(23,009)	(13,638)	(13,472)	(10,129)
Net change in total OPEB liability *	64,744	66,726	232,209	29,474
Total OPEB liability, beginning	736,813	670,087	437,878	408,404
Total OPEB liability, ending (a) *	801,557	736,813	670,087	437,878
Covered payroll	\$ 5,131,712	\$ 5,928,430	\$ 5,708,167	\$ 5,447,856
Total OPEB liability as a % of covered payroll **	15.6%	12.4%	11.7%	8.0%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

* Totals may not agree due to rounding.

OTHER

SUPPLEMENTARY

DATA

Other Governmental Funds

GERVAIS SCHOOL DISTRICT #1
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Debt Service Fund #300 (A Major Fund)
For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Earnings on Investments	\$ 5,500	\$ 5,500	\$ 3,835	\$ (1,665)
Miscellaneous Revenue	1,056,550	1,056,550	1,013,242	(43,308)
Total Revenues	<u>1,062,050</u>	<u>1,062,050</u>	<u>1,017,077</u>	<u>(44,973)</u>
<u>EXPENDITURES:</u>				
Debt Service	1,446,275	1,446,275	1,439,685	(6,590)
Total Expenditures	<u>1,446,275</u>	<u>1,446,275</u>	<u>1,439,685</u>	<u>(6,590)</u>
Excess (Deficiency) of Revenues Over Expenditures	(384,225)	(384,225)	(422,608)	(38,383)
<u>OTHER FINANCING SOURCES (USES):</u>				
Interfund Transfers In	377,725	377,725	377,725	-
Total Other Financing Sources (Uses)	377,725	377,725	377,725	-
Net Change in Fund Balance	(6,500)	(6,500)	(44,883)	(38,383)
Beginning Fund Balance	6,500	6,500	366,558	360,058
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 321,675</u>	<u>\$ 321,675</u>

OTHER
SUPPLEMENTARY
DATA

Additional Supporting Schedules

GERVAIS SCHOOL DISTRICT #1
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2021

Consolidation 2013 Bond

Full Faith and Credit Obligation Bonds, Series 2013 held by US Bank. Bonds are dated June 12, 2013 with a final maturity date of June 1, 2033. Original balance is \$3,405,000 and carry an interest rate between 2.0 and 4.0%.

Current Year Activity:

	Outstanding Balance <u>July 1, 2020</u>	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance <u>June 30, 2021</u>	Due Within <u>One Year</u>
Principal	\$ 2,455,000	\$ -	\$ 150,000	\$ 2,305,000	\$ 155,000
Interest	-	95,150	95,150	-	90,650
Total	<u>\$ 2,455,000</u>	<u>\$ 95,150</u>	<u>\$ 245,150</u>	<u>\$ 2,305,000</u>	<u>\$ 245,650</u>

Future Requirements:

	Fiscal Year Ended June <u>30,</u>	Principal	Interest	Total	Interest Rate
	2022	\$ 155,000	\$ 90,650	\$ 245,650	3.00%
	2023	160,000	86,000	246,000	3.00%
	2024	165,000	79,600	244,600	4.00%
	2025	175,000	73,000	248,000	4.00%
	2026	180,000	66,000	246,000	4.00%
	2027	185,000	58,800	243,800	4.00%
	2028	195,000	51,400	246,400	4.00%
	2029	200,000	43,600	243,600	4.00%
	2030	210,000	35,600	245,600	4.00%
	2031	220,000	27,200	247,200	4.00%
	2032	225,000	18,400	243,400	4.00%
	2033	235,000	9,400	244,400	4.00%
Total		<u>\$ 2,305,000</u>	<u>\$ 639,650</u>	<u>\$ 2,944,650</u>	

GERVAIS SCHOOL DISTRICT #1
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2021

Land FlexFund 2003A

17 acres land purchase for the high school financed by Flexfund Series 2003 bond carried by Bank of New York Mellon dated July 16, 2003 with a final maturity date June 1, 2023. Original balance \$330,000. Interest rates vary from 1.9% to 4.8%.

Current Year Activity:

	Outstanding Balance July 1, 2020	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2021	Due Within One Year
Principal	\$ 70,000	\$ -	\$ 20,000	\$ 50,000	\$ 25,000
Interest	-	3,360	3,360	-	2,400
Total	<u>\$ 70,000</u>	<u>\$ 3,360</u>	<u>\$ 23,360</u>	<u>\$ 50,000</u>	<u>\$ 27,400</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2022	\$ 25,000	\$ 2,400	\$ 27,400	4.80%
	2023	25,000	1,200	26,200	4.80%
Total		<u>\$ 50,000</u>	<u>\$ 3,600</u>	<u>\$ 53,600</u>	

GERVAIS SCHOOL DISTRICT #1
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2021

OSBA Limited Tax Pension Obligation Bonds

Pension Obligation Bonds, Series 2003 issued to reduce PERS unfunded liability, held by Wells Fargo with final maturities of June 30, 2028. Original balance \$9,541,779. Interest rates vary from 1.5% to 6.27%.

Current Year Activity:

	Outstanding Balance <u>July 1, 2020</u>	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance <u>June 30, 2021</u>	Due Within One Year
Principal	\$ 5,825,045	\$ -	\$ 254,316	\$ 5,570,729	\$ 252,747
Interest	-	807,719	807,719	-	859,289
Total	<u>\$ 5,825,045</u>	<u>\$ 807,719</u>	<u>\$ 1,062,035</u>	<u>\$ 5,570,729</u>	<u>\$ 1,112,036</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2022	\$ 252,747	\$ 859,289	\$ 1,112,036	6.26%
	2023	252,982	914,053	1,167,035	6.27%
	2024	935,000	287,036	1,222,036	0.00%
	2025	1,045,000	234,584	1,279,584	5.68%
	2026	1,170,000	175,228	1,345,228	5.68%
	2027	1,300,000	108,772	1,408,772	5.68%
	2028	615,000	34,932	649,932	5.68%
Total		<u>\$ 5,570,729</u>	<u>\$ 2,613,894</u>	<u>\$ 8,184,623</u>	

GERVAIS SCHOOL DISTRICT #1
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2021

Equip Lease Purchase Energy Project

Equipment lease purchase of Johnson Controls Energy Project financed by Sterling National Bank. Dated July 16, 2019 with a maturity date of Jul 1, 2039. Original balance \$1,130,200. Interest rate 3.63%.

Current Year Activity:

	Outstanding Balance July 1, 2020	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2021	Due Within One Year
Principal	\$ 1,100,200	\$ -	\$ 94,095	\$ 1,006,105	\$ 27,478
Interest	-	38,405	38,405	-	36,522
Total	\$ 1,100,200	\$ 38,405	\$ 132,500	\$ 1,006,105	\$ 64,000

Future Requirements:

Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
2022	\$ 27,478	\$ 36,522	\$ 64,000	0.00%
2023	30,276	35,524	65,800	0.00%
2024	33,075	34,425	67,500	0.00%
2025	35,975	33,225	69,200	0.00%
2026	47,181	31,919	79,100	0.00%
2027	31,294	30,206	61,500	0.00%
2028	34,630	29,070	63,700	0.00%
2029	38,187	27,813	66,000	0.00%
2030	42,073	26,427	68,500	0.00%
2031	46,100	24,899	70,999	0.00%
2032	50,474	23,226	73,700	0.00%
2033	55,006	21,394	76,400	0.00%
2034	59,803	19,397	79,200	0.00%
2035	64,874	17,226	82,100	0.00%
2036	70,329	14,871	85,200	0.00%
2037	75,982	12,318	88,300	0.00%
2038	82,040	9,560	91,600	0.00%
2039	88,418	6,582	95,000	0.00%
2040	92,910	3,373	96,283	0.00%
Total	\$ 1,006,105	\$ 437,977	\$ 1,444,082	

GERVAIS SCHOOL DISTRICT #1

Oregon Department of Education Form 581-3211-C

For the Fiscal Year Ended June 30, 2021

SUPPLEMENTAL INFORMATION 2020-2021

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

B. Energy Bills for Heating - All Funds:

Please enter your expenditures for electricity
& heating fuel, and water & sewage
for these Functions & Objects.

	Objects 325 & 326 & *327
Function 2540	\$ 150,793
Function 2550	\$ -

C. Replacement of Equipment - General Fund:

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

Exclude these functions:

- 1113,1122 & 1132
- 1140
- 1300
- 1400

- Extra-curricular Activities
- Pre-Kindergarten
- Continuing Education
- Summer School

Exclude these functions:

- 4150 Construction
- 2550 Pupil Transportation
- 3100 Food Service
- 3300 Community Services

\$ 61,700

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

GERVAIS SCHOOL DISTRICT #1

Audit Revenue Summary - All Funds

For the Fiscal Year Ended June 30, 2021

Revenue from Local Sources		Fund 100	Fund 200	Fund 300
1110	Ad Valorem Taxes Levied by District	\$ 2,749,880	\$ -	\$ -
1130	Construction Excise Tax	-	46,610	-
1190	Penalties and Interest on Taxes	2,968	-	-
1311	Regular Day School Tuition - From Individuals	75	-	-
1312	Regular Day School Tuition - Other Dist Within State	30,000	-	-
1500	Earnings on Investments	44,759	-	3,835
1600	Food Service	-	51	-
1700	Extracurricular Activities	1,500	33,678	-
1800	Community Service Activities	600	48,720	-
1910	Rentals	1,210	26,818	-
1920	Contributions and Donations From Private Sources	-	45,865	-
1930	Rental or Lease Payments From Private Contractors	-	17,040	-
1960	Recovery of Prior Years' Expenditue	5,516	-	-
1970	Services Provided Other Funds	-	-	1,013,242
1980	Fees Charged to Grants	105,541	-	-
1990	Miscellaneous	21,473	23,860	-
Total Revenue from Local Sources		\$ 2,963,522	\$ 242,642	\$ 1,017,077
Revenue from Intermediate Sources		Fund 100	Fund 200	Fund 300
2101	County School Funds	\$ 9,012	\$ -	\$ -
Total Revenue from Intermediate Sources		\$ 9,012	\$ -	\$ -
Revenue from State Sources		Fund 100	Fund 200	Fund 300
3101	State School Fund - General Support	\$ 13,931,497	\$ -	\$ -
3102	State School Fund - School Lunch Match	-	20,541	-
3103	Common School Fund	379,807	-	-
3222	State School Fund (SSF) Transportation Equipment	7,046	-	-
3299	Other Restricted Grants-In-Aid	14,031	1,172,419	-
Total Revenue from State Sources		\$ 14,332,381	\$ 1,192,959	\$ -
Revenue from Federal Sources		Fund 100	Fund 200	Fund 300
4500	Restricted Revenue From the Federal Government Through the State	\$ -	\$ 3,319,721	\$ -
4900	Revenue for/on Behalf of the District	-	55,258	-
Total Revenue from Federal Sources		\$ -	\$ 3,374,979	\$ -
Revenue from Other Sources		Fund 100	Fund 200	Fund 300
5200	Interfund Transfers	\$ -	\$ 214,500	\$ 377,725
5400	Resources - Beginning Fund Balance	2,874,309	1,099,402	366,558
Total Revenue from Other Sources		\$ 2,874,309	\$ 1,313,902	\$ 744,283
Grand Total		\$ 20,179,224	\$ 6,124,482	\$ 1,761,360

GERVAIS SCHOOL DISTRICT #1
Audit Expenditure Summary-General Fund #100
For the Fiscal Year Ended June 30, 2021

FUND: General Fund #100

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Elementary, K-5 or K-6	\$ 1,965,971	\$ 1,211,283	\$ 736,200	\$ 1,679	\$ 16,744	\$ -	\$ 65	\$ -
1121	Middle/Junior High Programs	961,463	590,334	368,755	802	1,573	-	-	-
1122	Middle/Junior High School Extracurricular	3,423	2,566	857	-	-	-	-	-
1131	High School Programs	1,469,766	899,688	558,744	-	11,334	-	-	-
1140	Pre-Kindergarten Programs	46	-	-	-	46	-	-	-
1210	Programs for the Talented and Gifted	2,628	2,000	628	-	-	-	-	-
1220	Restrictive Programs for Students with Disabilities	533,942	258,250	178,187	88,954	8,551	-	-	-
1250	Less Restrictive Programs for Students with Disabilities	283,517	160,487	120,880	594	1,556	-	-	-
1271	Remediation	18,125	2,000	628	-	15,497	-	-	-
1280	Alternative Education	5,358,157	66,181	55,019	5,236,239	718	-	-	-
1291	English Second Language Programs	498,033	294,968	203,065	-	-	-	-	-
1300	Adult/Continuing Education Programs	1,179	-	-	1,179	-	-	-	-
Total Instruction Expenditures		\$ 11,096,250	\$ 3,487,756	\$ 2,222,962	\$ 5,329,448	\$ 56,019	\$ -	\$ 65	\$ -
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	\$ 174,536	\$ 63,964	\$ 45,242	\$ 64,747	\$ 583	\$ -	\$ -	\$ -
2120	Guidance Services	227,493	140,270	87,223	-	-	-	-	-
2130	Health Services	14,714	11,528	864	1,888	295	-	140	-
2140	Psychological Services	6,650	-	-	6,650	-	-	-	-
2150	Speech Pathology and Audiology Services	18,260	-	-	18,095	165	-	-	-
2190	Service Direction, Student Support Services	81,335	42,428	31,030	579	6,705	-	595	-
2210	Improvement of Instruction Services	204	156	49	-	-	-	-	-
2220	Educational Media Services	95,070	48,740	37,576	-	8,723	-	30	-
2230	Assessment & Testing	9,319	4,500	1,489	272	2,390	-	668	-
2240	Instructional Staff Development	50,235	578	43,361	44	6,176	-	75	-
2310	Board of Education Services	81,050	26,425	16,260	25,985	8,739	-	3,641	-
2320	Executive Administration Services	342,217	204,764	113,234	3,966	17,014	-	3,239	-
2410	Office of the Principal Services	1,027,455	608,287	395,823	7,210	10,143	-	5,992	-
2490	Other Support Services - School Administration	92,129	61,955	30,090	-	84	-	-	-
2520	Fiscal Services	325,674	120,287	89,287	60,283	9,194	-	46,624	-
2540	Operation and Maintenance of Plant Services	1,056,550	384,497	286,610	243,320	76,114	9,176	56,832	-
2550	Student Transportation Services	650,917	6,953	3,395	640,569	-	-	-	-
2570	Internal Services	28,324	-	-	28,324	-	-	-	-
2630	Information Services	3,829	-	-	3,829	-	-	-	-
2640	Staff Services	13,305	2,990	993	8,691	631	-	-	-
2660	Technology Services	383,291	141,821	77,881	134,955	23,659	4,676	300	-
2680	Interpretation and Translation Services	60,714	33,676	23,387	3,651	-	-	-	-
Total Support Services Expenditures		\$ 4,743,273	\$ 1,903,818	\$ 1,283,793	\$ 1,253,059	\$ 170,614	\$ 13,852	\$ 118,136	\$ -
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3300	Community Services	\$ 21,824	\$ -	\$ 21,824	\$ -	\$ -	\$ -	\$ -	\$ -
Total Enterprise and Community Services Expenditures		\$ 21,824	\$ -	\$ 21,824	\$ -	\$ -	\$ -	\$ -	\$ -
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5200	Transfers of Funds	\$ 592,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 592,225
Total Other Uses Expenditures		\$ 592,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 592,225
Grand Total		\$ 16,453,571	\$ 5,391,574	\$ 3,528,579	\$ 6,582,507	\$ 226,633	\$ 13,852	\$ 118,201	\$ 592,225

GERVAIS SCHOOL DISTRICT #1

Audit Expenditure Summary-Special Revenue Fund #200

For the Fiscal Year Ended June 30, 2021

FUND: Special Revenue Fund #200

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600
1111 Elementary, K-5 or K-6	\$ 112,611	\$ 48,346	\$ 28,133	\$ -	\$ 36,132	\$ -	\$ -
1113 Elementary Extracurricular	6,981	-	-	-	6,981	-	-
1121 Middle/Junior High Programs	18,450	520	176	-	17,754	-	-
1122 Middle/Junior High School Extracurricular	18,222	6,253	2,051	9,919	-	-	-
1131 High School Programs	464,834	236,699	158,448	2,752	55,204	11,732	-
1132 High School Extracurricular	196,572	102,764	33,542	13,886	36,218	-	10,162
1140 Pre-Kindergarten Programs	47,148	16,266	14,369	-	16,168	-	345
1220 Restrictive Programs for Students with Disabilities	34,226	-	-	34,226	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	187,541	112,002	72,192	3,218	129	-	-
1271 Remediation	53,755	14,939	4,806	-	34,010	-	-
1272 Title I	209,551	110,685	86,883	-	11,983	-	-
1280 Alternative Education	94,460	18,404	8,010	66,133	1,913	-	-
1291 English Second Language Programs	29,401	10,748	11,443	-	7,210	-	-
1293 Migrant Education	24,453	12,253	12,063	137	-	-	-
1300 Adult/Continuing Education Programs	179	-	-	-	179	-	-
1460 Summer School Programs	164,675	91,161	26,007	9,267	38,241	-	-
Total Instruction Expenditures	\$ 1,663,059	\$ 781,039	\$ 458,123	\$ 139,537	\$ 262,121	\$ 11,732	\$ 10,507

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600
2110 Attendance and Social Work Services	\$ 198,920	\$ 31,522	\$ 20,264	\$ 145,361	\$ 1,773	\$ -	\$ -
2130 Health Services	29,960	16,445	8,495	701	4,318	-	-
2140 Psychological Services	76,471	-	-	76,471	-	-	-
2190 Service Direction, Student Support Services	32,721	2,594	951	-	4,973	-	24,203
2220 Educational Media Services	673	-	-	-	673	-	-
2230 Assessment & Testing	170	-	-	-	170	-	-
2240 Instructional Staff Development	41,281	1,517	420	13,207	20,337	-	5,799
2310 Board of Education Services	5,263	-	-	5,263	-	-	-
2320 Executive Administration Services	41,107	6,796	2,176	31,628	506	-	-
2410 Office of the Principal Services	19,879	6,880	2,334	1,102	9,565	-	-
2490 Other Support Services - School Administration	77,992	49,051	23,644	-	-	-	5,297
2520 Fiscal Services	80,488	-	447	-	-	-	80,041
2540 Operation and Maintenance of Plant Services	63,321	-	-	11,237	31,471	20,613	-
2550 Student Transportation Services	22,926	-	-	22,926	-	-	-
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	2,784	436	139	1,600	608	-	-
2630 Information Services	-	-	-	-	-	-	-
2640 Staff Services	80,510	25,726	11,315	5,354	38,115	-	-
2660 Technology Services	607,534	449	36	55,719	63,157	488,174	-
2680 Interpretation and Translation Services	303	230	72	-	-	-	-
Total Support Services Expenditures	\$ 1,382,304	\$ 141,647	\$ 70,295	\$ 370,568	\$ 175,666	\$ 508,786	\$ 115,340

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600
3100 Food Services	\$ 1,302,285	\$ 286,736	\$ 234,509	\$ 43,819	\$ 732,548	\$ -	\$ 4,674
3300 Community Services	201,037	102,554	82,713	2,390	13,380	-	-
3500 Custody and Care of Children Services	3,120	2,346	774	-	-	-	-
Total Enterprise and Community Services Expenditures	\$ 1,506,441	\$ 391,635	\$ 317,996	\$ 46,209	\$ 745,928	\$ -	\$ 4,674

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600
4150 Building Acquisition, Construction, and Improvement	\$ 21,647	\$ -	\$ -	\$ -	\$ -	\$ 21,647	\$ -
Total Facilities Acquisition and Construction Expenditures	\$ 21,647	\$ -	\$ -	\$ -	\$ -	\$ 21,647	\$ -

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600
5100 Debt Service	\$ 23,360	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,360
Total Other Uses Expenditures	\$ 23,360	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,360
Grand Total	\$ 4,596,811	\$ 1,314,322	\$ 846,414	\$ 556,314	\$ 1,183,715	\$ 542,165	\$ 153,880

GERVAIS SCHOOL DISTRICT #1
Audit Expenditure Summary-Debt Service Fund #300
For the Fiscal Year Ended June 30, 2021

FUND: Debt Service Fund #300

Other Uses Expenditures	Totals	Object 600
5100 Debt Service	\$ 1,439,685	\$ 1,439,685
Total Other Uses Expenditures	\$ 1,439,685	\$ 1,439,685
Grand Total	<u>\$ 1,439,685</u>	<u>\$ 1,439,685</u>

ACCOMPANYING
INFORMATION

GERVAIS SCHOOL DISTRICT NO.1
INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

June 30, 2021

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

We have audited the basic financial statements of the Gervais School District as of and for the year ended June 30, 2021, and have issued our report thereon dated December 5, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Gervais School 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 internal control over financial reporting.

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



Steve Tuchscherer, CPA
Umpqua Valley Financial
December 5, 2021

SINGLE AUDIT SECTION



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

To the Board of Directors
Gervais School District No. 1

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gervais School District No. 1, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Gervais School District No. 1's basic financial statements and have issued our report thereon dated December 5, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read 'Steve Tuchscherer', is written over a horizontal line.

Steve Tuchscherer, CPA
Umpqua Valley Financial
December 5, 2021

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

To the Board of Directors
Gervais School District No. 1

Report on Compliance for Each Major Federal Program

I have audited Gervais School District No. 1’s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Gervais School District No. 1’s major federal programs for the year ended June 30, 2021. Gervais School District No. 1’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

My responsibility is to express an opinion on compliance for each of Gervais School District No. 1’s major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Gervais School District No. 1’s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Gervais School District No. 1’s compliance.

Opinion on Each Major Federal Program

In my opinion, Gervais School District No. 1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

The management of Gervais School District No. 1 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit, I considered Gervais School District No. 1’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Gervais School District No. 1’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, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Steve Tuchscherer, CPA
Umpqua Valley Financial
Roseburg, Oregon
December 5, 2021

GERVAIS SCHOOL DISTRICT #1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED June 30, 2021

Federal Grantor/Pass Through Grantor/ Program Title	Assistance Listing (AL) #			Federal Assistance Listing Number	Grant Period	Original Program or Grant Amount	(Receivable/ Deferred Revenue June 30, 2020	Cash Received	Expenditures	(Receivable/ Deferred Revenue June 30, 2021	
	Federal Awarding Agency Prefix	AL Three- Digit Extension	Additional Award Identification								
U.S. DEPARTMENT OF EDUCATION											
Passed Through Oregon Department of Education:											
Title IA - Grants to Local Education Agencies	84	010		Fund #211	84.010	2019-20	\$ 273,324	\$ (41,142)	\$ 115,438	\$ 74,296	\$ -
Title IA - Grants to Local Education Agencies	84	010		Fund #212	84.010	2020-21	270,842	-	168,358	169,733	(1,375)
Total Title I							544,166	(41,142)	283,795	244,029	(1,375)
Title II-A Teacher Quality	84	367		Fund #212	84.367	2020-21	44,788	-	44,788	44,788	-
Student Support and Academic Enrichment Program	84	424		Fund #212	84.424	2019-20	20,122	-	20,122	20,122	-
Total IIA & IVA SSAE							64,910	-	64,910	64,910	-
English Language Acquisitions Title III	84	365		Fund # 233	84.365	2019-20	36,743	-	17,905	17,905	0
English Language Acquisitions Title III	84	365		Fund # 234	84.365	2020-21	40,424	-	18,478	18,478	-
English Language Acquisitions Title III - Immigrant Grant	84	365		Fund # 238	84.365	2019-20	755	-	755	755	-
Total English Language Acquisitions Title III							77,922	-	37,138	37,138	0
Elementary & Secondary School Emergency Relief, I	84	425	COVID-19, 84.425D	Fund #254	84.425	2020-21	224,953	-	224,953	224,953	(0)
Elementary & Secondary School Emergency Relief, II	84	425	COVID-19, 84.425D	Fund #254	84.425	2020-21	884,629	-	-	549,914	(549,914)
Comprehensive Distance Learning, GEER Funding	84	425	COVID-19, 84.425C	Fund #253	84.425	2020-21	161,160	-	161,160	161,160	0
Total Educational Stabilization Fund							1,270,742	-	386,113	936,027	(549,914)
IDEA - Special Education Grants to States(Part B Sec.611)	84	027		Fund #217	84.027	2020-21	240,307	-	240,307	240,307	-
IDEA - Special Education Grants to States(Part B Sec.611)	84	027		Fund #218	84.027	2019-20	234,215	(113)	46,723	46,610	0
IDEA - Special Ed Preschool Grant (Part B Sec. 619)	84	173		Fund #215	84.173	2018-19	659	-	659	659	-
Total IDEA							475,181	(113)	287,690	287,577	0
Total Passed through Oregon Department of Education							\$ 2,432,922	\$ (41,255)	\$ 1,059,647	\$ 1,569,680	\$ (551,288)
Passed through Education Service District:											
Migrant Education	84	011		Fund #219	84.011	2019-20	70,000	-	70,000	70,000	-
Migrant Education	84	011		Fund #219	84.011	2020-21	80,498	-	80,498	80,498	-
Total Passed through Education Service District							150,498	-	150,498	150,498	-
Every Student Succeeds Act (ESSA)	93	434		Fund #213	93.434	2019-20	115,500	-	106,658	106,658	-
Every Student Succeeds Act (ESSA) Supplemental	93	434		Fund #213	93.434	2019-20	106,670	-	5,682	9,282	(3,600)
Total ESSA							222,170	-	112,341	115,941	(3,600)
Total U.S. Department of Education							\$ 2,805,590	\$ (41,255)	\$ 1,322,486	\$ 1,836,119	\$ (554,888)
U.S. DEPARTMENT OF AGRICULTURE											
Passed Through Oregon Department of Education:											
Commodities	10	555		Fund #250	10.555	2020-21	-	-	55,258	55,258	-
Fresh Fruit and Vegetable Program	10	582		Fund #250	10.582	2020-21	30,380	-	30,380	30,380	-
Fresh Fruit and Vegetable Program	10	558		Fund #250	10.558	2020-21	85,821	-	85,821	85,821	-
Summer Food Program	10	559		Fund #250	10.559	2020-21	1,367,401	-	1,367,401	1,367,401	-
Total National School Lunch Program							1,483,602	-	1,538,860	1,538,860	-
Total U.S. Department of Agriculture							\$ 1,483,602	\$ -	\$ 1,538,860	\$ 1,538,860	\$ -
U.S. DEPARTMENT OF ADMINISTRATIVE SERVICES											
Donation of Federal Surplus Personal Property							\$ 47	-	\$ 47	\$ 47	-
Total U.S. Department of Administrative Services							\$ 47	\$ -	\$ 47	\$ 47	\$ -
TOTALS							\$ 4,289,238	\$ (41,255)	\$ 2,861,392	\$ 3,375,025	\$ (554,888)

This schedule is prepared using the modified accrual basis of accounting.

RECONCILIATION TO REVENUE:

Cash Receipts per Schedule Above	\$ 2,861,392
Grants Receivable/Deferred Revenue Beginning of Year	(41,255)
Grants Receivable/Deferred Revenue End of Year	554,888
Federal Revenue Recognized per Financial Statements	\$ 3,375,025

GERVAIS SCHOOL DISTRICT NO. 1
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of federal awards (the “Schedule”) includes the federal award activity of Gervais School District No. 1 under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Gervais School District No. 1, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Gervais School District No. 1.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COSTS RATE

Gervais School District No. 1 has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

GERVAIS SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

Section I—Summary of Auditor’s Results

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

Section II—Financial Statements Findings

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

Section III—Findings and Questioned Costs for Federal Awards.

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

Section IV—Summary Schedule of Prior Audit Findings

No findings or questioned costs were identified for the fiscal year ended June 30, 2020.