

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

Financial Statements  
and Supplementary Information

Year Ended June 30, 2021

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

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Marion County, Oregon

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**NORTH MARION SCHOOL DISTRICT No. 15**

Marion County, Oregon

**OFFICIALS OF THE DISTRICT**

**YEAR ENDED JUNE 30, 2021**

**BOARD OF DIRECTORS**

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Glenn Holum	Chair	June 30, 2025
Bill Graupp	Vice-Chair	June 30, 2021
Heidi Torian	Director	June 30, 2025
Kristi Buckland	Director	June 30, 2024
Crystal Rostocil	Director	June 30, 2023
Jason Sahlin	Director	June 30, 2021
Ricardo Verastegui	Director	June 30, 2023

**DISTRICT ADMINISTRATION**

Ginger Redlinger      Superintendent/Clerk  
Linda Murray      Business Manager/Deputy Clerk

**SCHOOL DISTRICT MAILING ADDRESS**

20256 Grim Rd. NE  
Aurora, OR 97002

**FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150 Portland, OR 97224  
P 503.274.2849 F 503.274.2853 www.tkw.com

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
North Marion School District No. 15  
Aurora, Oregon

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities and each major fund of the North Marion School District No. 15, Marion County, Oregon (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

### **AUDITOR'S RESPONSIBILITY**

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

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

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

### **OPINIONS**

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

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

Board of Directors  
North Marion School District No. 15

### **OTHER MATTERS**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of Proportionate Share of Net Pension Liability (Asset) Oregon Public Employees Retirement System, Schedule of Pension Contributions Oregon Public Retirement System, Schedule of Proportionate Share of Net OPEB Liability (Asset) Oregon Public Employees Retirement System, Schedule of OPEB Contributions Oregon Public Retirement System, Schedule of Changes in Total OPEB Liability and Related Ratios Implicit Rate Subsidy, and Notes to Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information and the Schedule of Expenditures of Federal Awards***

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

### **REPORTS ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the District's 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 District's internal control over financial reporting and compliance.



**INDEPENDENT AUDITOR'S REPORT (Continued)**

Board of Directors  
North Marion School District No. 15

***Other Reporting Required by Oregon Minimum Standards***

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated October 16, 2021, on our consideration of the District'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 compliance.

**TALBOT, KORVOLA & WARWICK, LLP**

By   
Timothy R. Gillette, Partner

Portland, Oregon  
October 16, 2021

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2021**

As management of North Marion School District 15 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2021.

**FINANCIAL HIGHLIGHTS**

- In the government-wide statements, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows at June 30, 2021, by \$1.43 million. Of this amount, \$22.2 million represents the District's investment in capital assets; \$606 thousand is restricted for debt service; \$487 thousand is restricted for student body funds, \$385 thousand is restricted to energy savings projects; \$493 thousand is restricted for uses required for construction excise tax; ; \$22 thousand is restricted for special projects; \$350 thousand is restricted for OPEB and a negative \$23.1 million is unrestricted.
- The District's governmental funds report combined ending fund balances of \$5.51 million. This is a decrease of approximately \$15.8 million over last year mostly due to construction costs and the use of our bond proceeds.
- At the end of the fiscal year, fund balance for the General Fund was \$2.7 million, or about 13.1 percent of total General Fund expenditures. This is an increase of approximately \$785K in the ending fund balance from the prior year. This increase is mostly due to cost savings due to COVID and limited in-person learning for most of the 2020/21 school year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

*Statement of Activities.* The *Statement of Activities* presents information showing how the net position of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused vacation leave, pension obligations and other postemployment benefits).

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

- *Governmental activities.* All of the District's basic functions are shown here, such as regular and special education, food services, transportation, and administration. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues.

The government-wide financial statements can be found on pages 10 and 11 of this report.

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**YEAR ENDED JUNE 30, 2021**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

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

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

The District maintains five individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Food Services, Special Revenue, Debt Service Funds and Capital Projects Fund.

The basic governmental fund financial statements can be found on pages 12 through 18 of this report.

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 19 through 40 of this report.

**Required Supplementary Information.** This includes the Schedule of the Proportionate Share of Net Pension Liability (Asset) Oregon Public Employees Retirement System, the Schedule of Pension Contributions Oregon Public Employees Retirement System, Schedule of the Proportionate Share of Net OPEB Liability (Asset) Oregon Public Employees Retirement System, Schedule of OPEB Contributions Oregon Public Employees Retirement System, and Schedule of Changes in Total OPEB Liability and Related Ratios Implicit Rate Subsidy and the Notes to Required Supplementary Information.

**Other information.** Schedules presenting detailed budgetary information for the Debt Service Fund, Capital Projects Fund and other supplementary information can be found on pages 47 through 50 of this report. The District's budget is prepared on the modified accrual basis of accounting.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$1.43 million at June 30, 2021.

Capital assets, which consist of the District's land, buildings, improvements and equipment and vehicles, represent about 89 percent of total assets. The remaining assets consist mainly of cash, grants and property taxes receivable.

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**YEAR ENDED JUNE 30, 2021**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

The District's largest liabilities are the net pension liability and for the repayment of general obligation and limited tax pension bonds. The net pension liability increased by \$3.77 million, primarily as a result of changes in Plan assumptions. Current liabilities consist mostly of accrued payables, unearned revenue, and the current portion of long-term debt.

A large portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, vehicles and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students and other District residents; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (primarily property taxes), since the capital assets themselves cannot be used to liquidate these liabilities. As the District continued its projects, it caused current assets to decrease to fund the construction of capital assets.

**Statement of Net Position**  
(in millions)

	2021	2020	Change from 2020
Current and other assets	\$ 8.06	\$ 26.50	\$ (18.44)
Capital assets	66.13	49.88	16.25
Total assets	74.19	76.38	(2.19)
Deferred outflows	6.05	4.84	1.21
Current liabilities	3.44	6.13	(2.69)
Long-term liabilities	73.68	70.85	2.83
Total liabilities	77.12	76.98	0.14
Deferred inflows	1.69	1.93	(0.24)
Net position:			
Net investment in capital assets	22.21	16.08	6.13
Restricted for debt service	0.61	0.73	(0.12)
Restricted for CET projects	0.49	0.42	0.07
Restricted for energy savings	0.39	0.34	0.05
Restricted for student body funds	0.49	0.40	0.09
Restricted for capital projects	-	6.43	(6.43)
Restricted for OBEB	0.35	0.19	0.16
Restricted for special projects	0.02	0.01	0.01
Unrestricted	(23.13)	(22.29)	(0.84)
Total net position	\$ 1.43	\$ 2.31	\$ (0.88)

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**YEAR ENDED JUNE 30, 2021**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Statement of Activities.** In comparison to last year, the District's revenues increased by \$680 thousand while expenses increased by \$1.0 million. The increase in expenses can be attributed to an increase in PERS expense and other increase costs related to COVID expenses. The change in net position is due to additional capital grants and contributions.

**Statement of Activities**  
(in millions)

	2021	2020	Change from 2020
General revenues	\$ 24.14	\$ 23.46	\$ 0.68
Expenses	(28.22)	(27.22)	(1.00)
Charges for services	0.24	0.63	(0.39)
Operating grants and contributions	2.78	2.58	0.20
Capital grants and contributions	0.18	4.88	(4.70)
Change in net assets	\$ (0.88)	\$ 4.33	\$ (5.21)

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements.

GASB reporting requirements require an analysis and breakdown of ending fund balance between five fund balance categories, Non-spendable, Restricted, Committed, Assigned and Unassigned. Below is a brief explanation of each of these fund balance categories:

- Non-Spendable – Includes items not immediately convertible to cash, such as prepaid items and inventory.
- Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.
- Committed – Includes committed by the District's Board of Directors, by formal board action.
- Assigned – Includes items assigned for specific uses, authorized by the District's Superintendent and/or Business Manager.
- Unassigned – This is the residual classification used for those balances not assigned to another category.

Under GASB 54, the General Fund is the only fund type that should have an unassigned balance. (Any fund may have an unassigned deficit.) Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. See note 10 for the breakdown of ending fund balance by category. Total combined ending fund balances of \$5.51 million represents a decrease of \$16 million in comparison with the prior year primarily due to bond construction costs.

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**YEAR ENDED JUNE 30, 2021**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)**

**Governmental funds (Continued)**

*General Fund.* The General Fund is the chief operating fund of the district. As of June 30, 2021, the unassigned fund balance was \$1.10 million, down from \$1.90 million as of June 30, 2020.

As a measure of the fund's liquidity, it may be useful to compare unassigned and ending fund balances to total fund expenditure. Unassigned fund balance of \$1.1 million represents approximately 5.4 percent of total General Fund expenditures. The ending fund balance represents about 13.1 percent of General Fund expenditures. A goal of the District has been to achieve and maintain a 10 percent fund liquidity to expenditures. In an effort to be fiscally prudent, the District will continue to set aside an unreserved fund balance to maintain our financial solvency. COVID uncertainties, PERS rate uncertainties, as well as potential increases in personnel costs from staffing requirements and negotiations provide cautionary signals that require us to maintain a conservative financial position.

Expenditures in the General Fund were approximately \$2.8 million less than budgeted when including the budgeted contingency of \$949 thousand or \$1.9 million less than budgeted when excluding the budgeted contingency. This difference is mostly due to Comprehensive Distance and Hybrid learning.

Actual expenditures were within budgeted amounts for fiscal year ended June 30, 2021.

**General Fund  
Actual Expenditures vs. Budget  
(in millions)  
Year Ended June 30, 2021**

	<b>Actual</b>	<b>Budget</b>	<b>Variance Positive (Negative)</b>
Instruction	\$ 11.82	\$ 13.18	\$ 1.36
Support services	8.68	9.22	0.54
Contingency	-	0.95	0.95
Total Expenditures	\$ 20.50	\$ 23.35	\$ 2.85

*Food Services Fund.* The Food Services Fund fund balance is \$334 thousand at June 30, 2021, as compared to a deficit fund balance of \$27 thousand at June 30, 2020. This increase is mostly due to an increase in Federal funding related to the ability to feed students age 18 and under breakfast and lunch seven days a week.

*Special Revenue Fund.* The Special Revenue Fund has a fund balance of \$905 thousand at June 30, 2021, most of which is restricted for Student Body Funds, as compared to \$750 thousand at June 30, 2020.

*Debt Service Fund.* The Debt Service Fund has a fund balance of \$566 thousand at June 30, 2021, all of which is restricted for the payment of debt service, as compared to \$726 thousand at June 30, 2020.

*Capital Projects Fund.* The Capital Projects Fund fund balance decreased from \$18.0 million at June 30, 2020 to \$1.0 million at June 30, 2021 due to expenditures to construct fixed assets.

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**YEAR ENDED JUNE 30, 2021**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment. As of June 30, 2021, the District had invested approximately 66.13 million in capital assets, net of depreciation, as shown in the following table:

<b>Capital Assets (in millions)</b>	
<b><u>June 30, 2021</u></b>	<b><u>Actual</u></b>
Land	\$ 1.11
Construction in progress	0.13
Buildings and improvements	64.40
Furniture, fixtures, and equipment	0.49
Total	<b><u>\$ 66.13</u></b>

Further information about capital assets may be found in Note 4.

**Long-term debt.** At the end of the current fiscal year, the District had total debt outstanding of \$48 million, consisting of general obligation bonds and limited tax pension bonds. State statutes limit the amount of general obligation debt the District may issue to approximately 7.95 percent of the real market value of all taxable property within the District. The current debt limitation for the District is approximately 182 million, which is in excess of the District's outstanding general obligation debt. Further information on long-term debt can be found in Note 5.

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

The most significant economic factor for the District is the State of Oregon's State School Fund. Oregon school funding is based on the numbers and classifications of students served during the course of a school year and is referred to as ADMw. The Fund includes local resources (primarily property taxes) and state sources (primarily personal and business income taxes). Approximately eighty percent of the District's General Fund revenue comes from the State School Fund.

The District's 2021-2022 General Fund budget is approximately \$350 thousand less than the prior year. Debt service requirements are met by local property tax collections. Property tax collections have been consistent with prior years' experience and budget requirements. PERS bond requirements are met by intercept payments from the State of Oregon to Wells Fargo as a deduction of our State School Fund.

Declining enrollment and ADMw, along with increasing PERS costs create additional challenges to the district when seeking to maintain stable school funding. The costs of increases due to labor negotiations results in a growing concern over our ability to maintain current service levels and staff. We are encouraged by the passing of the Student Success Act and the funding stream it is providing to help stabilize support and services for students.

The financial effects of COVID for the state and North Marion are still being monitored. Enrollment continues to decline as families find alternatives for schooling their children in the COVID environment. As has been in recent years, the District will continue working to maintain a conservative spending pattern.

**REQUESTS FOR INFORMATION**

This financial report is designed to present the users (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Business Manager at 20256 Grim Road N.E., Aurora, Oregon 97002.



**BASIC FINANCIAL STATEMENTS**

**NORTH MARION SCHOOL DISTRICT No. 15**

Marion County, Oregon

**STATEMENT OF NET POSITION****JUNE 30, 2021**

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 6,232,059
Cash held by County	26,380
Receivables	1,300,794
Prepays	153,593
Net other postemployment benefits asset	350,300
Capital assets:	
Not being depreciated	1,244,108
Being depreciated, net of accumulated depreciation	64,884,873
<b>TOTAL ASSETS</b>	<b>74,192,107</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Deferred outflows related to other postemployment benefits	339,016
Deferred outflows related to pension	5,713,682
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>6,052,698</b>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	246,043
Accrued payroll payable	716,411
Accrued interest payable	52,060
Unearned grant revenue	1,099,672
Bonds payable, net, due within one year	1,324,322
Total current liabilities	3,438,508
Noncurrent liabilities:	
Bonds payable, net, due after one year	50,030,586
Accrued interest on deferred interest bonds	3,683,550
Total other postemployment benefits liability	1,346,856
Net pension liability	18,622,500
Total noncurrent liabilities	73,683,492
<b>TOTAL LIABILITIES</b>	<b>77,122,000</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Deferred inflows related to other postemployment benefits	168,871
Deferred inflows related to pension	1,523,990
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,692,861</b>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	22,212,591
Restricted for debt service	606,995
Restricted for CET projects	493,008
Restricted for energy savings projects	384,738
Restricted for student body funds	486,873
Restricted for food service	333,873
Restricted for special projects	22,620
Restricted for OPEB	350,300
Unrestricted	(23,461,054)
<b>TOTAL NET POSITION</b>	<b>\$ 1,429,944</b>

See Notes to Basic Financial Statements.

**NORTH MARION SCHOOL DISTRICT No. 15**

Marion County, Oregon

**STATEMENT OF ACTIVITIES****YEAR ENDED JUNE 30, 2021**

<b><u>FUNCTIONS/PROGRAMS</u></b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Change in Net Position</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	
Instruction:				
Regular programs	\$ 10,502,202	\$ 198,530	\$ 132,944	\$ -
Special programs	4,161,328	-	670,037	-
Summer School Programs	31,274	-	26,721	-
Support services:				
Student services	1,605,131	-	210,762	-
Instructional staff services	1,123,475	-	144,629	-
General administration	461,667	-	-	-
School administration	2,170,467	-	26,145	-
Business services	3,984,370	8,485	119,935	-
Central activities	868,439	-	214,255	-
Enterprise and community services:				
Food services	1,006,412	32,457	1,230,562	-
Site Acquisition & Development Services	-	-	-	180,801
Interest on long-term debt	2,303,712	-	-	-
<b>Totals</b>	<b>\$ 28,218,477</b>	<b>\$ 239,472</b>	<b>\$ 2,775,990</b>	<b>\$ 180,801</b>

**GENERAL REVENUES:**

Property taxes levied for general purposes	3,893,905
Property taxes levied for debt service	1,883,526
State school fund - general support	17,031,864
Unrestricted state and local sources	895,484
Earnings on investments	138,227
Miscellaneous	301,281
<b>Total general revenues</b>	<b>24,144,287</b>

**CHANGE IN NET POSITION****(877,927)****NET POSITION , June 30, 2020****2,307,871****NET POSITION, June 30, 2021****\$ 1,429,944**

**NORTH MARION SCHOOL DISTRICT No. 15**

Marion County, Oregon

**GOVERNMENTAL FUNDS**

**BALANCE SHEET**

**JUNE 30, 2021**

	General Fund	Food Services Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b><u>ASSETS</u></b>						
Cash and cash equivalents	\$ 3,117,419	\$ 121,508	\$ 1,334,460	\$ 541,822	\$ 1,116,850	\$ 6,232,059
Cash held by County	18,733	-	-	7,647	-	26,380
Accounts receivable	117,760	214,646	740,283	-	29,829	1,102,518
Prepays	153,593	-	-	-	-	153,593
Property taxes receivable	140,538	-	-	57,526	212	198,276
<b>TOTAL ASSETS</b>	<b>\$ 3,548,043</b>	<b>\$ 336,154</b>	<b>\$ 2,074,743</b>	<b>\$ 606,995</b>	<b>\$ 1,146,891</b>	<b>\$ 7,712,826</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>						
<b><u>LIABILITIES</u></b>						
Accounts payable	\$ 61,916	\$ 1,725	\$ 54,665	\$ -	\$ 127,737	\$ 246,043
Accrued payroll	700,361	646	15,404	-	-	716,411
Unearned grant revenue	-	-	1,099,672	-	-	1,099,672
<b>TOTAL LIABILITIES</b>	<b>762,277</b>	<b>2,371</b>	<b>1,169,741</b>	<b>-</b>	<b>127,737</b>	<b>2,062,126</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>						
Unavailable revenue- property taxes	100,096	-	-	40,550	-	140,646
<b><u>FUND BALANCES</u></b>						
Nonspendable	153,593	-	-	-	-	153,593
Restricted	-	333,783	894,231	566,445	1,019,154	2,813,613
Assigned	1,431,265	-	11,682	-	-	1,442,947
Unassigned	1,100,812	-	(911)	-	-	1,099,901
<b>TOTAL FUND BALANCES</b>	<b>2,685,670</b>	<b>333,783</b>	<b>905,002</b>	<b>566,445</b>	<b>1,019,154</b>	<b>5,510,054</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 3,548,043</b>	<b>\$ 336,154</b>	<b>\$ 2,074,743</b>	<b>\$ 606,995</b>	<b>\$ 1,146,891</b>	<b>\$ 7,712,826</b>

See Notes to Basic Financial Statements.

**NORTH MARION SCHOOL DISTRICT No. 15**

Marion County, Oregon

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

**JUNE 30, 2021**

<b>TOTAL FUND BALANCES</b>		\$	5,510,054
Capital assets are not financial resources and therefore are not reported in the governmental funds:			
Cost, net of retirements	\$	80,077,466	
Accumulated depreciation, net of retirements		<u>(13,948,485)</u>	66,128,981
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.			140,646
Certain assets and deferred outflows are not available to pay for current-period expenditures and, therefore, are not reported in the governmental funds:			
Net OPEB asset		350,300	
Deferred outflows related to OPEB		339,016	
Deferred outflows related to pension		<u>5,713,682</u>	6,402,998
Liabilities not payable in the current year and deferred inflows not realized in the current year are not reported as governmental fund liabilities. These liabilities and deferred inflows consist of:			
Accrued interest payable		(52,060)	
Bonds payable		(51,354,908)	
Accrued interest on deferred interest bonds		(3,683,550)	
Other postemployment benefits obligation		(1,346,856)	
Net pension liability		(18,622,500)	
Deferred inflows related to OPEB		(168,871)	
Deferred inflows related to pension		<u>(1,523,990)</u>	<u>(76,752,735)</u>
<b>TOTAL NET POSITION</b>		\$	<u><u>1,429,944</u></u>

See Notes to Basic Financial Statements.

**NORTH MARION SCHOOL DISTRICT No. 15**

Marion County, Oregon

**GOVERNMENTAL FUNDS**

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

**YEAR ENDED JUNE 30, 2021**

	General Fund	Food Services Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b>REVENUES:</b>						
Local sources:						
Property taxes	\$ 3,878,709	\$ -	\$ -	\$ 1,887,137	\$ -	\$ 5,765,846
Charges for services	107,628	32,457	99,387	1,202,523	81,436	1,523,431
Earnings on investments	37,632	-	9,359	9,800	66,636	123,427
Other	3,760	492	224,326	1,832	181,013	411,423
Intermediate sources	225,960	-	41,902	-	-	267,862
State sources	17,036,509	16,776	867,729	-	-	17,921,014
Federal sources	-	1,230,562	1,291,331	-	-	2,521,893
Total revenues	<u>21,290,198</u>	<u>1,280,287</u>	<u>2,534,034</u>	<u>3,101,292</u>	<u>329,085</u>	<u>28,534,896</u>
<b>EXPENDITURES:</b>						
Current:						
Instruction	11,812,125	-	1,407,129	-	-	13,219,254
Support services	8,637,467	-	721,645	-	-	9,359,112
Enterprise and community services	-	919,655	-	-	-	919,655
Capital outlay	55,514	-	250,664	-	17,298,803	17,604,981
Debt Service:						
Principal	-	-	-	990,024	-	990,024
Interest	-	-	-	2,270,850	-	2,270,850
Total expenditures	<u>20,505,106</u>	<u>919,655</u>	<u>2,379,438</u>	<u>3,260,874</u>	<u>17,298,803</u>	<u>44,363,876</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND CHANGE IN FUND BALANCE</b>	<u>785,092</u>	<u>360,632</u>	<u>154,596</u>	<u>(159,582)</u>	<u>(16,969,718)</u>	<u>(15,828,980)</u>
<b>NET CHANGE IN FUND BALANCE</b>	785,092	360,632	154,596	(159,582)	(16,969,718)	(15,828,980)
<b>FUND BALANCE, June 30, 2020</b>	<u>1,900,578</u>	<u>(26,849)</u>	<u>750,406</u>	<u>726,027</u>	<u>17,988,872</u>	<u>21,339,034</u>
<b>FUND BALANCE, June 30, 2021</b>	<u>\$ 2,685,670</u>	<u>\$ 333,783</u>	<u>\$ 905,002</u>	<u>\$ 566,445</u>	<u>\$ 1,019,154</u>	<u>\$ 5,510,054</u>

See Notes to Basic Financial Statements.

**NORTH MARION SCHOOL DISTRICT No. 15**

Marion County, Oregon

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

**YEAR ENDED JUNE 30, 2021**

**NET CHANGES IN FUND BALANCES** \$ (15,828,980)

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation.

Cost, net of retirements	\$ 17,415,794	
Depreciation expense	<u>(1,165,745)</u>	16,250,049

Certain revenues that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds.

Change in unavailable revenue		11,585
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Certain inflows and outflows related debt are reported in the governmental funds but are not recognized as revenue or expense in the Statement of Activities

Principal payments		990,024
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Some expenses 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.

Accrued interest payable	844	
Accrued interest on deferred interest bonds	(274,009)	
Amortization of bond premium	240,303	
Change in Other postemployment benefits obligation and deferred inflows and outflows	50,522	
Change in pension asset/liability and deferred inflows and outflows	<u>(2,318,265)</u>	<u>(2,300,605)</u>

**CHANGE IN NET POSITION** **\$ (877,927)**

**NORTH MARION SCHOOL DISTRICT No. 15**

Marion County, Oregon

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING USES,  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Property taxes	\$ 3,809,048	\$ 3,809,048	\$ 3,878,709	\$ 69,661
Charges for services	266,360	266,360	107,628	(158,732)
Earnings on investments	80,000	80,000	37,632	(42,368)
Other	126,549	126,549	3,760	(122,789)
Intermediate sources	244,303	244,303	225,960	(18,343)
State sources	16,694,252	16,694,252	17,036,509	342,257
Total revenues	<u>21,220,512</u>	<u>21,220,512</u>	<u>21,290,198</u>	<u>69,686</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	13,183,912	13,183,912	11,824,893	1,359,019
Support services	9,216,762	9,216,762	8,680,213	536,549
Contingency	949,838	949,838	-	949,838
Total expenditures	<u>23,350,512</u>	<u>23,350,512</u>	<u>20,505,106</u>	<u>2,845,406</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(2,130,000)</u>	<u>(2,130,000)</u>	<u>785,092</u>	<u>2,915,092</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(2,130,000)</u>	<u>(2,130,000)</u>	<u>785,092</u>	<u>2,915,092</u>
<b>FUND BALANCE, June 30, 2020</b>	<u>2,130,000</u>	<u>2,130,000</u>	<u>1,900,578</u>	<u>(229,422)</u>
<b>FUND BALANCE, June 30, 2021</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,685,670</u>	<u>\$ 2,685,670</u>

See Notes to Basic Financial Statements.



**NORTH MARION SCHOOL DISTRICT No. 15**

Marion County, Oregon

**FOOD SERVICES FUND**

**STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES,  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Charges for services	\$ 156,000	\$ 156,000	\$ 32,457	\$ (123,543)
Other	3,200	3,200	492	(2,708)
State sources	40,500	40,500	16,776	(23,724)
Federal sources	995,000	995,000	1,230,562	235,562
Total revenues	<u>1,194,700</u>	<u>1,194,700</u>	<u>1,280,287</u>	<u>85,587</u>
<b>EXPENDITURES:</b>				
Current:				
Enterprise and community services	<u>1,394,700</u>	<u>1,394,700</u>	<u>919,655</u>	<u>475,045</u>
Total expenditures	<u>1,394,700</u>	<u>1,394,700</u>	<u>919,655</u>	<u>475,045</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(200,000)</u>	<u>(200,000)</u>	<u>360,632</u>	<u>560,632</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(200,000)</u>	<u>(200,000)</u>	<u>360,632</u>	<u>560,632</u>
<b>FUND BALANCE (DEFICIT), June 30, 2020</b>	<u>200,000</u>	<u>200,000</u>	<u>(26,849)</u>	<u>(226,849)</u>
<b>FUND BALANCE, June 30, 2021</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 333,783</u>	<u>\$ 333,783</u>

See Notes to Basic Financial Statements.

**NORTH MARION SCHOOL DISTRICT No. 15**

Marion County, Oregon

**SPECIAL REVENUE FUND**

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Charges for services	\$ 294,950	\$ 294,950	\$ 99,387	\$ (195,563)
Earnings on investments	10,800	10,800	9,359	(1,441)
Other	253,729	253,729	224,326	(29,403)
Intermediate sources	-	-	41,902	41,902
State sources	2,223,074	2,223,074	867,729	(1,355,345)
Federal sources	1,861,677	1,861,677	1,291,331	(570,346)
Total revenues	<u>4,644,230</u>	<u>4,644,230</u>	<u>2,534,034</u>	<u>(2,110,196)</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	2,473,563	2,473,563	1,465,075	1,008,488
Support services	2,692,072	2,692,072	914,363	1,777,709
Enterprise and community services	125,036	125,036	-	125,036
Contingency	212,986	212,986	-	212,986
Total expenditures	<u>5,503,657</u>	<u>5,503,657</u>	<u>2,379,438</u>	<u>3,124,219</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(859,427)	(859,427)	154,596	1,014,023
<b>FUND BALANCE, June 30, 2020</b>	<u>1,809,427</u>	<u>1,809,427</u>	<u>750,406</u>	<u>(1,059,021)</u>
<b>FUND BALANCE, June 30, 2021</b>	<u>\$ 950,000</u>	<u>\$ 950,000</u>	<u>\$ 905,002</u>	<u>\$ (44,998)</u>

See Notes to Basic Financial Statements.

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of North Marion School District No. 15, Marion County, Oregon (the District) is presented to assist in understanding the District's financial statements.

**Reporting Entity**

The District is organized under the general laws of the State of Oregon. The governing body is an elected Board of Directors of seven members. Administrative officials are approved by the Board. The daily functioning of the District is under the supervision of the Superintendent/Clerk. The District is the level of government financially accountable for all public education within its boundaries. As a result, all related activities have been included in the financial statements. There are various governmental agencies and special service districts which provide services within the District's boundaries. However, the District is not financially accountable for any of these entities and accordingly their financial information is not included in these financial statements.

**Basis of Presentation**

**Government-wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District. Governmental activities are financed through property taxes, intergovernmental revenues, and charges for services. For the most part, the effect of interfund activities has been removed from these statements except that interfund services provided and used are not eliminated in the process of consolidation.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function/program. Direct expenses are those that are specifically associated with a function/program and, therefore, are clearly identifiable to that function/program. The District does not allocate indirect expenses. Program revenues include: (1) charges to students or others for tuition, fees, rentals, materials, supplies or services provided and (2) operating grants and contributions. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

Net position is reported as restricted when constraints placed on net position use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

**Fund Financial Statements**

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major funds:

General Fund – This is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. Principal sources of revenue are property taxes and distributions from the State of Oregon. Expenditures are made for instructional purposes and related supporting services.

Food Services Fund – This fund accounts for revenues and expenditures of the District's food service program. Principal revenue sources are charges for services and federal grants.

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

**Fund Financial Statements (Continued)**

Special Revenue Fund – This fund accounts for revenues and expenditures of grants restricted for particular educational projects and student activities. Principal revenue sources are federal and state grants and charges for services.

Debt Service Fund – This fund provides for the payment of principal and interest on general obligation bonded debt and the limited tax pension bonds. The principal revenue sources are property taxes and transfers from other funds (shown as charges for services).

Capital Projects Fund – This fund accounts for the proceeds from the sale of bonds and from the sale of District properties and the construction of District capital facilities.

**Measurement Focus and Basis of Accounting**

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

**Use of Estimates**

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

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

The District's cash and cash equivalents consist of cash on hand, demand deposits and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). 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 no-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 commingled with the State's short-term funds. 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. Investments with a remaining maturity of more than one year at the time of purchase are stated at fair value.

**Receivables**

Property taxes are levied and become a lien on all taxable property as of July 1. Taxes are payable on November 15, February 15 and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

District management has determined that an allowance for uncollectible property taxes is not required.

**Grants**

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as unearned revenue.

**Capital Assets**

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their acquisition cost on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year.

Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	25 to 50 years
Furniture, fixtures and equipment	5 to 20 years

**Long-term Debt**

In the government-wide financial statements long-term debt is reported as liabilities in the Statement of Net Position. Premiums, discounts and amounts deferred on refunding are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bond issuance costs are expensed as incurred.

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Long-term Debt (Continued)**

In the fund financial statements bond premiums and discounts, as well as bond issuance costs are recognized when incurred and not deferred. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Other Postemployment Benefit Plans**

The District's net other postemployment benefits plan (OPEB) asset/liability, deferred inflows and outflows related to OPEB, and OPEB benefit/expense have been determined on the basis reported by Oregon Public Employees Retirement System (OPERS). Additionally, the District's total OPEB obligation, deferred inflows and outflows related to OPEB, and OPEB benefit/expense for the implicit subsidy have been actuarially determined. These amounts are recognized in the government-wide financial statements.

**Pension Obligations**

The District's net pension liability, deferred inflows and outflows related to pensions, and pension expense have been determined on the basis reported by Oregon Public Employees Retirement System (OPERS).

**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position/Balance Sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category, deferred outflows related to OPEB and deferred outflows related to pension, in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position/Balance Sheet reports 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 three types of deferred inflows, one of which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from one source: property taxes. This amount is deferred and recognized as an inflow of resources (revenue) in the period that the amount becomes available. In the Statement of Net Position, deferred outflows related to OPEB and deferred outflows related to pension are recognized.

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Equity**

Governmental Accounting Standards Board (GASB) Statement No. 54 requires analysis and presentation of fund balance in five categories. They are:

- Non-Spendable – Includes items not in spendable form, such as prepaid items and inventory.
- Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by constitutional provisions or enabling legislation.
- Committed – Includes items committed by the District’s Board of Directors, by formal board action.
- Assigned – Includes items assigned for specific uses, authorized by the District’s Superintendent and/or Business Manager.
- Unassigned – This is the residual classification used for those balances not assigned to another category.

**Budget**

A budget is prepared and legally adopted for all funds on the modified accrual basis of accounting. The budget is adopted by the Board, appropriations made, and the tax levy is declared not later than June 30.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Appropriations are established at the major function level (instruction, support services, enterprise and community services and debt service), for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund’s original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund’s original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. Appropriations lapse at the end of each fiscal year.

**Net Position**

Net position represents the difference between the District’s total assets and total liabilities and deferred inflows/outflows of resources.

District net position currently has three components:

*Net investment in capital assets*, represents capital assets less accumulated depreciation and outstanding principal of capital asset related debt, net of unspent bond proceeds.

*Restricted net position* represents net position upon which constraints have been placed, either externally by creditors, grantors, contributors or others, or legally constrained by law.

*Unrestricted net position* represents net position that does not meet the definition of “restricted” or “net investment in capital assets”.

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Position (Continued)**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**2. CASH AND CASH EQUIVALENTS**

The District maintains a common cash and cash equivalents and investment pool for all District funds. The types of investments in which the District may invest are restricted by State of Oregon statutes. Authorized investments include general obligations of the United States Government and its agencies, obligations of the States of Oregon, California, Washington and Idaho that have a rating of AA or better, A-1 commercial paper and banker's acceptances, AA rated corporate bonds, time deposits, repurchase agreements and the State of Oregon Treasurer's Local Government Investment Pool (LGIP).

At June 30, 2021, the District's cash and cash equivalents are comprised of the following:

Cash on hand	\$ 104
Deposits with financial institutions	1,570,892
Money market with financial institutions	14,299
State of Oregon Treasurer's Local Government Investment Pool	<u>4,646,764</u>
	<u>\$ 6,232,059</u>

**Deposits with Financial Institutions**

At June 30, 2021, the carrying amount of the District's deposits was \$1,570,892 and the bank balance was \$2,156,983. The District's deposits with financial institutions are insured up to \$250,000 by the Federal Depository Insurance Corporation (the FDIC) per financial institution. Of the bank balance, \$250,000 was covered by the FDIC. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result, the District's remaining deposits in excess of FDIC insurance of \$1,906,983 are considered to be fully collateralized.

**Interest Rate Risk**

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.



**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**2. CASH AND CASH EQUIVALENTS (Continued)**

**Credit Risk**

The District's investment policy allows for 100% of the portfolio to be invested in U.S. Treasury or Agency obligations. In addition, the investment policy allows for 100% of the portfolio to be invested in LGIP up to the limit imposed by the State of Oregon. Additionally, the policy allows for up to 75 % in certificate of deposits, 50% in banker's acceptances, 25% in state and local government securities, and 15% in repurchase agreements. As mentioned above, Oregon Revised Statutes limit the investments that the District may have. The District complies with these statutes at June 30, 2021.

All of the investments in U.S. Agency obligations are rated AA+ by Standard & Poor's Corporation. The LGIP is unrated.

**3. RECEIVABLES**

Receivables are comprised of the following:

Property taxes	\$	198,064
Grants		954,929
Other		147,801
		147,801
		\$ 1,300,794

**4. CAPITAL ASSETS**

Capital assets activity for the year was as follows:

	Balance June 30, 2020	Increases	Transfers	Decreases	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 1,114,538	\$ -	\$ -	\$ -	\$ 1,114,538
Construction in progress	36,020,037	129,570	(36,020,037)	-	129,570
Total capital assets not being depreciated	37,134,575	129,570	(36,020,037)	-	1,244,108
Capital assets being depreciated:					
Buildings and improvements	25,179,527	17,169,234	36,020,037	(700,000)	77,668,798
Furniture, fixtures and equipment	1,144,735	123,553	-	(103,727)	1,164,561
Total capital assets being depreciated	26,324,262	17,292,787	36,020,037	(803,727)	78,833,359
Less accumulated depreciation for:					
Buildings and improvements	(12,855,006)	(1,114,615)	-	700,000	(13,269,621)
Furniture, fixtures and equipment	(724,899)	(51,130)	-	97,164	(678,865)
Total accumulated depreciation	(13,579,905)	(1,165,745)	-	797,164	(13,948,486)
Total capital assets being depreciated, net	12,744,357	16,127,042	-	(6,563)	64,884,873
Total capital assets, net	\$ 49,878,932	\$ 16,256,612	\$ -	\$ (6,563)	\$ 66,128,981

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**4. CAPITAL ASSETS (Continued)**

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

Instruction:	
Regular programs	\$ 528,131
Special programs	210,085
Support services:	
Instructional staff services	56,750
School administration	108,146
Business services	211,419
Enterprise and community services:	
Food service	51,214
Total	<u>\$ 1,165,745</u>

**5. LONG-TERM DEBT**

The District has issued general obligation bonds for the improvement and construction of education facilities and limited tax pension bonds for the payment of a portion of its estimated OPERS unfunded actuarial liability. The debt service fund is typically used to liquidate long-term debt.

Bonds payable transactions for the year are as follows:

	<u>Original Issue</u>	<u>June 30, 2020</u>	<u>Redeemed</u>	<u>June 30, 2021</u>	<u>Due Within One Year</u>
General Obligation Bonds:					
Series 2018A, Deferred Interest imputed interest at 4.2-4.4%	\$ 15,378,009	\$ 15,378,009	\$ -	\$ 15,378,009	\$ -
Series 2018B, Current Interest Issued February 22, 2018 interest at 3-5%	26,820,000	26,145,000	675,000	25,470,000	770,000
Limited Tax Pension Bonds:					
Series 2013A&B Issued April 21, 2003, imputed interest at 1.5-6.3%	11,859,719	7,227,396	315,024	6,912,372	314,019
Total bonds payable		48,750,405	990,024	47,760,381	1,084,019
Premiums on bonds payable		3,834,830	240,303	3,594,527	240,303
Bonds payable, net		<u>\$ 52,585,235</u>	<u>\$ 1,230,327</u>	<u>\$ 51,354,908</u>	<u>\$ 1,324,322</u>

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**5. LONG-TERM DEBT (Continued)**

Future maturities of bond principal and interest are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2022	\$ 1,084,019	\$ 2,316,605
2023	1,178,353	2,359,171
2024	2,125,000	1,547,924
2025	2,375,000	1,434,600
2026	2,645,000	1,307,010
2027-2031	10,465,000	4,595,102
2032-2036	12,510,000	1,979,000
2037-2041	6,820,313	9,989,688
2042-2046	6,216,071	13,268,929
2047-2048	2,341,625	6,293,375
Total	<u>\$ 47,760,381</u>	<u>\$ 45,091,404</u>

**6. OTHER POST-EMPLOYMENT BENEFITS**

The other postemployment benefits (OPEB) for the District includes two separate plans. The District provides an implicit rate subsidy for retiree health insurance premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan.

**Financial Statement Presentation**

The District's two OPEB plans are presented in the aggregate on the Statement of Net Position. The amounts on the financial statements relate to the plans as follows:

	Implicit Rate Subsidy Plan	PERS RHIA Plan	Totals
Net OPEB Asset	\$ -	\$ 350,300	\$ 350,300
Deferred Outflow of Resources	288,463	50,553	339,016
Total OPEB Liability	1,346,856	-	1,346,856
Deferred Inflow of Resources	38,493	130,378	168,871
OPEB Expense (Benefit)	173,421	(90,923)	82,498

**Implicit Subsidy**

**Plan Description**

The District does not have a formal postemployment benefits plan for its employees; however, the District is required by Oregon Revised Statutes 243.303 to provide retirees with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements.

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**6. OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**Benefits Provided**

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rate as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2019, the following employees were covered by the benefit terms:

Active employees	225
Inactive employees (or their beneficiaries) currently receiving benefits	<u>22</u>
Total	<u><u>247</u></u>

**Total OPEB Liability, OPEB Expense, and Deferred outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The District's total OPEB liability of \$1,346,856 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 66,880	\$ -
Changes of assumptions	<u>90,545</u>	<u>38,493</u>
	157,425	38,493
Contributions made subsequent to measurement date	<u>131,038</u>	<u>-</u>
Totals	<u><u>\$ 288,463</u></u>	<u><u>\$ 38,493</u></u>

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**6. OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**Implicit Subsidy (Continued)**

**Total OPEB Liability, OPEB Expense, and Deferred outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Deferred outflows of resources related to OPEB of \$131,038 resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
2022	\$ 14,194
2023	14,194
2024	14,194
2025	19,541
2026	23,994
Thereafter	32,815
Total	\$ 118,932

**Actuarial Assumptions and Other Inputs**

Valuation date	July 1, 2019
Measurement date	June 30, 2020
<b>Actuarial Assumptions</b>	
Actuarial cost method	Entry Age Normal
Inflation	2.50 percent
Discount rate*	2.21 percent (change from 3.50 percent in previous measurement period)
Salary increases	3.50 percent
Healthcare cost trend rate	Medical: starts at 3.00 percent per year in 2019, varies between 5.50 and 4.25 percent per year before decreasing to 4.25 percent in 2073 Dental and vision: 4.0 percent per year
Election and lapse rates	55% of eligible employees; 60% of male members and 35% of female members will elect spouse coverage; 5% annual lapse rate
Withdrawal, retirement, and mortality rates	Based on the December Oregon PERS valuation (see Note 7 for additional information).

\*Discount rate was based on a 20-year general obligation bond yield index published by The Bond Buyer.

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**6. OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**Implicit Subsidy (Continued)**

**Changes in Total OPEB Liability**

Balance as of June 30, 2020	\$	1,238,789
Changes for the year:		
Service Cost		114,184
Interest on total OPEB liability		45,043
Effect of assumptions changes or inputs		82,023
Benefit payments		<u>(133,183)</u>
Balance as of June 30, 2021	\$	<u>1,346,856</u>

Changes in assumptions is the result of the change in the discount rate from 3.50 to 2.21, revisions to health care cost trends, and other updates to the inputs used in the most current valuation.

**Sensitivity of the Total OPEB Liability**

The following presents the District's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

	<b><u>1% Decrease</u></b> <b><u>(1.21%)</u></b>	<b><u>Current Discount Rate</u></b> <b><u>(2.21%)</u></b>	<b><u>1% Increase</u></b> <b><u>(3.21%)</u></b>
Discount Rate:			
Net OPEB Liability (Asset)	\$ 1,432,793	\$ 1,346,856	\$ 1,265,536
		<b><u>Current Healthcare</u></b>	
		<b><u>Cost Trend</u></b>	
Healthcare Trend Cost	<b><u>1% Decrease</u></b> <b><u>(4.5% decreasing</u></b> <b><u>to 3.25%)</u></b>	<b><u>(5.5% decreasing to</u></b> <b><u>4.25%)</u></b>	<b><u>1% Increase</u></b> <b><u>(6.5% decreasing</u></b> <b><u>to 5.25%)</u></b>
Total OPEB Liability	\$ 1,225,183	\$ 1,346,856	\$ 1,490,542

**PERS Retirement Health Insurance Account**

**Plan Description**

The District contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, or online at [http://Oregon.gov/PERS/section/financial\\_reports/financials.shtml](http://Oregon.gov/PERS/section/financial_reports/financials.shtml).

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**6. OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**PERS Retirement Health Insurance Account (Continued)**

**Benefits Provided**

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

**Contributions**

PERS funding policy provides for 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. Employer contribution rates for the period were based on the December 31, 2018 actuarial valuation. The current rates based on a percentage of payroll, first became effective July 1, 2019. The District's contribution rates for the period were 0.06% and 0.00% for Tier One/Tier Two and OPSRP members, respectively. The District's total for the year ended June 30, 2021 contributions was \$3,326. Effective July 1, 2021 the District's rates changed to 0.05% and 0.00% for Tier One/Tier Two and OPSRP members, respectively, based on the December 31, 2019 actuarial valuation.

**OPEB Assets, Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2021, the District reported an asset of \$350,300 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. The District's proportion of the net OPEB asset was based on the District's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At the June 30, 2021 the District's proportionate share was 0.17192%, which is an increase from its proportion of 0.09804% as of June 30, 2020.

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**6. OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**PERS Retirement Health Insurance Account (Continued)**

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

For the year ended June 30, 2021, the District recognized OPEB benefit from this plan of \$90,923. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 35,811
Changes of assumptions	-	18,620
Net difference between projected and actual earnings on investments	38,956	-
Changes in proportionate share	8,271	75,947
	47,227	130,378
Contributions made subsequent to measurement date	3,326	-
Totals	\$ 50,553	\$ 130,378

Deferred outflows of resources related to OPEB of \$3,326 resulting from the District's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
2022	\$ (67,676)
2023	(42,164)
2024	14,401
2025	12,288
Total	\$ (83,151)



**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**6. OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**PERS Retirement Health Insurance Account (Continued)**

**Actuarial Methods and Assumptions**

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial methods and assumptions:

Healthcare cost trend rate	Not applicable
Retiree healthcare participation:	Healthy retirees: 32%; Disabled retirees: 20%

All other actuarial methods and assumptions are consistent with those disclosed for the OPERS Pension Plan. See Note 7. for additional information on Actuarial Assumptions and Methods, the Long-Term Expected Rate of Return, and the Discount Rate.

**Sensitivity of the District’s proportionate share of the net OPEB liability (asset) to changes in the discount rate**

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

	<b>1% Decrease (6.2%)</b>	<b>Current Discount Rate (7.2%)</b>	<b>1% Increase (8.2%)</b>
Discount Rate:	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net OPEB Liability (Asset)	\$ (282,809)	\$ (350,300)	\$ (408,009)

**7. RETIREMENT PLANS**

**Pension Plan** – The District is a participating employer in the State of Oregon Public Employees Retirement System (OPERS), a cost sharing multiple-employer defined benefit plan. All District employees are eligible to participate in the system after completing six months of service.

*Plan description.* Employees of the District are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. OPERS issues a publicly available financial report that can be obtained at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

*Benefits provided under Chapter 238-Tier One / Tier Two*

1. *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 (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.

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**7. RETIREMENT PLANS (Continued)**

*Benefits provided under Chapter 238-Tier One / Tier Two (Continued)*

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

2. *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:
  - Member was employed by an OPERS employer at the time of death,
  - Member died within 120 days after termination of OPERS-covered employment,
  - Member died as a result of injury sustained while employed in a OPERS-covered job, or
  - Member was on an official leave of absence from an OPERS-covered job at the time of death.
3. *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 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 when determining the monthly benefit.
4. *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. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

*Benefits provided under Chapter 238A-OPSRP Pension Program (OPSRP).*

The ORS 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003. This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

1. *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.

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**7. RETIREMENT PLANS (Continued)**

*Benefits provided under Chapter 238A-OPSRP Pension Program (OPSRP). (Continued)*

2. *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.
3. *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.
4. *Benefit Changes After Retirement.* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

*Actuarial Valuations.* The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method.

For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (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 twenty years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an actuarially determined amount for funding a disability benefit component, and (3) 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 sixteen years.

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**7. RETIREMENT PLANS (Continued)**

*Actuarial Valuations (Continued):*

Actuarial Methods and Assumptions:

Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.50 percent
Investment Rate of Return	7.20 percent
Discount rate	7.20 percent
Projected Salary 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; blended based on service.
Mortality	<b><i>Healthy retirees and beneficiaries:</i></b> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <b><i>Active members:</i></b> Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. <b><i>Disabled retirees:</i></b> Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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

***Discount Rate:***

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

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**7. RETIREMENT PLANS (Continued)**

*Actuarial Valuations (Continued):*

*Depletion Date Projection:*

GASB Statement No. 68 generally requires that a blended discount rate be used to measure the Total Pension Liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. GASB Statement No. 68 does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made.

*Assumed Asset Allocation:*

<u>Asset Class/Strategy</u>	<u>OIC Target</u>
Debt Securities	20.0 %
Public Equity	32.5
Real Estate	12.5
Private Equity	17.5
Alternative Equity	15.0
Risk Parity	2.5
Total	<u>100.0 %</u>

*Long-Term Expected Rate of Return:*

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

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**7. RETIREMENT PLANS (Continued)**

*Long-Term Expected Rate of Return (Continued):*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Arithmetic Return</u>	<u>Annual Return</u>	<u>Standard Deviation</u>
Core Fixed Income	9.60 %	4.14 %	4.07 %	3.90 %
Short-Term Bonds	9.60	3.70	3.68	2.10
Bank/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 Market Equities	4.24	10.35	7.69	25.35
Non-US Small Cap Equities	1.93	8.81	7.25	19.10
Private Equity	17.50	11.95	8.33	30.00
Real Estate (Property)	10.00	6.19	5.55	12.00
Real Estate (REITS)	2.50	8.29	6.69	21.00
Hedge Fund of Funds - Diversified	1.50	4.28	4.06	6.90
Hedge Fund - Event-driven	0.38	5.89	5.59	8.10
Timber	1.13	6.36	5.61	13.00
Farmland	1.13	6.87	6.12	13.00
Infrastructure	2.25	7.51	6.67	13.85
Commodities	1.13	5.34	3.79	18.70
Assumed Inflation - Mean			2.50 %	1.65 %

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

*Contributions:*

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The rates, based on a percentage of payroll, first became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2021 were \$1,584,967. The rates in effect for the fiscal year ended June 30, 2021 were: (1) Tier1/Tier 2 – 17.66 percent, and (2) OPSRP general service – 12.27 percent. These rates are reduced due to the District’s side account. Rates would be 31.97 percent and 26.58 percent, respectively, if not for the side account. Effective July 1, 2021 the District’s rates changed to 12.91% and 9.85% for Tier One/Tier Two and OPSRP members, respectively, based on the December 31, 2019 actuarial valuation.

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**7. RETIREMENT PLANS (Continued)**

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

At June 30, 2021, the District reported a liability of \$18,622,500 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 and rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on the District's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers. At the June 30, 2020 measurement date, the District's proportion was 0.08533256 percent.

For the year ended June 30, 2021, the District recognized a pension expense of \$3,866,214 for the Defined Benefit Pension Plan. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 819,615	\$ -
Changes of assumptions	999,411	35,017
Net difference between projected and actual earnings on investments	2,189,764	-
Changes in proportionate share	119,925	474,358
Differences between employer contributions and proportionate share of contributions	-	1,014,615
	4,128,715	1,523,990
Contributions made subsequent to measurement date	1,584,967	-
Totals	\$ 5,713,682	\$ 1,523,990

\$1,584,967 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**7. RETIREMENT PLANS (Continued)**

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

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
2022	\$ 481,166
2023	768,660
2024	766,849
2025	608,369
2026	(20,319)
Total	\$ 2,604,725

*Sensitivity of the District's proportionate share of the net pension asset/liability to changes in the discount rate.* The following presents the District's proportionate share of the net pension asset/liability calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension asset/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:

	<b>1% Decrease (6.2%)</b>	<b>Current Discount Rate (7.2%)</b>	<b>1% Increase (8.2%)</b>
Discount Rate:			
Net Pension Liability	\$ 27,652,874	\$ 18,622,500	\$ 11,050,112

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report. See OPERS' audited financial statements at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

*Changes After measurement Date*

The PERS Board gave preliminary approval to a new assumed earnings rate during its meeting on July 23, 2021. The board will consider final adoption of the new rate during its next meeting on October 1, 2021. The proposed rate is 6.9%.

*Defined Contribution Plan*

**OPSRP Individual Account Program (OPSRP IAP)**

**Pension Benefits**

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An Individual Account Program (IAP) 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.



**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**7. RETIREMENT PLANS (Continued)**

*Defined Contribution Plan (Continued)*

**OPSRP Individual Account Program (OPSRP IAP) (continued):**

Upon retirement, a member of OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

**Death Benefits**

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

**Contributions**

The District has chosen to pay the employees' contributions to the plan. Six percent of covered payroll is paid for general service employees. For the year ended June 30, 2021, the District paid approximately \$512,000.

**8. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District does not engage in risk financing activities where the risk is retained (self-insurance). Settlements have not exceeded insurance coverage for any of the preceding three years ended June 30, 2021.

**9. COMMITMENTS AND CONTINGENCIES**

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

The District, in the regular course of business, is a defendant in various lawsuits. The likely outcome of these lawsuits is not presently determinable; however, in the opinion of the District's management the resolution of these matters will not have a material adverse effect on the financial condition of the District.

At June 30, 2021, approximately 92% of the District's employees were covered by a collective bargaining agreement that expires within one year of June 30, 2021.

The District is dependent on the State of Oregon for a substantial portion of its operating funds. The ultimate effect of any change in funding on the District's future operations is not yet determinable.

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**10. FUND BALANCES**

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

Fund Balances (Deficit):	<u>General Fund</u>	<u>Food Services Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<u>Nonspendable:</u>						
Prepays	\$ 153,593	\$ -	\$ -	\$ -	\$ -	\$ 153,593
<u>Restricted:</u>						
Student Body Funds	-	-	486,873	-	-	486,873
Special Projects	-	-	22,620	-	-	22,620
Food services	-	333,783	-	-	-	333,783
Energy Savings Projects	-	-	384,738	-	-	384,738
Construction Excise	-	-	-	-	493,008	493,008
Capital Improvements	-	-	-	-	526,146	526,146
Debt Service	-	-	-	566,445	-	566,445
	<u>-</u>	<u>333,783</u>	<u>894,231</u>	<u>566,445</u>	<u>1,019,154</u>	<u>2,813,613</u>
<u>Assigned:</u>						
Salaries for 2020/21	1,431,265	-	-	-	-	1,431,265
Surplus Sales	-	-	11,682	-	-	11,682
	<u>1,431,265</u>	<u>-</u>	<u>11,682</u>	<u>-</u>	<u>-</u>	<u>1,442,947</u>
<u>Unassigned</u>						
	<u>1,100,812</u>	<u>-</u>	<u>(911)</u>	<u>-</u>	<u>-</u>	<u>1,099,901</u>
Total Fund Balances	<u>\$ 2,685,670</u>	<u>\$ 333,783</u>	<u>\$ 905,002</u>	<u>\$ 566,445</u>	<u>\$ 1,019,154</u>	<u>\$ 5,510,054</u>

**11. SUBSEQUENT EVENTS**

On August 19, 2021, the District participated in the Oregon Education District Pension Bonds, Series 2021A issuance. The principal amount is \$15,390,000, issued at PAR with interest rates ranging from 0.182% to 2.895% and they fully mature on 06/30/2040.

**REQUIRED SUPPLEMENTARY INFORMATION**

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**Last 10 Fiscal Years**

<u>Fiscal Year<sup>1</sup></u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2021	0.08533256%	\$ 18,622,500	\$ 10,637,183	175.1%	75.8%
2020	0.08583473%	14,847,353	10,638,767	139.6%	80.2%
2019	0.09095594%	13,778,627	10,105,845	136.3%	82.1%
2018	0.09197140%	12,397,779	9,870,867	125.6%	83.1%
2017	0.08840541%	13,271,705	9,899,535	134.1%	80.5%
2016	0.07591663%	4,358,724	9,341,657	46.7%	91.9%
2015	0.07830880%	(1,775,037)	9,336,283	(19.0)%	103.6%
2014	0.07830880%	3,996,213	8,825,083	45.3%	N/A <sup>2</sup>
2013	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>
2012	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>

<sup>1</sup> Measurement date is one year in arrears.

<sup>2</sup> 10-year trend information required by GASB Statement 68 will be presented prospectively.

**NORTH MARION SCHOOL DISTRICT No. 15**

Marion County, Oregon

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF PENSION CONTRIBUTIONS**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**Last 10 Fiscal Years**

<u>Fiscal Year</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2021	\$ 1,584,967	\$ 1,584,967	\$ -	\$ 11,319,429	14.0%
2020	1,408,733	1,408,733	-	10,637,183	13.2%
2019	1,068,780	1,068,780	-	10,638,773	10.0%
2018	905,651	905,651	-	10,105,845	9.0%
2017	459,438	459,438	-	9,870,867	4.7%
2016	450,029	450,029	-	9,899,535	4.5%
2015	819,405	819,405	-	9,341,657	8.8%
2014	781,689	781,689	-	9,336,283	8.4%
2013	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
2012	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>

<sup>1</sup> Measurement date is one year in arrears.

<sup>2</sup> 10-year trend information required by GASB Statement 68 will be presented prospectively.

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**Last 10 Fiscal Years**

Fiscal Year <sup>1</sup>	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered payroll	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	0.17191796%	\$ (350,300)	\$ 10,637,183	-3.3%	150.1%
2020	0.09804154%	(189,452)	10,638,773	-1.8%	144.4%
2019	0.12686094%	(141,611)	10,105,845	-1.4%	124.0%
2018	0.09642835%	(40,243)	9,870,867	-0.4%	108.9%
2017	0.10397918%	28,237	9,899,535	0.3%	N/A <sup>2</sup>
2016	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>
2015	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>
2014	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>
2013	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>
2012	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>

<sup>1</sup> Measurement date is one year in arrears.

<sup>2</sup> 10-year trend information required by GASB Statement 75 will be presented prospectively.

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF OPEB CONTRIBUTIONS**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**Last 10 Fiscal Years**

Fiscal Year	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2021	\$ 3,326	\$ 3,326	\$ -	\$ 11,319,429	0.03%
2020	12,277	12,277	-	10,637,183	0.12%
2019	48,591	48,591	-	10,638,773	0.46%
2018	61,426	61,426	-	10,105,845	0.61%
2017	48,007	48,007	-	9,870,867	0.49%
2016	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
2015	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
2014	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
2013	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
2012	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>

<sup>1</sup> 10-year trend information required by GASB Statement 75 will be presented prospectively.

**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**IMPLICIT RATE SUBSIDY**

**Last 10 Fiscal Years**

Fiscal Year <sup>1</sup>	Beginning Total OPEB Liability	Service Cost	Interest on Total OPEB Liability	Effect of Assumption Changes or Inputs	Effect of Economic/ Demographic Gains or Losses	Benefit Payments	Ending Total OPEB Liability	Covered Employee Payroll	Total OPEB Liability as a % of Covered Employee Payroll
2021	\$1,238,789	\$114,184	\$45,043	\$ 82,023	\$ -	\$(133,183)	\$1,346,856	\$10,637,183	12.7%
2020	1,071,007	81,078	43,218	25,313	89,550	(71,377)	1,238,789	10,638,773	11.6%
2019	1,038,953	80,359	38,923	(22,523)	-	(64,705)	1,071,007	10,105,845	10.6%
2018	1,055,522	84,923	31,411	(55,797)	-	(77,106)	1,038,953	9,870,867	10.5%
2017	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>
2016	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>
2015	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>
2014	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>
2013	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>
2012	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>

<sup>1</sup> Measurement date is one year in arrears.

<sup>2</sup> 10-year trend information required by GASB Statement 75 will be presented prospectively



**NORTH MARION SCHOOL DISTRICT No. 15**

Marion County, Oregon

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2018**

**1. OREGON PUBLIC EMPLOYEE RETIREMENT PENSION PLAN (PERS)**

**Changes in Assumptions**

A summary of key changes implemented with the December 31, 2018 actuarial valuation, rolled forward to June 30, 2020, which was used in the pension calculations and amounts reported for the fiscal year ended June 30, 2021, along with additional detail and a comprehensive list of changes in methods and assumptions from the prior actuarial valuation can be found at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

**2. IMPLICIT RATE SUBSIDY**

There are no assets accumulated in a trust that meets the criteria of GASB Statement 75 to pay related benefits.

**Changes in Assumptions**

Changes in assumptions is the result of the change in the discount rate from 3.50% to 2.21%, revisions to health care cost trends, and other updates to the inputs used in the most current valuation.

**OTHER SUPPLEMENTARY INFORMATION**

**NORTH MARION SCHOOL DISTRICT No. 15**

Marion County, Oregon

**DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Property taxes	\$ 1,854,700	\$ 1,854,700	\$ 1,887,137	\$ 32,437
Charges for services	1,301,174	1,301,174	1,202,523	(98,651)
Earnings on investments	15,000	15,000	9,800	(5,200)
Intermediate sources	-	-	1,832	1,832
Total revenues	<u>3,170,874</u>	<u>3,170,874</u>	<u>3,101,292</u>	<u>(69,582)</u>
<b>EXPENDITURES:</b>				
Debt Service	3,260,874	3,260,874	3,260,874	-
Contingency	450,000	450,000	-	450,000
Total expenditures	<u>3,710,874</u>	<u>3,710,874</u>	<u>3,260,874</u>	<u>450,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(540,000)	(540,000)	(159,582)	380,418
<b>FUND BALANCE, June 30, 2020</b>	<u>640,000</u>	<u>640,000</u>	<u>726,027</u>	<u>86,027</u>
<b>FUND BALANCE, June 30, 2021</b>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 566,445</u>	<u>\$ 466,445</u>

**NORTH MARION SCHOOL DISTRICT No. 15**

Marion County, Oregon

**CAPITAL PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Earnings on investments	\$ 172,000	\$ 172,000	\$ 81,436	\$ (90,564)
Construction excise tax	71,000	71,000	66,636	(4,364)
Energy Trust grant and other	240,000	240,000	181,013	(58,987)
Total revenues	<u>483,000</u>	<u>483,000</u>	<u>329,085</u>	<u>(153,915)</u>
<b>EXPENDITURES:</b>				
Current:				
Support services	50,000	50,000	-	50,000
Facilities, acquisitions and construction	22,843,000	22,843,000	17,298,803	5,544,197
Total expenditures	<u>22,893,000</u>	<u>22,893,000</u>	<u>17,298,803</u>	<u>5,594,197</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(22,410,000)</u>	<u>(22,410,000)</u>	<u>(16,969,718)</u>	<u>5,440,282</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(22,410,000)</u>	<u>(22,410,000)</u>	<u>(16,969,718)</u>	<u>5,440,282</u>
<b>FUND BALANCE, June 30, 2020</b>	<u>22,410,000</u>	<u>22,410,000</u>	<u>17,988,872</u>	<u>(4,421,128)</u>
<b>FUND BALANCE, June 30, 2021</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,019,154</u>	<u>\$ 1,019,154</u>

**NORTH MARION SCHOOL DISTRICT No. 15**

Marion County, Oregon

**SUPPLEMENTAL INFORMATION AS REQUIRED BY  
THE OREGON DEPARTMENT OF EDUCATION**

**YEAR ENDED JUNE 30, 2021**

School Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included.

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

A. Energy Bill for Heating - **All Funds:**

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

	Objects 325 & 326 & *327
Function 2540	\$ 280,821
Function 2550	\$ -

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

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

Exclude these functions:

1113,1122 & 1132 Co-curricular Activities  
1140 Pre-Kindergarten  
1300 Continuing Education  
1400 Summer School

Exclude these functions:

4150 Construction  
2550 Pupil Transportation  
3100 Food Service  
3300 Community Services

\$ 42,746
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\* **Object code 327** (water and sewage) has been added to Part A to be included in the Function 2540 and 2550 totals.

**NORTH MARION SCHOOL DISTRICT No. 15**

Marion County, Oregon

**MARION COUNTY TAX INFORMATION  
AND HISTORICAL ADM INFORMATION**

**YEAR ENDED JUNE 30, 2021**

**2020-2021 Measure 5 Taxable Value:** \$ 1,851,049,841

<b><u>2020-2021 Top 10 Taxpayers for North Marion SD</u></b>	<b><u>M5 Assessed Value</u></b>	<b><u>Total Tax</u></b>
US Leasco Inc	\$ 21,691,325	\$ 242,717
Catalina WM LLC	20,626,550	230,803
Marion Ag Service	20,031,116	230,107
Smith Aurora LLC	16,459,330	184,173
Northwest Natural Gas	12,213,700	178,243
HD Aviation Corp	13,620,230	161,439
PNWP LLL#5	13,183,730	161,389
Portland General Electric Co	11,690,000	148,622
Centurylink	12,796,000	147,693
Wilco Hazelnut LLC	10,385,610	127,135

<b><u>2020-2021 Top 10 Taxpayers for Marion County</u></b>	<b><u>M5 Assessed Value</u></b>	<b><u>Total Tax</u></b>
Portland General Electric Co	\$ 395,467,568	\$ 6,024,253
Northwest Natural Gas	176,452,300	2,968,163
Centurylink	114,455,310	1,980,000
Winco Foods LLC	99,222,052	1,816,042
Comcast Corporation	80,194,000	1,411,701
Woodburn Premium Outlets LLC	70,264,829	1,396,858
Donahue Schriber Realty Group	70,188,410	1,158,582
State Accident Insurance Fund	55,532,740	1,085,091
Lancaster Development Company	54,313,000	1,045,209
WAL-Mart Real Estate Business TR	54,722,410	1,043,505

Marion County's tax collection rate for 2020/21 was 98%

<b><u>Historical ADMw Information</u></b>	<b><u>Enrollment</u></b>	<b><u>ADMw</u></b>
<b><u>Fiscal Year</u></b>		
2020/21	1727*	2149*
2019/20	1823	2263
2018/19	1867	2316
2017/18	1887	2321
2016/17	1890	2379
2015/16	1940	2427
2014/15	1884	2376

\* not yet finalized

**SINGLE AUDIT SECTION**



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**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**

Board of Directors  
North Marion School District No. 15  
Aurora, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities and each major fund of North Marion School District No. 15, Marion County, Oregon (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 16, 2021.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* as item 2021-001 that we consider to be a significant deficiency.

**COMPLIANCE AND OTHER MATTERS**

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



**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* (Continued)**

**DISTRICT'S RESPONSE TO FINDINGS**

The District's response to the finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**PURPOSE OF THIS REPORT**

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

*Talbot, Kowala & Warwick LLP*

Portland, Oregon  
October 16, 2021



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

Board of Directors  
North Marion School District No. 15  
Aurora, Oregon

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

We have audited North Marion School District No. 15, Marion County, Oregon (the District'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 District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

**MANAGEMENT'S RESPONSIBILITY**

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

**AUDITOR'S RESPONSIBILITY**

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

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

**OPINION ON EACH MAJOR FEDERAL PROGRAM**

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM and REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (Continued)**

**REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying *Schedule of Findings and Questioned Costs* as item 2021-001 that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Talbot, Kowola & Warwick LLP*

Portland, Oregon  
October 16, 2021

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NORTH MARION SCHOOL DISTRICT No. 15**

Marion County, Oregon

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Grant Period</u>	<u>Federal Assistance Number</u>	<u>Pass-Through Number</u>	<u>Expend- itures</u>
<b><u>U.S. DEPARTMENT OF EDUCATION:</u></b>				
<b>PASSED THROUGH STATE DEPARTMENT OF EDUCATION:</b>				
Title I, Part A				
Title I Grants to Local Educational Agencies	2020-2021	84.010A	58323	<u>\$ 325,162</u>
Total Title I, Part A				<u>325,162</u>
Supporting Effective Instruction State Grants	2020-2021	84.367A	58815	44,224
Supporting Effective Instruction State Grants	2019-2021	84.367A	53589	<u>10,375</u>
Total Improving Teacher Quality				<u>54,599</u>
English Language Acquisition State Grants	2019-2020	84.365	58492	<u>42,114</u>
Total English Language Acquisition				<u>42,114</u>
Title IV Student Support and Accademic Enrichment	2020-2021	84.424	58626	23,498
Title IV Student Support and Accademic Enrichment	2019-2021	84.424	54579	<u>10,257</u>
Total Title IV Student Support & Academic Enrichment				<u>33,755</u>
Special Education Cluster (IDEA):				
Special Education - Grants to States	2020-2021	84.027	60711	254,555
Special Education - Grants to States	2020-2022	84.173	60545	1,437
Special Education - Grants to States	2019-2021	84.173	54045	672
Special Education - Grants to States	2019-2021	84.027	56709	<u>4,295</u>
Total Special Education Cluster (IDEA)				<u>260,959</u>
Education Stabilization Fund				
ESSER I Funds	2020-2022	84.425D	57870	148,184
ESSER II Funds	2019-2023	84.425D	64640	206,085
ESSER III Funds	2021-2024	84.425U	64945	25,565
ESSER Funds (Governors Emergency Releif)	2019-2021	84.425C	60998	<u>141,587</u>
Total Education Stabilization Fund				<u>521,421</u>
<b>TOTAL PASSED THROUGH STATE DEPARTMENT OF EDUCATION</b>				<u>1,238,010</u>
<b>PASSED THROUGH WILLAMETTE EDUCATION SERVICE DISTRICT:</b>				
Migrant Education - State Grant Programs	2020-2021	84.011	N/A	<u>23,521</u>
<b>PASSED THROUGH OREGON COMMUNITY FOUNDATION:</b>				
Gaining Early Awareness and Readiness for Undergraduate Programs	2020-2021	84.334	N/A	<u>29,800</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>				<u>1,291,331</u>

**NORTH MARION SCHOOL DISTRICT No. 15**

Marion County, Oregon

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**

**YEAR ENDED JUNE 30, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Grant Period</u>	<u>Federal Assistance Number</u>	<u>Pass-Through Number</u>	<u>Expend- itures</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE:</u></b>				
<b>PASSED THROUGH STATE</b>				
<b>DEPARTMENT OF EDUCATION:</b>				
Child Nutrition Cluster:				
Donated Commodities	2020-2021	10.555	N/A	\$ 70,872
Summer Food Service Program for Children	2020-2021	10.559	N/A	<u>1,159,690</u>
Total Child Nutrition Cluster				<u>1,230,562</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				<u>1,230,562</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>				<u>\$ 2,521,893</u>

N/A - Not available

**Notes:**

1. This schedule is presented on the modified accrual basis of accounting.
2. Donated commodities are valued at their estimated fair value.
3. No amounts were passed through to subrecipients.
4. The District has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

**NORTH MARION SCHOOL DISTRICT No. 15**

Marion County, Oregon

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2021**

**SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements:**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	Yes <u>    </u>	No <u> X </u>
Significant deficiency(ies) identified?	Yes <u> X </u>	No <u>    </u>
Noncompliance material to financial statements noted?	Yes <u>    </u>	No <u> X </u>

**Federal Awards:**

Internal control over major programs:

Material weakness(es) identified?	Yes <u>    </u>	No <u> X </u>
Significant deficiency(ies) identified?	Yes <u> X </u>	No <u>    </u>

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes <u>    </u>	No <u> X </u>
--	-----------------	---------------

Identification of major programs:

**ASSISTANCE LISTING**

**NUMBER(S)**

84.425

**NAME OF PROGRAM OR CLUSTER**

Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs	\$ 750,000	
Auditee qualified as low-risk auditee?	Yes <u> X </u>	No <u>    </u>

**NORTH MARION SCHOOL DISTRICT No. 15**

Marion County, Oregon

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2021**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2021-001 (Repeat of 2020-001)**

See Section III – Findings and Questioned Costs for Federal Awards.

**SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**Finding 2021-001 (Repeat of 2020-001)**

***Federal program:*** Education Stabilization Fund (Assistance Listing Number 84.425)

***Criteria:*** Per Title 2, Subtitle A, Chapter II, Subpart D, Section 202.303 (a), a non-Federal entity must "establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)." Additionally, the District has the responsibility for establishing and maintaining effective internal control over financial reporting.

***Condition:*** A significant deficiency in controls over compliance was identified for controls over compliance requirements A and B from 2020 Office of Management and Budget (OMB) *Compliance Supplement* due to a lack of segregation of duties. This was also considered to be a significant deficiency in controls over financial reporting.

***Cause:*** The cause appears to be related to turnover in accounting personnel that left the District with only one individual to record and/or process certain transactions, including payroll.

***Effect or potential effect:*** The payroll for September 2020 appears to have been prepared and processed without independent review. A lack of effective internal controls over compliance for payroll expenditures could cause expenditure of funds for unallowable activities and/or costs. Additionally, the lack of proper segregation of duties has the potential to allow a material misstatement due to error or fraud.

***Questioned Costs:*** No known or estimated questioned costs identified.

***Context:*** The lack of segregation of duties was identified during inquiries to obtain an understanding of internal controls and while performing audit procedures over account balances.

***Recommendation:*** The District should implement policies and procedures to ensure proper segregation of duties that would prevent or detect and correct a material misstatement.

***Views of responsible officials:*** The District understands and concurs with this finding.



**NORTH MARION SCHOOL DISTRICT No. 15**  
Marion County, Oregon

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2021**

**Finding 2020-001**

**Condition:** A lack of segregation of duties, considered to be significant deficiency in controls over financial reporting, was identified.

**Corrective Action:** The District employed an individual for the HR/Payroll position in October 2020. The HR/Payroll person and the Business Manager checked and approved each other's work as was past practice.

Corrective action not fully implemented during a portion of the year ended June 30, 2021.

**Finding 2020-002**

**Federal program:** Child Nutrition Cluster (Assistance Listings 10.553, 10.555, 10.559)

**Condition:** A significant deficiency in controls over compliance was identified for controls over compliance requirements A and B from 2020 Office of Management and Budget (OMB) Compliance Supplement. Controls over employee timecards were found not to be implemented as designed.

**Corrective Action:** The District conducted trainings for all administrative and department heads that are responsible for approving timesheets in the District's electronic timekeeping system. Additionally, reminders were sent automatically from the system and/or the HR/Payroll person that was hired in October 2020.

Corrective action was implemented for the year ended June 30, 2021.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
OREGON STATE REGULATIONS**



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH OREGON STATE REGULATIONS**

Board of Directors  
North Marion School District No. 15  
Aurora, Oregon

We have audited the financial statements of the governmental activities and each major fund of North Marion School District No. 15, Marion County, Oregon (the District), as of and for the year ended June 30, 2021, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 16, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**COMPLIANCE**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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 162-10-330 of the Minimum Standards for Audits of Oregon Municipal Corporations.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH OREGON STATE REGULATIONS (Continued)**

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**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control that we consider to be a significant deficiency described in the *Schedule of Findings and Questions Costs* as items 2021-001.

**PURPOSE OF THIS REPORT**

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

*Talbot, Kowale & Warwick LLP*

Portland, Oregon  
October 16, 2021