

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021



**12700 SW 72nd Ave.
Tigard, OR 97223**

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

For the Year Ended June 30, 2021

ANNUAL FINANCIAL REPORT

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BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

BOARD OF EDUCATION

TERM EXPIRES

Norie Dimeo-Ediger, Chair	June 30, 2021
Raymond Mott	June 30, 2021
Dan Streblow	June 30, 2023
Ron Frame, Vice-Chair	June 30, 2021
Will Moore	June 30, 2023

Board members receive mail at the District Office address listed below

ADMINISTRATION
Jeff Leo, Superintendent
Joni Spencer, Business Manager
12950 NW Main Street
Banks, OR 97106

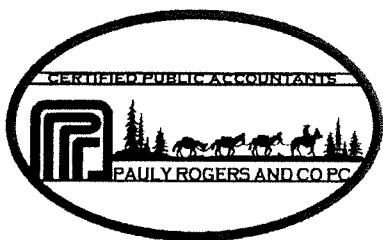
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WASHINGTON COUNTY, OREGON
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WASHINGTON COUNTY, OREGON
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November 9, 2021

To the Board of Education
Banks School District No. 13
Washington County, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Banks School District, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Auditors' 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 auditors' 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 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 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, each major fund, and the aggregate remaining fund information of Banks School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as

listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The listing of board members containing their term expiration dates, located before the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 9, 2021 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 9, 2021, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

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**BANKS SCHOOL DISTRICT NO. 13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

INTRODUCTION

As management of Banks School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2021. It should be read in conjunction with the District's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2021, the government wide District's assets exceeded liabilities by \$1,654,047.
- At June 30, 2021, the General Fund has a total fund balance of \$3,258,818. This represents 31% of the total General Fund expenditures and 73% of the total governmental funds balance.
- The District has \$8,692,035 of long term outstanding debt as of June 30, 2021. The District's total debt decreased by approximately \$1,421,641 during the 2020-21 fiscal year due to the regular scheduled debt service payments.
- The Debt Service Fund's primary revenue source is property taxes.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management 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 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.

The *Statement of Net Position* presents information on all of the assets and liabilities of the District at year end. Net position is what remains after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 8 through 9.

**BANKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE 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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District funds can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

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. The District has four major funds; the General Fund, the Special Projects Fund, the Debt Service Fund, and the Capital Projects Fund. The fund financial statements are on pages 10 through 13.

Proprietary Funds

The District maintains an Internal Service Fund. The Internal Service Fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an Internal Service Fund to account for its pension obligation bonds. The financial statements of the Internal Service Fund are found on pages 14 through 16.

Notes to the 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. They are an integral part of the basic financial statements and should be read in conjunction with them. The notes to the financial statements are on pages 17 through 43.

Other Information

Additional information is included on pages 44-51. This information presents both the Required Supplementary Information and other Supplementary Information, including the Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions, Schedule of Changes in Other Post Employment Benefits Liability, required budgetary comparison information, the Schedule of Expenditures of Federal Awards, and other required financial schedules.

**BANKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary Statement of Net Position

	<u>2021</u>	<u>2020</u>
Assets and deferred outflows of resources		
Current assets	\$ 6,501,331	\$ 5,254,620
Capital assets	15,534,539	16,061,880
Deferred outflows of resources	<u>3,842,124</u>	<u>3,363,913</u>
Total assets and deferred outflows of resources	<u>25,877,994</u>	<u>24,680,413</u>
Liabilities and deferred inflows of resources		
Long-term liabilities	9,255,189	10,602,736
Other liabilities	1,885,581	1,806,424
Proportionate share of net pension liability	12,378,189	10,190,405
Deferred inflows of resources	<u>704,988</u>	<u>834,345</u>
Total liabilities and deferred inflows of resources	<u>24,223,947</u>	<u>23,433,910</u>
Net Position		
Invested in capital assets, net of related debt	9,152,598	8,510,921
Restricted for debt service	221,400	189,224
Restricted for special projects	375,518	377,363
Unrestricted	<u>(8,095,469)</u>	<u>(7,831,005)</u>
Total net position	<u>\$ 1,654,047</u>	<u>\$ 1,246,503</u>

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. At June 30, 2021, the District's net assets exceeded liabilities by \$1,654,047.

A large portion of the District's net position reflects its investment in capital assets. Capital assets of the District include land, buildings, improvements, vehicles, and equipment, and represents approximately 60 percent of total assets. The remaining assets consist mainly of cash, investments, grant and property taxes receivable.

The District's liability for long-term debt (general obligation bonds) used to finance capital asset acquisition and construction accounts for 38 percent of total liabilities. Current liabilities primarily consist of accounts payable, payroll withholdings, accrued benefits, and the District's proportionate share of the net pension liability.

**BANKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Summary Statement of Activities

	<u>2021</u>	<u>2020</u>
Revenues:		
Program Revenues:		
Instruction	\$ 1,340,628	\$ 607,246
Support Services	28,017	60,549
Food Services	<u>193,512</u>	<u>242,125</u>
Total program revenues	<u>1,562,157</u>	<u>909,920</u>
General revenues:		
Property taxes	4,591,029	4,403,253
State school fund	7,263,789	7,069,750
State timber revenue	1,014,600	834,258
Earning on investments	27,732	60,225
Other	<u>736,754</u>	<u>777,426</u>
Total general revenues	<u>13,633,904</u>	<u>13,144,912</u>
Total revenues	<u>15,196,061</u>	<u>14,054,832</u>
Program expenses:		
Instruction	9,375,567	9,164,768
Support services	5,062,307	5,218,476
Food services	<u>279,952</u>	<u>266,016</u>
Total program expenses	<u>14,717,826</u>	<u>14,649,260</u>
Other expenses:		
Interest expense	<u>70,691</u>	<u>268,994</u>
Total other expenses	<u>70,691</u>	<u>268,994</u>
Total expenses	<u>14,788,517</u>	<u>14,918,254</u>
Change in net assets	407,544	(863,422)
Beginning net assets	<u>1,246,503</u>	<u>2,109,925</u>
Ending net assets	<u>\$ 1,654,047</u>	<u>\$ 1,246,503</u>

Revenues

Since the District's mission is to provide a free and appropriate public education for kindergarten through twelfth grade students within its boundaries, the District may not charge for its core services. As expected, therefore, general revenues provide 90 percent of the funding required for governmental programs. Property taxes and state school fund combined account for 87 percent of general revenues and 78 percent of total revenues.

**BANKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Expenses

Expenses related to governmental activities are presented in several broad functional categories. Costs of direct classroom instruction and activities account for 64 percent of the total expenses. In addition, approximately half of the costs in supporting services relate to students, instructional staff, and school administration.

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.

Government 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 financial requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending.

At June 30, 2021, the District's governmental funds reported combined ending fund balances of \$4,476,887. Of this amount, \$3,240,408 constitutes unassigned fund balance, which is available for spending at the District's discretion.

General Fund

The General Fund is the chief operating fund of the District. At June 30, 2021 unassigned fund balance was \$3,240,408. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Ending fund balance represents about 31 percent of total General Fund expenditures for 2020-21.

Special Projects Fund

The Special Projects Fund has a total fund balance of \$375,518. This fund includes federal and state grants, student body activities, food service and the athletics/activities funds.

Debt Service Fund

The expenditures of this fund were \$1,250,195 and were used for principal and interest payments on general obligation bonds.

Capital Projects Fund

There were no expenditures from this fund for 2020-21.

**BANKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of Banks School District's finances. Questions concerning any of the information provided in the report or request for additional financial information should be addressed to the Banks School District office at 12950 NW Main Street, Banks, OR 97106.

BANKS SCHOOL DISTRICT
WASHINGTON COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities
ASSETS:	
Cash and investments	\$ 5,835,039
Property taxes receivable	79,057
Accounts receivable	568,825
Prepaid expense	18,410
Capital assets not being depreciated	911,815
Capital assets, net of accumulated depreciation	14,622,724
Total assets	22,035,870
DEFERRED OUTFLOWS OF RESOURCES:	
Pension related deferral	3,773,740
Total OPEB related deferral	68,384
Total deferred outflows of resources	3,842,124
LIABILITIES:	
Accounts payable	268,390
Payroll Liabilities	1,606,521
Accrued interest payable	2,334
Unearned revenue	8,336
Noncurrent liabilities:	
Due Within One Year:	
Bonds Payable	1,515,000
Note Payable	45,407
Due In More Than One Year:	
Proportionate Share of Net Pension Liability	12,378,189
Total OPEB Liability	563,154
Bonds Payable	6,893,371
Note Payable	238,257
Total liabilities	23,518,959
DEFERRED INFLOWS OF RESOURCES:	
Pension related deferral	678,444
Total OPEB related deferral	26,544
Total deferred inflows of resources	704,988
NET POSITION:	
Net investment in capital assets	9,152,598
Restricted for debt service	221,400
Restricted for special projects	375,518
Unrestricted	(8,095,469)
Total net position	\$ 1,654,047

See accompanying notes to basic financial statements.

**BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON**

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue (Expense) and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Instruction	\$ 9,375,567	\$ -	\$ 1,340,628	\$ (8,034,939)
Support Services	5,062,307	18,291	9,726	(5,034,290)
Community Services	279,952	1,710	191,802	(86,440)
Interest on Long Term Debt	70,691	-	-	(70,691)
Total Governmental Activities	<u>\$ 14,788,517</u>	<u>\$ 20,001</u>	<u>\$ 1,542,156</u>	<u>(13,226,360)</u>
General Revenues:				
Property taxes				4,591,029
State school support				8,396,635
Earnings on investments				27,732
Other local & intermediate				<u>618,508</u>
Total general revenues				<u>13,633,904</u>
Change in net position				407,544
Net position beginning of year				<u>1,246,503</u>
Net position end of year				<u>\$ 1,654,047</u>

See accompanying notes to basic financial statements.

**BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON**

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

	GENERAL FUND	SPECIAL PROJECTS FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
ASSETS:					
Cash and Investments	\$ 4,562,104	\$ 356,468	\$ 212,752	\$ 621,151	\$ 5,752,475
Receivables:					
Property Taxes	56,477	-	22,580	-	79,057
Accounts	243,760	321,848	3,217	-	568,825
Prepaid Expenses	18,410	-	-	-	18,410
Total Assets	\$ 4,880,751	\$ 678,316	\$ 238,549	\$ 621,151	\$ 6,418,767
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 104,632	\$ 163,758	\$ -	\$ -	\$ 268,390
Payroll Liabilities	1,475,817	130,704	-	-	1,606,521
Unearned Revenue	-	8,336	-	-	8,336
Total Liabilities	1,580,449	302,798	-	-	1,883,247
Deferred Inflows of Resources:					
Unavailable Revenue - property taxes	41,484	-	17,149	-	58,633
Total Deferred Inflows of Resources	41,484	-	17,149	-	58,633
Fund Balances:					
Nonspendable	18,410	-	-	-	18,410
Restricted for debt service	-	-	221,400	-	221,400
Restricted for special projects	-	375,518	-	-	375,518
Assigned	-	-	-	621,151	621,151
Unassigned	3,240,408	-	-	-	3,240,408
Total Fund Balance	3,258,818	375,518	221,400	621,151	4,476,887
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,880,751	\$ 678,316	\$ 238,549	\$ 621,151	\$ 6,418,767

See accompanying notes to basic financial statements.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

**Reconciliation of Balance Sheet of Governmental Funds to
Statement of Net Position**

June 30, 2021

Total Fund Balances		\$	4,476,887
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.			
Capital Assets, net			15,534,539
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.			58,633
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:			
General Obligation Bonds - net of premium	\$	(6,381,941)	
Note Payable		(283,664)	
Accrued Interest		<u>(2,334)</u>	(6,667,939)
The proportionate share of the PERS net pension liability is not reported as a liability in the District's governmental activities.			(12,378,189)
The Total OPEB Liability is liability related to the other post employment benefits for health insurance premiums.			(563,154)
The pension related deferrals are not reported as deferred inflows or outflows in the District's governmental activities.			
Deferred Outflow - PERS	\$	3,773,740	
Deferred Inflow - PERS		(678,444)	
Deferred Outflow - OPEB		68,384	
Deferred Inflow - OPEB		<u>(26,544)</u>	3,137,136
An internal service fund is used to charge the costs of repaying the pension obligation bonds to the individual funds. The assets and liabilities of the internal service fund are included in the statement net position.			<u>(1,943,866)</u>
Total Net Position		\$	<u><u>1,654,047</u></u>

See accompanying notes to basic financial statements.

**BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021**

	GENERAL FUND	SPECIAL PROJECTS FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
REVENUES:					
Local Sources	\$ 3,517,856	\$ 94,694	\$ 1,255,071	\$ 55,934	\$ 4,923,555
Intermediate Sources	31,334	14,685	-	-	46,019
State Sources	8,396,635	706,308	-	-	9,102,943
Federal Sources	-	791,004	-	-	791,004
Total Revenues	11,945,825	1,606,691	1,255,071	55,934	14,863,521
EXPENDITURES:					
Current					
Instruction	6,583,663	1,374,068	-	-	7,957,731
Support Services	4,005,172	228,864	-	-	4,234,036
Community Services	-	233,161	-	-	233,161
Capital Outlay	6,500	-	-	-	6,500
Debt Service	-	22,918	1,250,195	-	1,273,113
Total Expenditures	10,595,335	1,859,011	1,250,195	-	13,704,541
Excess of Revenues Over, (Under) Expenditures	1,350,490	(252,320)	4,876	55,934	1,158,980
Other Financing Sources, (Uses):					
Transfers In	-	250,475	27,300	-	277,775
Transfers Out	(277,775)	-	-	-	(277,775)
Total Other Financing Sources, (Uses)	(277,775)	250,475	27,300	-	-
Net Change in Fund Balance	1,072,715	(1,845)	32,176	55,934	1,158,980
Beginning Fund Balance	2,186,103	377,363	189,224	565,217	3,317,907
Ending Fund Balance	\$ 3,258,818	\$ 375,518	\$ 221,400	\$ 621,151	\$ 4,476,887

See accompanying notes to basic financial statements.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

**Reconciliation of Statement of Revenues, Expenditures
and Changes in Fund Balance – Governmental Funds –
To Statement of Activities**

For the Year Ended June 30, 2021

Net Change in Fund Balance	\$	1,158,980
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Amounts reported for governmental activities in the statement
of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which fixed assets exceed depreciation:

Capital Asset Additions	\$	207,083	
Depreciation expense		<u>(734,424)</u>	(527,341)

Repayment of bond principal and post retirement obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Additions to bond principal and post retirement obligations is an other financing source in the governmental funds but reduces the liability in the Statement of Net Position. Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are considered unavailable and amortized in the Statement of Activities.

GO Bond Payment and Loan Payment		1,212,866
----------------------------------	--	-----------

Under the accrual basis of accounting, interest on long-term debt is accrued when payments are not due until after year end.		8,575
--	--	-------

Pension expense represents the change in net pension asset (liability) from year to year due to changes in total pension liability and the fair value of the pension plan net position available to pay PERS pension benefits, and is not included in the governmental funds.		(1,615,993)
---	--	-------------

The expense related to OPEB liability represents the net changes in the liability balance from year to year and is not recorded in the governmental funds.		(38,317)
--	--	----------

An internal service fund is used to charge the costs of repaying the pension obligation bonds to the individual funds. The net revenue of the internal service fund is included in the statement of activities.		<u>208,774</u>
---	--	----------------

Change in Net Position	\$	<u><u>407,544</u></u>
------------------------	----	-----------------------

See accompanying notes to basic financial statements.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON
STATEMENT OF PROPRIETARY NET POSITION
INTERNAL SERVICE FUND
June 30, 2021

	Internal Service Fund
ASSETS:	
Current Assets	
Cash and Investments	\$ 82,564
Total Current Assets	<u>82,564</u>
Total Assets	<u>82,564</u>
LIABILITIES:	
Current Maturities of Pension Obligation Bonds	235,000
Noncurrent Liabilities:	
Pension Obligation Bonds Payable, Net of Current Maturities	<u>1,791,430</u>
Total Liabilities	<u>2,026,430</u>
Unrestricted	<u>(1,943,866)</u>
Total Net Position	<u>\$ (1,943,866)</u>

See accompanying notes to basic financial statements.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2021

INTERNAL SERVICE FUND

OPERATING REVENUES:	
Assessments to other funds	\$ 332,540
Total Revenues	<u>332,540</u>
TOTAL OPERATING INCOME	<u>332,540</u>
OTHER REVENUES/(EXPENSES):	
Debt Service	(122,541)
Amortization of bond discount	<u>(1,225)</u>
Total other revenue/expenses	<u>(123,766)</u>
Change in Net Position	208,774
Beginning Net Position	<u>(2,152,640)</u>
Ending Net Position	<u><u>\$ (1,943,866)</u></u>

See accompanying notes to basic financial statements.

BANKS SCHOOL DISTRICT
WASHINGTON COUNTY, OREGON
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2021

	Pension Obligation Bonds
	<u> </u>
Cash flows from operating activities:	
Assessments received from other funds	\$ 332,540
	<u> </u>
Net cash provided (used) by operating activities	332,540
	<u> </u>
Cash flows from noncapital financing activities	
Principal paid on pension bonds	(210,000)
Interest paid on pension bonds	(122,541)
	<u> </u>
Net cash used by noncapital financing activities	(332,541)
	<u> </u>
Net increase in cash and cash equivalents	(1)
	<u> </u>
Cash and cash equivalents, beginning	82,565
	<u> </u>
Cash and cash equivalents, ending	\$ 82,564
	<u> </u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 332,540
	<u> </u>
Net cash provided by operating activities	\$ 332,540
	<u> </u>

See accompanying notes to basic financial statements.

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BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

REPORTING ENTITY

The Banks School District No. 13 is a municipal corporation, established under the provisions of Oregon Revised Statutes 332, and is governed by an elected five-member board. As required by generally accepted accounting principles, these financial statements present Banks School District No. 13 (the primary government) and any component units. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate organizations that are included in the District's financial statements because of the significance of their operational or financial relationships with the District and the existence of a financial benefit/burden. There are no component units.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (the statement of net position and the statement of activities) report information on the District as a whole, excluding nonfiduciary activities, if any. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from internal service activities, which rely to a significant extent on fees and charges for support. The activities are characterized as *governmental activities and business-type activities*.

The statement of activities reports the activities by *function*. The major functions are instruction and support services; however, amounts are also reported for community services (primarily food service). The statement of activities demonstrates the degree to which the direct expenses of a given function (i.e., instruction, support services, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Direct expenses are not eliminated from the various functional categories, whereas indirect expenses are eliminated from the functional categories in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

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

Separate fund financial statements are provided for governmental funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The following *major governmental funds* are reported:

General Fund

This is the primary operating fund. This fund accounts for all financial resources and expenditures not required to be accounted for in another fund. The principal revenue sources are property taxes and an apportionment from the State of Oregon School Support Fund.

Special Projects Fund

This fund consists of all grant activity, fundraising, food service, and student body activities. Grant revenue is primarily from the federal government, while student body, food service, and fundraising revenues are primarily from local sources.

Debt Service Fund

This fund accounts for the repayment of general obligation debt. The primary revenue source is property taxes.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Capital Projects Fund

This fund accounts for the construction and acquisition of capital assets. The primary revenue source is interest on investments.

There is also an internal service fund:

Pension Obligation Bond Fund

This fund accounts for the repayment of the 2007 pension obligation bonds issued to advance fund the unfunded actuarial liability for the Oregon Public Employees Retirement System. The fund assesses other funds to provide the resources to pay the debt service on the pension obligation bonds.

The internal service fund uses the economic resources measurement focus and the accrual basis of accounting and distinguishes operating revenues and expenses from nonoperating items. Operating revenues consist of interfund assessments to other funds, while operating expenses include payments for debt services. All other revenues and expenses are reported as nonoperating revenues and expenses.

BUDGETS

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

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

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

Expenditures cannot legally exceed the adopted appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Supplemental appropriations may occur if the Board approves them due to unforeseen circumstances, which could not be determined at the time the budget was adopted.

Budget amounts shown in the basic financial statements reflect the original and final budgeted appropriation amounts. Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2021.

CASH AND INVESTMENTS

For financial reporting purposes, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Fair Value Inputs and Methodologies and Hierarchy

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

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

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

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

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

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY TAXES RECEIVABLE

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

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

ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts due from intermediate sources and miscellaneous reimbursements. Accounts receivable are considered by management to be fully collectible; therefore, no allowance for uncollectible accounts has been made.

GRANTS

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

PREPAID EXPENSE

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CAPITAL ASSETS

Capital assets include land, buildings, improvements, vehicles, furniture, fixtures, and equipment. Capital assets are recorded at original cost or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Interest incurred during construction is not capitalized. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditure as incurred and not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives: Building and Improvements over 25 to 40 years, and Vehicles and Equipment over 3 to 20 years. Major outlays for capital assets and improvements are capitalized as projects are constructed. One-half year of depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government has two items which arise under full accrual accounting in the Statement of Net Position. The Statement of Net Position reports a deferred outflow for pension related deferrals and total OPEB related deferrals.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under a modified accrual basis of accounting, which 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 revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also has two items which arise under full accrual accounting in the Statement of Net Position. The Statement of Net Position reports deferred inflows for pension and total OPEB related deferrals.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported items. These can include the amounts of assets, liabilities, disclosure of contingent assets and liabilities, and the reported amount of revenues and expense/expenditures during the reporting period. Accordingly, actual results could differ from estimates.

ACCRUED COMPENSATED ABSENCES

Certain employees are allowed to earn vacation leave. Employees accumulated unpaid vacation, at June 30, is limited to 50 percent of the amount earned during the year. At June 30, management determined that total accumulated unpaid vacation was not significant to the financial statements.

UNAVAILABLE REVENUE

On the fund financial statements, unavailable revenue arises when resources do not satisfy both the measurable and available criteria for recognition in the current year, for example, if property taxes are received more than 60 days after year-end. In subsequent periods, when recognition criteria are met, the deferred inflow for unavailable revenue is removed and revenue is recognized.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are amortized over the life of the bonds, using the straight line method in the government-wide financial statements. The straight line method does not differ significantly from the effective interest rate method. Unamortized premiums and discounts are presented as additions or subtractions from the face amount of the bonds. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Early retirement benefits are recognized when the District becomes obligated for the benefits (i.e., when the eligible employee retires). The amount recognized is the undiscounted estimate of the future benefits to be paid.

INTERFUND PAYABLES, RECEIVABLES AND TRANSFERS

The receipt and payment of monies through one central checking account, as well as transfers between funds, result in interfund payables and receivables until cash is transferred from one fund to the other. These amounts represent current assets and liabilities and are reported as due to or due from other funds.

RETIREMENT PLANS

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION/FUND BALANCE

Net Position

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

- Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – consists of external constraints placed on net position use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – consists of all other net position that are not included in the other categories previously mentioned.

The following order of spending is used regarding net position categories: Restricted resources are spent first when both restricted and unrestricted resources are available for expenses.

Fund Balance

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds.

Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

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

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION/FUND BALANCE (CONTINUED)

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

There are no committed fund balances reported.

2. CASH AND INVESTMENTS

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

	<u>2021</u>	Reported in:	<u>2021</u>
Demand Deposits:			
Checking	\$ 4,191,893	Governmental Funds	\$ 5,752,475
Local Government			
Investment Pool	<u>1,643,146</u>	Internal Service Fund	<u>82,564</u>
Total	<u>\$ 5,835,039</u>		<u>\$ 5,835,039</u>

DEPOSITS

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance at an approved depository as identified by the Treasury. For the fiscal year ended June 30, 2021, the bank balance was \$4,300,541. \$500,000 of the balance was insured by FDIC and the remaining balance was collateralized in accordance with Oregon Law.

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be recovered. There is no formal deposit policy for custodial credit risk. For the fiscal year ended June 30, 2021, all deposits were collateralized in accordance with Oregon law.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS

State statutes authorize the investment in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

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

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

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

These are the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-19
State Treasurer's Investment Pool	\$ 1,643,146	\$ 1,643,146	\$ -	\$ -
Total	\$ 1,643,146	\$ 1,643,146	\$ -	\$ -

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date of more than 3 months.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the value of the investment will not be able to be recovered by collateral securities that are in the possession of an outside party. There is no formal investment policy for custodial credit risk.

Concentration Risk

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

3. ACCOUNTS/GRANTS RECEIVABLE

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs. The receivables are considered fully collectible by management, and no allowance for doubtful accounts has been made.

4. CAPITAL ASSETS

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

	Balance Beginning of Year	Additions	(Deletions)	Balance End Of Year
Capital Assets				
Land & Land Improvements	\$ 911,815	\$ -	\$ -	\$ 911,815
Buildings & Improvements	25,579,869	49,690	-	25,629,559
Equipment	856,512	157,392	-	1,013,904
Total	27,348,196	207,082	-	27,555,278
Accumulated Depreciation				
Buildings & Improvements	10,700,197	612,540	-	11,312,737
Equipment	586,120	121,883	-	708,003
Total	11,286,316	734,423	-	12,020,739
Total Net Capital Assets	<u>\$ 16,061,880</u>	<u>\$ (527,341)</u>	<u>\$ -</u>	<u>\$ 15,534,539</u>

Depreciation was allocated to the functions as follows:

Instruction	\$ 470,373
Support	250,269
Community	13,781
Total	<u>\$ 734,423</u>

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN

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

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

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

- a) **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
- i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.
- b) **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
 - i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
 - iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2021 were \$555,830, excluding amounts to fund employer specific liabilities. In addition approximately \$317,940 in employee contributions were paid or picked up by the District in fiscal 2021. At June 30, 2021, the District reported a net pension liability of \$12,378,189 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all

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NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

participating employers, actuarially determined. As of the measurement date of June 30, 2020 and 2019, the District's proportion was .057 percent and .059 percent, respectively. Pension expense for the year ended June 30, 2021 was \$1,615,992.

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

- (1) Tier 1/Tier 2 – 26.91%
- (2) OPSRP general services – 21.46%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 544,790	\$ -
Changes in assumptions	664,298	23,276
Net difference between projected and actual earnings on pension plan investments	1,455,514	-
Net changes in proportionate share	460,022	600,685
Differences between District contributions and proportionate share of contributions	93,286	54,483
Subtotal - Amortized Deferrals (below)	3,217,910	678,444
District contributions subsequent to measuring date	555,830	-
Deferred outflow (inflow) of resources	\$ 3,773,740	\$ 678,444

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

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ 591,371
2023	736,340
2024	757,373
2025	464,735
2026	(10,352)
Thereafter	-
Total	\$ 2,539,467

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 5, 2021. Oregon PERS produces an independently audited CAFR which can be found at:

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

Actuarial Valuations – The employer contribution rates effective July 1, 2019 through June 30, 2021, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the

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NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions:

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

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

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumed Asset Allocation:

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

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

Long-Term Expected Rate of Return:

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

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NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	\$ 18,380,589	\$ 12,378,189	\$ 7,344,899

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

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

Deferred Compensation Plan

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of resignation, death, disability, or retirement; unforeseeable emergency; or by requesting a de minimis distribution from inactive accounts valued less than \$5,000. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the District.

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

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

Pension Benefits:

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

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NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Death Benefits:

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

Contributions:

Employees of the District pay six (6) percent of their covered payroll. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2021.

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

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

Retirement Health Insurance Account

Plan Description:

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

Funding Policy:

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

Participating districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.06% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2021. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the

BANKS SCHOOL DISTRICT NO. 13
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NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The District's contributions to RHIA for the years ended June 30, 2019, 2020 and 2021 were \$24,787, \$1,460 and \$1,277, respectively, which equaled the required contributions each year.

At June 30, 2021, the District's net OPEB liability/(asset) and deferred inflows and outflows were not considered significant by management and were not accrued on the government wide statements.

6. OTHER POST-EMPLOYMENT BENEFITS (GASB #75)

Plan Description: The District operates a single-employer retiree benefit plan that provides postemployment health, dental and vision insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. All classes of employee are eligible to continue coverage upon retirement. Qualified spouses, domestic partners, and children may qualify for coverage. Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible).

Benefits and eligibility for members are established through the collective bargaining agreements. The post-retirement healthcare plan is established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contribution. The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan

Funding Policy: The benefits from this program are paid by the District on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is not obligation on the part of the District to fund these benefits in advance.

Actuarial Methods and Assumptions: The District engaged an actuary to perform an evaluation as of July 1, 2019 using entry age normal, level percent of salary Actuarial Cost Method. The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

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NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFITS (GASB #75) (CONTINUED)

Discount Rate per year	2.21%
General Inflation Rate per year	2.50%
Salary Scale per year	3.50%

Health Care Cost Trends:

<u>Year</u>	<u>Trend</u>	
2021	5.50	%
2022-25	5.00	
2026-35	4.75	
2036-51	5.00	
2052-64	4.75	
2065-68	4.50	
2069-71	4.25	
2072+	4.00	

Mortality rates were based on rates adopted by the Oregon Public Employees Retirement System (PERS) for its December 31, 2018 actuarial valuation of retirement benefits.

Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service.

Disability rates were not used.

Retirement rates were based on Oregon PERS assumptions. Annual rates are based on age, Tier / OPSRP, and duration of service.

The projection of benefits for financial reporting purpose does not explicitly incorporate the potential effects of legal or contractual funding limitations.

BANKS SCHOOL DISTRICT NO. 13
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NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFITS (GASB #75) (CONTINUED)

Changes in Medical Benefit OPEB Liability:

	2021	2020
Total OPEB Liability - Beginning	\$ 489,060	\$ 460,503
Changes for the Year:		
Service Cost	42,680	36,687
Interest	18,113	18,682
Effect of Economic/Demographic gains or losses	-	(7,521)
Changes of Assumptions or Other Input	42,023	9,870
Benefit Payments	(28,722)	(29,161)
Net Changes for the Year	74,094	28,557
Total OPEB Liability - Ending	\$ 563,154	\$ 489,060

Sensitivity of the Net Other Post-Employment Benefit Liability to Changes in Discount and Trend Rates:

The following presents the net other post-employment benefit liability (NOL), calculated using the discount rate of 2.21 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate. A similar sensitivity analysis is then presented for changes in healthcare cost trend assumptions.

June 30, 2021	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 609,396	\$ 563,154	\$ 519,652

June 30, 2021	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 494,992	\$ 563,154	\$ 645,151

BANKS SCHOOL DISTRICT NO. 13
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NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFITS (GASB #75) (CONTINUED)

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ (5,921)	\$ -
Changes in assumptions	(20,623)	45,322
Benefit Payments	-	23,062
Deferred outflow (inflow) of resources	<u>\$ (26,544)</u>	<u>\$ 68,384</u>

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ 587
2023	587
2024	587
2025	587
2026	1,471
Thereafter	14,959
Total	<u>\$ 18,778</u>

7. DEBT

BONDS

General Obligation Bonds

General obligation bonds were issued to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government funds and are reported in the Governmental Activities section of the government-wide financial statements. General obligation bonds are direct obligations and pledge the full faith and credit of the District. There are currently three outstanding general obligation bonds. The outstanding GO Bonds were issued in three series in 2012. Series 2012A are taxable bonds issued in the amount of \$785,000 with an interest rate of 1.85%. Series 2012B are current interest bonds issued in the amount of \$2,740,000, with an interest rate of 2.93%. Series 2012C are deferred interest bonds issued in the amount of \$6,972,495, with an interest rate of 2.85%. Upon the occurrence and continuance of any Event of Default the Owners of fifty-one (51 %) percent or more of the principal amount of Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owners of Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in the Resolution or the Bonds or in aid of the exercise of any power granted in the Resolution or in the Bonds or for the enforcement of any other legal or equitable right vested in the Owners of Bonds by the Resolution or the Bonds or by law. However, the Bonds shall not be subject to acceleration.

BANKS SCHOOL DISTRICT NO. 13
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NOTES TO BASIC FINANCIAL STATEMENTS

7. DEBT (CONTINUED)

Total debt service requirements to maturity for general obligation bonds, as of June 30, 2021, are as follows:

General Obligation Bonds:			
By Fiscal Year:	Principal	Interest	Total
2022	\$ 1,280,000	\$ 38,400	\$ 1,318,400
2023	1,022,931	342,069	1,365,000
2024	1,010,982	394,018	1,405,000
2025	999,456	450,544	1,450,000
2026	984,786	510,214	1,495,000
2027-31	969,675	565,325	1,535,000
Total Debt Service Requirements for GO Bonds	<u>\$ 6,267,830</u>	<u>\$ 2,300,570</u>	<u>\$ 8,568,400</u>

Pension Obligation Bonds: In 2007, pension obligation bonds were issued to provide funds for the advance funding of the unfunded actuarial liability for the Oregon Public Employees Retirement System. The Pension Obligation Bond Fund accounts for the repayment of these bonds, and assesses other funds to provide the resources to pay the debt service on the pension obligation bonds.

There is one pension obligation bond issue of \$2,870,000 of limited tax pension bonds, series 2007, term bond, with interest at 5.617% and principal payable between 2017 and 2028. If an Event of Default occurs and is continuing, the Series 2007 Trustee may exercise any remedy available at law or in equity; however, the Pension Bond Payments will not be subject to acceleration.

Total debt service requirements to maturity for pension obligation bonds, as of June 30, 2021, are as follows:

Pension Obligation Bonds:			
By Fiscal Year:	Principal	Interest	Total
2022	\$ 235,000	\$ 114,306	\$ 349,306
2023	260,000	101,106	361,106
2024	285,000	86,502	371,502
2025	315,000	70,493	385,493
2026	350,000	52,800	402,800
2027-2031	590,000	44,635	634,635
Total Debt Service Requirements for Pension Obligation Bonds	<u>\$ 2,035,000</u>	<u>\$ 469,842</u>	<u>\$ 2,504,842</u>

DIRECT BORROWING

State of Oregon Department of Energy Loan: On October 25, 2011, the District entered a loan agreement with State of Oregon Department of Energy in the amount \$636,538 to provide funds for various energy efficiency projects at the District's school as part of the Department of Energy's "Cool Schools Program." Payments are made monthly. The interest rate for the loan is 3.5% and the maturity date is March 1, 2027. Collateral includes all presently existing and hereafter acquired items of machinery, equipment, improvements and related equipment and property that save energy which are located on the Premises and are a part of or related to the Project (including but not limited to those items described in Owner's Small

BANKS SCHOOL DISTRICT NO. 13
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NOTES TO BASIC FINANCIAL STATEMENTS

7. DEBT (CONTINUED)

Scale Local Energy Loan Program loan application and any exhibits and supplementary specifications, contracts, invoices or other documents submitted to and accepted by Lender hereafter, and all accessions, parts, additions, and replacements thereto, and all proceeds of any of the foregoing. Upon the occurrence of an Event of Default or declaration of an Event of Default by Lender, Lender may: (a) Cease to make any further disbursements hereunder; Accelerate the Maturity Date and declare the unpaid principal balance of the Loan, together with all unpaid accrued interest, immediately due and payable, together with the additional amounts, (c) Judicially foreclose Lender's lien against the Collateral, in the same manner as mortgages are foreclosed, (d) Exercise the rights provided to the State in ORS 470.180, (E) Pay, compromise or settle any liens on the Project, or pay other sums required to be paid by Borrower in connection with the Project using any undisbursed Loan proceeds and such additional money as may be reasonably required. In the event of payment by Lender of any encumbrance, lien, claim, or demand, Lender may, at its option, be subrogated to the extent of the amount of such payment to all the rights, powers, privileges, and remedies of the payor or payee, as the case may be, and any such subrogation rights shall be additional and cumulative security for this Agreement.

Total debt service requirements to maturity for the loan, as of June 30, 2021, are as follows:

State of Oregon Department of Energy Loan			
By Fiscal Year:	Principal	Interest	Total
2022	\$ 45,407	\$ 9,193	54,600
2023	47,022	7,578	54,600
2024	48,679	5,921	54,600
2025	50,425	4,175	54,600
2026	52,219	2,381	54,600
2027-31	39,912	571	40,483
Total Debt Service Requirements for Department of Energy Loan	<u>\$ 283,664</u>	<u>\$ 29,819</u>	<u>\$ 313,483</u>

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2021, was as follows:

All general obligation debt is being repaid by the Debt Service Fund. All pension obligation debt is being repaid by the Pension Obligation Bond Fund.

	Beginning Balance 7/1/20	Adjustments	Deletions	Ending Balance 6/30/21	Due Within One Year
Governmental Activities:					
Bonds payable:					
General Obligation Bonds	\$ 7,417,830	\$ -	\$ 1,150,000	\$ 6,267,830	\$ 1,280,000
Pension Obligation Bonds	2,245,000	-	210,000	2,035,000	235,000
Direct Borrowing					
Department of Energy Loan	327,511	-	43,847	283,664	45,407
Premium related to Bond					
Unamortized bond premiums and (discounts)	123,335	-	17,794	105,541	-
Total Liabilities	<u>\$ 10,113,676</u>	<u>\$ -</u>	<u>\$ 1,421,641</u>	<u>\$ 8,692,035</u>	<u>\$ 1,560,407</u>

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. COMMITMENTS AND CONTINGENCIES

A number of federally assisted grant programs are participated in. These programs are subject to program compliance audits by the grantors or their representatives. The federal audits for these programs for the year ended June 30, 2021 have not been conducted. Accordingly, compliance with grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although management expects such amounts to be immaterial.

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

9. PROPERTY TAX LIMITATIONS

The State of Oregon imposes a constitutional limit on property taxes for schools and nonschool government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

The result of this requirement has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue.

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

10. RISK MANAGEMENT

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

Worker's compensation insurance is purchased from a commercial carrier. Premiums are determined based on payroll paid at various employment classification rates. Loss prevention services are available from the carrier, and there is no potential liability beyond the premiums paid.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

11. INTERFUND TRANSFERS

The composition of interfund transfers is as follows:

Transfers Out:		Transfers In:	
General Fund	\$ 277,775	Special Projects	\$ 250,475
	<u>-</u>	Debt Service	<u>27,300</u>
Total	<u>\$ 277,775</u>	Total	<u>\$ 277,775</u>

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

12. DEFICIT NET POSITION IN INTERNAL SERVICE FUND

The internal service fund had a negative net position amount of (\$1,943,866). The negative net position is expected to reverse in future years as the PERS Pension Bond approaches maturity.

13. COVID-19

The COVID-19 outbreak in the United States has caused disruption through mandated and voluntary closure of government and business activities. These developments are expected to impact District revenues. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, the District expects this matter to negatively affect its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

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BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) District's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.06 %	\$ 12,378,189	\$ 5,604,291	220.9 %	75.8 %
2020	0.06	10,190,405	5,425,655	187.8	80.2
2019	0.05	8,119,517	5,100,003	159.2	82.1
2018	0.06	8,277,095	5,102,393	162.2	83.1
2017	0.06	8,670,228	4,907,979	176.7	80.5
2016	0.06	3,394,703	4,562,114	74.4	91.9
2015	0.06	(1,344,125)	4,197,672	(32.0)	103.6
2014	0.06	3,026,083	3,749,603	80.7	92.0

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

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

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2021	\$ 555,830	\$ 555,830	\$ -	\$ 5,480,029	10.1 %
2020	585,205	585,205	-	5,604,291	10.4
2019	550,519	550,519	-	5,425,655	10.1
2018	540,724	540,724	-	5,100,003	10.6
2017	444,518	444,518	-	5,102,393	8.7
2016	269,075	269,075	-	4,907,979	5.5
2015	327,700	327,700	-	4,562,114	7.2
2014	363,217	363,217	-	4,197,672	8.7

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

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

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

SCHEDULE OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY
For the fiscal year ended June 30, 2021

	2021	2020	2019	2018
Total OPEB Liability - Beginning	\$ 489,060	\$ 460,503	\$ 458,216	\$ 470,133
Changes for the year:				
Service Cost	42,680	36,687	36,413	38,690
Interest	18,113	18,682	16,986	13,949
Changes of Benefit Terms	-	-	-	-
Economic/demographic gains or losses	-	(7,521)		
Changes of Assumptions or Other Input	42,023	9,870	(10,429)	(25,531)
Benefit Payments	(28,722)	(29,161)	(40,683)	(39,024)
Net Changes for the Year	74,094	28,557	2,287	(11,916)
Total OPEB Liability - Ending	\$ 563,154	\$ 489,060	\$ 460,503	\$ 458,216
Covered Payroll	5,480,029	5,604,291	5,425,655	5,100,003
Net OPEB as a Percentage of Covered Payroll	10%	9%	8%	9%

Note: This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full year trend has been compiled, information is presented for the years for which the required supplementary schedule information is available.

**BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON**

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

For the Year Ended June 30, 2021

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES:				
Taxes	\$ 3,182,000	\$ 3,182,000	\$ 3,343,535	\$ 161,535
Other Local Sources	197,500	197,500	174,321	(23,179)
Intermediate Sources	25,000	25,000	31,334	6,334
State Sources	8,591,768	8,591,768	8,396,635	(195,133)
Total Revenues	11,996,268	11,996,268	11,945,825	(50,443)
EXPENDITURES:				
Instruction	7,295,800	7,295,800 (1)	6,583,663	712,137
Support Services	4,582,635	4,582,635 (1)	4,011,672	570,963
Contingency	50,000	50,000 (1)	-	50,000
Total Expenditures	11,928,435	11,928,435	10,595,335	1,333,100
Excess of Revenues Over (Under) Expenditures	67,833	67,833	1,350,490	1,282,657
OTHER FINANCING SOURCES (USES)				
Transfers Out	(335,000)	(335,000) (1)	(277,775)	57,225
Total Other Financing Sources (Uses)	(335,000)	(335,000)	(277,775)	57,225
Net Change in Fund Balance	(267,167)	(267,167)	1,072,715	1,339,882
Beginning Fund Balance	1,800,000	1,800,000	2,186,103	386,103
Ending Fund Balance	\$ 1,532,833	\$ 1,532,833	\$ 3,258,818	\$ 1,725,985

(1) - Appropriation level

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

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

SPECIAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES:				
Local Sources	\$ 573,000	\$ 573,000	\$ 94,694	\$ (478,306)
Intermediate Sources	-	-	14,685	14,685
State Sources	1,371,992	1,371,992	706,308	(665,684)
Federal Sources	726,500	726,500	791,004	64,504
Total Revenues	2,671,492	2,671,492	1,606,691	(1,064,801)
EXPENDITURES:				
Instruction	2,537,718	2,537,718 (1)	1,374,068	1,163,650
Support Services	426,653	426,653 (1)	228,864	197,789
Enterprise & Community Services	289,700	289,700 (1)	233,161	56,539
Debt Service	27,300	27,300 (1)	22,918	4,382
Total Expenditures	3,281,371	3,281,371	1,859,011	1,422,360
Excess of Revenues Over (Under) Expenditures	(609,879)	(609,879)	(252,320)	357,559
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	250,475	250,475
Total Other Financing Sources (Uses)	-	-	250,475	250,475
Net Change in Fund Balance	(609,879)	(609,879)	(1,845)	608,034
Beginning Fund Balance	684,879	684,879	377,363	(307,516)
Ending Fund Balance	\$ 75,000	\$ 75,000	\$ 375,518	\$ 300,518

(1) Appropriation Level

**BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON**

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

DEBT SERVICE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Local Sources				
Current Year's Taxes	\$ 1,259,853	\$ 1,259,853	\$ 1,233,350	\$ (26,503)
Prior Year's Taxes	10,000	10,000	14,144	4,144
Interest	10,000	10,000	7,577	(2,423)
Total Revenues	<u>1,279,853</u>	<u>1,279,853</u>	<u>1,255,071</u>	<u>(24,782)</u>
EXPENDITURES:				
Debt Service	<u>1,250,200</u>	<u>1,250,200</u> (1)	<u>1,250,195</u>	<u>5</u>
Total Expenditures	<u>1,250,200</u>	<u>1,250,200</u>	<u>1,250,195</u>	<u>5</u>
Excess of Revenues Over (Under) Expenditures	29,653	29,653	4,876	(24,777)
Other Financing Sources, (Uses)				
Transfers In	<u>27,300</u>	<u>27,300</u>	<u>27,300</u>	<u>-</u>
Total Other Financing Sources, (Uses)	<u>27,300</u>	<u>27,300</u>	<u>27,300</u>	<u>-</u>
Net Change in Fund Balance	56,953	56,953	32,176	(24,777)
Beginning Fund Balance	<u>190,000</u>	<u>190,000</u>	<u>189,224</u>	<u>(776)</u>
Ending Fund Balance	<u><u>\$ 246,953</u></u>	<u><u>\$ 246,953</u></u>	<u><u>\$ 221,400</u></u>	<u><u>\$ (25,553)</u></u>

(1) Appropriation level

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

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

CAPITAL PROJECTS FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Local Sources	<u>\$ 82,500</u>	<u>\$ 82,500</u>	<u>\$ 55,934</u>	<u>\$ (26,566)</u>
Total Revenues	<u>82,500</u>	<u>82,500</u>	<u>55,934</u>	<u>(26,566)</u>
EXPENDITURES:				
Facilities Acquisition & Construction	<u>641,000</u>	<u>641,000 (1)</u>	<u>-</u>	<u>641,000</u>
Total Expenditures	<u>641,000</u>	<u>641,000</u>	<u>-</u>	<u>641,000</u>
Net Change in Fund Balance	<u>(558,500)</u>	<u>(558,500)</u>	<u>55,934</u>	<u>614,434</u>
Beginning Fund Balance	<u>558,500</u>	<u>558,500</u>	<u>565,217</u>	<u>6,717</u>
Ending Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 621,151</u></u>	<u><u>\$ 621,151</u></u>

(1) Appropriation level

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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**BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON**

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

PENSION OBLIGATION BONDS FUND - INTERNAL SERVICE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Local Sources:				
Assessments to Other Funds	\$ 276,102	\$ 276,102	\$ 332,540	\$ 56,438
Total Revenues	<u>276,102</u>	<u>276,102</u>	<u>332,540</u>	<u>56,438</u>
EXPENDITURES				
Debt Service	<u>336,102</u>	<u>336,102</u> (1)	<u>332,541</u>	<u>3,561</u>
Total Expenditures	<u>336,102</u>	<u>336,102</u>	<u>332,541</u>	<u>3,561</u>
Net Change in Fund Balance	(60,000)	(60,000)	(1)	59,999
Beginning Fund Balance	<u>110,000</u>	<u>110,000</u>	<u>82,565</u>	<u>(27,435)</u>
Ending Fund Balance	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 82,564</u>	<u>\$ 32,564</u>

(1) Appropriation level

Reconciliation to Net Position:

Pension Obligation Bonds Payable	<u>(2,026,430)</u>
Ending Net Position	<u>\$ (1,943,866)</u>

**B ANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2021**

PROGRAM TITLE	PASS-THROUGH ORGANIZATION	FEDERAL AL. NUMBER	SUB GRANT AWARD	GRANT PERIOD	EXPENDITURES	PASS-THROUGH EXPENDITURES
US DEPARTMENT OF EDUCATION						
Title 1 Grants to Local Educational Agencies	Oregon Department of Education	84.010	58213	7/1/20-9/30/21	\$ 79,662	\$ -
	Oregon Department of Education	84.010	54320	7/1/19-9/30/21	32,879	-
Total Title 1 Grants to Local Educational Agencies					<u>112,541</u>	<u>-</u>
Special Education Grants to States	Oregon Department of Education	84.027	53754	7/1/19-9/30/21	27,117	-
	Oregon Department of Education	84.027	60612	7/1/20-9/30/22	172,081	-
	Oregon Department of Education	84.027	60459	7/1/20-9/30/22	691	-
Total Special Education Grants to States					<u>199,889</u>	<u>-</u>
Supporting Effective Instruction State Grants	Oregon Department of Education	84.367	58711	7/1/20-9/30/21	<u>15,664</u>	<u>-</u>
Student Support and Academic Enrichment State Grant	Oregon Department of Education	84.424	54470	7/1/19-9/30/21	2,625	-
	Oregon Department of Education	84.424	58530	7/1/20-9/30/21	<u>10,000</u>	<u>-</u>
Total Student Support and Academic Enrichment State Grant					<u>12,625</u>	<u>-</u>
Elementary and Secondary School Emergency Relief (ESSER) Fund	Oregon Department of Education	84.425D	60878	7/1/20-5/30/21	80,336	10,089 (1)(2)
	Oregon Department of Education	84.425D	57760	3/13/20-9/30/22	66,595	- (1)(2)
	Northwest Regional ESD	84.425	Canvas Superuser	7/1/20-6/30/21	<u>2,500</u>	<u>- (1)(2)</u>
Total Elementary and Secondary School Emergency Relief (ESSER) Fund					<u>149,431</u>	<u>10,089</u>
TOTAL US DEPARTMENT OF EDUCATION					<u>490,150</u>	<u>10,089</u>
US DEPARTMENT OF AGRICULTURE						
CNP Block National School Breakfast	Oregon Department of Education	10.553	Fund 280	7/1/20-6/30/21	<u>53,522</u>	<u>- (1)</u>
CNP Block National School Lunch	Oregon Department of Education	10.555	Fund 280	7/1/20-6/30/21	<u>120,195</u>	<u>- (1)</u>
Donated Commodity NSLP - Noncash assistance	Oregon Department of Education	10.555	Fund 280	7/1/20-6/30/21	<u>18,085</u>	<u>- (1)</u>
TOTAL US DEPARTMENT OF AGRICULTURE					<u>191,802</u>	<u>-</u>
US TREASURY						
CARES Act - Coronavirus Relief Fund	Washington County	21.019	contract #20-2166	3/1/20-12/30/20	<u>109,052</u>	<u>-</u>
TOTAL US TREASURY					<u>109,052</u>	<u>-</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE					<u>\$ 791,004</u>	<u>\$ 10,089</u>

(1) - Major Program
(2) - Covid-19 Funding



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November 9, 2021

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Banks School District as of and for the year ended June 30, 2021, and have issued our report thereon dated November 9, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

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

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

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

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

1. In our testing of ADM we noted the teacher experience for one teacher out of our sample was understated by 1 year.

OAR 162-10-0230 Internal Control

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

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

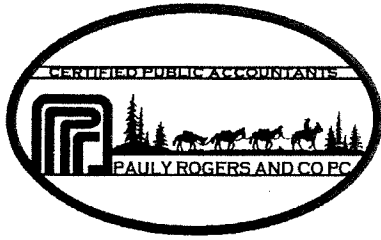
A handwritten signature in black ink that reads "Tara M. Kamp, CPA". The signature is written in a cursive, flowing style.

Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

BANKS SCHOOL DISTRICT NO. 13
WASHINGTON COUNTY, OREGON

GRANT COMPLIANCE REVIEW

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November 9, 2021

To the Board of Directors
Banks School District
Washington County, Oregon

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Banks School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 9, 2021.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

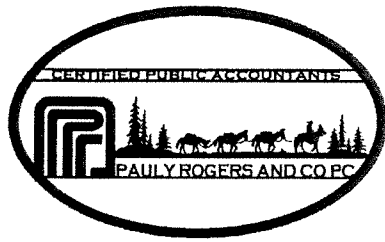
As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the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

Purpose of this Report

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



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November 9, 2021

To the Board of Directors
Banks School District
Washington County, Oregon

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

Report on Compliance for Each Major Federal Program

We have audited Banks School District compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2021. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and 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 compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Banks School 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.

Report on Internal Control Over Compliance

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

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

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

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



Tara M Kamp, CPA
PAULY, ROGERS AND CO., P.C.

BANKS SCHOOL DISTRICT NO. 23J
WASHINGTON COUNTY, OREGON

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

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

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

Noncompliance material to financial statements noted? ☐ yes ☒ no

Any GAGAS audit findings disclosed that are required to be reported in accordance with section 515(d)(2) of the Uniform Guidance? ☐ yes ☒ no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

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

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

Any audit findings disclosed that are required to be reported in accordance with section 200.516(a) of the Uniform Guidance? ☐ yes ☒ no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER

NAME OF FEDERAL PROGRAM CLUSTER

10.553, 10.555, 10.559

Child Nutrition Cluster

84.425

Education Stabilization Fund

\$750,000

Dollar threshold used to distinguish between type A and type B programs:

Auditee qualified as low-risk auditee? ☐ yes ☒ no

BANKS SCHOOL DISTRICT NO. 23J
WASHINGTON COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL EXPENDITURES

1. **BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The entity has not elected to use the ten percent de minimus indirect cost rate as allowed under Uniform Guidance, due to the fact that they already have a negotiated indirect cost rate with Oregon Department of Education, and thus is not allowed to use the de minimus rate.