

**CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021



12700 SW 72nd Ave.
Tigard, OR 97223

CASCADE SCHOOL DISTRICT NO. 5

TURNER, OREGON

June 30, 2021

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

June 30, 2021

<u>BOARD OF DIRECTORS</u>	<u>TERM EXPIRES</u>
Brett Stegall, Chair	June 30, 2021
David Kuenzi	June 30, 2021
Ruth Stevens	June 30, 2023
Dan Van De Hey	June 30, 2023
Karen Ramseyer	June 30, 2021

All Board members receive mail at the address below.

OFFICERS

Darin Drill	Superintendent
Scott Pillar	Director of Finance

ADMINISTRATIVE OFFICE

10226 Marion Road S.E.
Turner, OR 97392

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CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

June 30, 2021

TABLE OF CONTENTS

Independent Auditors' Report	i
Management Discussion and Analysis	iv

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental funds	3
Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	6
Notes to Basic Financial Statements	7

REQUIRED SUPPLEMENTARY INFORMATION:

Schedule of Changes in Total Liability and Related Ratios – OPEB Health Insurance	40
Schedule of Employer Contributions – OPEB Health Insurance	40
Schedule of Changes in Total Liability and Related Ratios – OPEB Stipend	41
Schedule of Employer Contributions – OPEB Stipend	41
Schedule of Proportionate Share of the Net OPEB ASSET – RHIA	42
Schedule of Employer Contributions – RHIA	42
Schedule of Proportionate Share of the Net Pension Liability (PERS)	43
Schedule of Employer Contributions (PERS)	43
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	44
Special Revenue Fund	45

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

TABLE OF CONTENTS

SUPPLEMENTARY INFORMATION:

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Debt Service Fund	46
Capital Projects Fund	47
Permanent Fund	48
Schedule of Property Tax Transactions and Balances of Taxes Uncollected –	
General Fund	49
Schedule of Property Tax Transactions and Balances of Taxes Uncollected –	
Debt Service Fund	50

OTHER INFORMATION:

Other Information – As required by the Oregon Department of Education	51
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REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS:

Independent Auditors’ Report Required by Oregon State Regulations	52
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GRANTS COMPLIANCE REVIEW:

Schedule of Expenditures of Federal Awards	54
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	55
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	57
Schedule of Findings and Questioned Costs	59



PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 22, 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Cascade School District No. 5
Turner, OR

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Cascade School District No. 5 (the District), as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Cascade School District No. 5 as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Supplementary Information

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

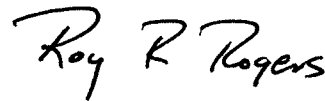
Other Information

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 22, 2021 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 22, 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.



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

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CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

MANAGEMENT DISCUSSION & ANALYSIS

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CASCADE SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
For the year ended June 30, 2021

Our discussion and analysis of Cascade School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the District's Financial Statements, which follows this MD&A.

FINANCIAL HIGHLIGHTS

- At June 30, 2021, the District's assets and deferred outflows exceeded its liabilities and deferred inflows by \$6,162,768.
- The General Fund's fund balance increased by \$1,054,887.
- The District's net position increased by \$ 799,925 during 2020-21.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

CASCADE SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
For the year ended June 30, 2021

FUND FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Total assets, liabilities and net position were as follows:

	<u>Governmental Activities</u>		Increase
	<u>June 30, 2021</u>	June 30, 2020	<u>(Decrease)</u>
Assets			
Current and other assets	\$ 13,654,073	\$ 10,143,805	\$ 3,510,268
Capital assets	\$ 30,157,404	\$ 30,684,486	\$ (527,082)
Total Assets	\$ 43,811,477	\$ 40,828,291	\$ 2,983,186
Deferred Outflows of Resources	\$ 8,215,796	\$ 5,533,228	\$ 2,682,568
Liabilities			
Current and other Liabilities	\$ 3,185,201	\$ 4,343,107	\$ (1,157,906)
Long Term Obligations	\$ 40,301,218	\$ 34,442,247	\$ 5,858,971
Total Liabilities	\$ 43,486,419	\$ 38,785,354	\$ 4,701,065
Deferred Inflows of Resources	\$ 2,378,086	\$ 2,213,322	\$ 164,764
Net Position			
Invested in Cap assets net			
of related debt	\$ 21,246,309	\$ 20,298,418	\$ 947,891
Restricted	\$ 5,985,978	\$ 2,056,335	\$ 3,929,643
Unrestricted	\$ (21,069,519)	\$ (16,991,910)	\$ (4,077,609)
Total Net Position	\$ 6,162,768	\$ 5,362,843	\$ 799,925

CASCADE SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
For the year ended June 30, 2021

The District's revenues and expenses for fiscal year 2020-21, were as follows:

		<u>Governmental Activities</u>		Increase
		<u>June 30, 2021</u>	June 30, 2020	<u>(Decrease)</u>
Revenues				
<u>Program Revenues</u>				
Charges for Services		\$ 1,962,974	\$ 2,175,127	\$ (212,153)
Operating grants and contributions		\$ 194,418	\$ 3,722,892	\$ (3,528,474)
<u>General Revenues</u>				
Property Tax		\$ 7,654,861	\$ 7,226,837	\$ 428,024
State School Fund - General fund		\$ 22,734,439	\$ 20,195,202	\$ 2,539,237
Other State and local sources		\$ 4,721,636	\$ 746,593	\$ 3,975,043
Total Revenues		<u>\$ 37,268,328</u>	<u>\$ 34,066,651</u>	<u>\$ 3,201,677</u>
Expenses				
Instructional Support Services		\$ 21,102,239	\$ 18,940,798	\$ 2,161,441
Support Services		\$ 12,458,894	\$ 10,876,628	\$ 1,582,226
Community Services		\$ 1,274,162	\$ 1,304,730	\$ (30,568)
Interest on long term debt		\$ 1,633,108	\$ 1,595,177	\$ 37,931
Total Expenses		<u>\$ 36,468,403</u>	<u>\$ 32,717,333</u>	<u>\$ 3,751,070</u>
Change in Net Position		\$ 799,925	\$ 1,349,318	\$ (549,393)
Net Position July 1		\$ 5,362,843	\$ 4,013,525	\$ 1,349,318
Total Net Position		<u>\$ 6,162,768</u>	<u>\$ 5,362,843</u>	<u>\$ 799,925</u>

FUND FINANCIAL ANALYSIS

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unreserved fund balance measures the District's net resources available for appropriation in the next fiscal year. As of June 30, 2021, total fund balance of the governmental funds was \$9,878,862 governmental fund balance includes unassigned balance of \$4,180,487. These amounts are available to use, in accordance with applicable restrictions on the nature of the expenditures.

CAPITAL ASSETS

At June 30, 2021 the District had \$30,157,404 invested in broad range of capital assets, including land, building, equipment and vehicles. The changes in capital assets for 2020-21 are due to the depreciation of capital assets, as well as various district improvements.

CASCADE SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
For the year ended June 30, 2021

DEBT ADMINISTRATION

As of June 30, 2021 the District had \$18,045,725 in outstanding in General Obligation Bonds, other bonds and unamortized premium. While the district's debt consists of a General Obligation Bonds, Pension Obligation Bonds and Limited Tax Qualified Revenue Bonds early refunding of these debt instruments would likely incur more resources than just principal reduction costs. See note 6 of the financial statement for additional information on the district's long term debt obligations

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Forecasting for 2020-21 and beyond has been a challenge due to the COVID-19 global pandemic and its economic impact at the local, state and national levels. Cascade School district budgeted conservatively for the 2020-21 fiscal year with an emphasis on significant reductions in discretionary spending and a freeze on new positions. State and Federal support of education, while stronger than anticipated, is viewed as temporary as there have been no significant discussions related to increasing Federal funding for education long term. A significant increase in grant funds will likely cushion the blow to the general operations of the district in the short term, however, the district is taking a multi-year conservative financial approach until at least 2023.

REQUESTS FOR INFORMATION

Our financial report is designed to provide our taxpayers, parents, teachers, students, investors and creditors with an overview of the District's finances. If you have any questions about this report or need any clarification of information please contact Scott B. Pillar, Director of Finance, Cascade School District 10226 Marion Road SE, Turner, Oregon 97392

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

BASIC FINANCIAL STATEMENTS

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CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

STATEMENT OF NET POSITION
June 30, 2021

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	\$ 10,939,164
Restricted Cash	146,785
Property Tax Receivable	262,598
Accounts Receivable	110,300
Grants Receivable	1,720,603
Inventory	27,598
Prepaid Expenses	15,912
Capital Assets, net	30,157,404
OPEB-RHIA	431,113
Total Assets	43,811,477
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Related Deferrals - PERS	7,724,377
Pension Related Deferrals - OPEB Health Insurance	184,181
Pension Related Deferrals - OPEB RHIA	47,943
Debt Refunding Deferrals	259,295
TOTAL ASSETS AND DEFERRED OUTFLOWS:	52,027,273
LIABILITIES	
Accounts Payable	489,942
Payroll Liabilities	2,641,070
Unearned Revenue	29,962
Accrued Vacation	24,227
Long-Term Liabilities:	
Long-Term Obligations due within one year	1,877,863
Long-Term Obligations due in more than one year	16,167,862
Accrued Interest Payable on Long-Term Obligations	14,692
Net Pension Liability (PERS)	20,556,059
Other Post-employment Benefit Obligation (OPEB) - Health Insurance	1,651,913
Other Post-employment Benefit Obligation (OPEB) - Stipends	32,829
Total Liabilities	43,486,419
DEFERRED INFLOWS OF RESOURCES	
Pension Related Deferrals - PERS	1,941,605
Pension Related Deferrals - OPEB Health Insurance	269,561
Pension Related Deferrals - OPEB RHIA	166,920
TOTAL LIABILITIES AND DEFERRED INFLOWS:	45,864,505
NET POSITION	
Net Investments in Capital Assets	21,246,309
Restricted for:	
Grants & Student Activities	2,975,925
Debt Service	71,812
Capital Projects	2,484,298
Swimming Pool Endowment	22,830
OPEB - RHIA Asset	431,113
Unrestricted	(21,069,519)
Total Net Position	\$ 6,162,768

See accompanying notes to the basic financial statements

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (DISB.) RECEIPTS AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 21,102,239	\$ 308,199	\$ 194,418	\$ (20,599,622)
Supporting Services	12,458,894	1,651,582	-	(10,807,312)
Enterprise and Community Services	1,274,162	3,193	-	(1,270,969)
Debt Service	1,633,108	-	-	(1,633,108)
Apportionment of Funds	-	-	-	-
Total Governmental Activities	\$ 36,468,403	\$ 1,962,974	\$ 194,418	(34,311,011)

General Receipts	
Property Taxes Levied for General Fund	6,039,348
Property Taxes Levied for Debt Service	1,615,513
State Support	22,734,439
Interest	109,884
Local Sources and Miscellaneous	<u>4,611,752</u>
Total General Receipts	<u>35,110,936</u>
 Changes in Net Position	 799,925
 Net Position - Beginning	 <u>5,362,843</u>
 Net Position - Ending	 <u>\$ 6,162,768</u>

See accompanying notes to the basic financial statements

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2021

	GENERAL	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECT FUND	PERMANENT FUND	TOTALS
ASSETS						
Cash and Investments	\$ 6,130,768	\$ 2,309,163	\$ 55,845	\$ 2,420,558	\$ 22,830	\$ 10,939,164
Restricted Cash	-	46,785	-	-	100,000	146,785
Accounts Receivable	45,990	-	570	63,740	-	110,300
Grants Receivable	773,639	946,964	-	-	-	1,720,603
Property Taxes Receivable	204,995	-	57,603	-	-	262,598
Inventory	-	27,598	-	-	-	27,598
Prepaid Expenses	15,912	-	-	-	-	15,912
Due From Other Funds	56,838	-	-	-	-	56,838
Total Assets	\$ 7,228,142	\$ 3,330,510	\$ 114,018	\$ 2,484,298	\$ 122,830	\$ 13,279,798
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:						
Liabilities:						
Accounts Payable	\$ 475,275	\$ 14,667	\$ -	\$ -	\$ -	\$ 489,942
Payroll Liabilities	2,415,550	225,520	-	-	-	2,641,070
Due to Other Funds	-	56,838	-	-	-	56,838
Unearned Revenue	-	29,962	-	-	-	29,962
Total Liabilities	2,890,825	326,987	-	-	-	3,217,812
Deferred Inflows of Resources:						
Unavailable Revenue - Property Tax	140,918	-	42,206	-	-	183,124
Total Deferred Inflows of Resources	140,918	-	42,206	-	-	183,124
FUND BALANCES						
Nonspendable	15,912	27,598	-	-	100,000	143,510
Restricted for:						
Grants & Student Activities	-	2,975,925	-	-	-	2,975,925
Debt Service	-	-	71,812	-	-	71,812
Capital Projects	-	-	-	2,484,298	-	2,484,298
Permanent Fund	-	-	-	-	22,830	22,830
Unassigned	4,180,487	-	-	-	-	4,180,487
Total Fund Balances	4,196,399	3,003,523	71,812	2,484,298	122,830	9,878,862
Total Liabilities, Deferred Inflows, and Fund Balances:	\$ 7,228,142	\$ 3,330,510	\$ 114,018	\$ 2,484,298	\$ 122,830	\$ 13,279,798

See accompanying notes to the basic financial statements

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2021

Total Fund Balances - Governmental Funds	\$	9,878,862	
The PERS net pension asset (liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.			(20,556,059)
The OPEB - RHIA net pension asset is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.			431,113
Deferred inflows and outflows of resources are applicable to future periods and therefore, are not reported on the governmental funds.			
Deferred Outflows Related to Debt Refunding		259,295	
Deferred Outflows - PERS		7,724,377	
Deferred Inflows - PERS		(1,941,605)	
Deferred Outflows - OPEB Health Insurance		184,181	
Deferred Inflows - OPEB Health Insurance		(269,561)	
Deferred Outflows - RHIA		47,943	
Deferred Inflows - RHIA		<u>(166,920)</u>	5,837,710
The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in government accounting. The Statement of Net Position includes those capital assets among the assets of the District as a whole.			
Net Capital Assets			30,157,404
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 unearned in the funds.			183,124
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. These liabilities consist of			
Bonds Payable	\$	(17,090,335)	
Bond Premium		(955,390)	
Accrued Interest		(14,692)	
Accrued Compensated Absences		<u>(24,227)</u>	(18,084,644)
The other postemployment benefit liability obligation is not reported with the governmental funds.			
OPEB - Health Insurance		(1,651,913)	
OPEB - Stipends		<u>(32,829)</u>	<u>(1,684,742)</u>
Ending Net Position			<u>\$ 6,162,768</u>

See accompanying notes to the basic financial statements

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

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

	GENERAL	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	PERMANENT FUND	TOTALS
REVENUES						
Local Sources	\$ 6,671,311	\$ 533,474	\$ 1,585,905	\$ 553,400	\$ 971	\$ 9,345,061
Intermediate Sources	363,999	17,639	-	-	-	381,638
State Sources	21,876,990	777,236	-	80,213	-	22,734,439
Federal Sources	844,447	2,323,195	-	-	-	3,167,642
Services Provided	-	7,013	1,644,569	-	-	1,651,582
Rental	-	-	-	25,100	-	25,100
Total Revenues	29,756,747	3,658,557	3,230,474	658,713	971	37,305,462
EXPENDITURES						
Instruction	16,717,005	2,126,416	-	-	-	18,843,421
Supporting services	10,474,995	566,301	1,601	82,377	-	11,125,274
Enterprise and community services	-	1,137,773	-	-	-	1,137,773
Other uses	-	-	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-	-	-
Debt Service	-	-	3,463,655	-	-	3,463,655
Capital Outlay	-	-	-	-	-	-
Total Expenditures	27,192,000	3,830,490	3,465,256	82,377	-	34,570,123
Excess of Revenues Over (Under) Expenditures	2,564,747	(171,933)	(234,782)	576,336	971	2,735,339
OTHER FINANCING SOURCES (USES)						
Transfers In	-	1,359,860	150,000	-	-	1,509,860
Transfers Out	(1,509,860)	-	-	-	-	(1,509,860)
Total Other Financing Sources (Uses)	(1,509,860)	1,359,860	150,000	-	-	-
Net Change in Fund Balance	1,054,887	1,187,927	(84,782)	576,336	971	2,735,339
Beginning Fund Balance	3,141,512	1,815,596	156,594	1,907,962	121,859	7,143,523
Ending Fund Balance	\$ 4,196,399	\$ 3,003,523	\$ 71,812	\$ 2,484,298	\$ 122,830	\$ 9,878,862

See accompanying notes to the basic financial statements

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
 For the Year Ended June 30, 2021

Total Net Changes in Fund Balances - Total Governmental Funds	\$	2,735,339
<p>The PERS pension expense represents the changes in net pension asset (liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.</p>		
		(3,238,714)
<p>The OPEB RHIA income represents the changes in net pension asset (liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.</p>		
		91,410
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities and Changes in Net Position, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation.</p>		
Capital Asset Additions	\$ 262,951	
Depreciation Expense	<u>(790,033)</u>	(527,082)
<p>Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p>		
GO Bonds	1,770,266	
Bond Premium Amortization	191,078	
Deferred Gain on Refunding Amortization	(129,649)	
Accrued Interest Expense	(1,148)	
Accrued Compensated Absences, Net	<u>22,265</u>	1,852,812
<p>In the Statement of Activities, contributions for other postemployment benefits less than the actuarially determined amount increases the other postemployment benefit obligation. In the governmental funds, the entire contribution is recognized as an expenditure. This is the amount by which the obligation changed.</p>		
OPEB - Health Insurance	(92,117)	
OPEB - Stipends	<u>15,411</u>	(76,706)
<p>Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds, and are instead recorded as deferred revenue. They are, however, recorded as revenues in the Statement of Activities.</p>		
		<u>(37,134)</u>
Change in Net Position of Governmental Activities	\$	<u><u>799,925</u></u>

See accompanying notes to the basic financial statements

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

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CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

Cascade School District No.5 Turner Oregon (the District), was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected Board of Education (Board) who approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. All activities of the District have been included in the basic financial statements.

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

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

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to students or others for tuition, fees, rentals, material, supplies or services provided, (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

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

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

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

The District reports the following major governmental funds:

General Fund - This is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund.

Special Revenue Fund - This fund accounts for revenues and expenditures of grants restricted for specific educational purposes and the food service programs. Principal revenue sources are federal and state grants, student activities, charges for meals, and other grants.

Debt Service Fund - This fund provides for the payment of principal and interest on general obligation bonded debt. Principal revenue sources are property taxes.

Capital Projects Fund - This fund accounts for the acquisition of capital assets or construction of major capital projects not being financed by the General Fund. The major sources of revenue are the proceeds from the sale of general obligation bonds, construction insurance settlements, Construction Excise Tax, and private donations.

Permanent Fund - The Permanent Fund accounts for the endowment to assist in the operations of the District's swimming pool. The principal revenue source is earnings on investments.

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

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

Governmental funds are used to account for the general activities. Governmental fund types use the flow of current resources measurement focus and modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible accrual (i.e., when they are "measureable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period, which is 60 days. Property tax revenue and proceeds from sale of property are not considered available, and there, are not recognized until received. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due interfund transactions, and certain compensated absences, pension and OPEB costs, and claims and judgments which are not recognized as expenditures because they will be liquidated with future expendable financial resources.

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

Cash and Cash Equivalents

The cash and cash investments are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Short-term investments are stated at cost, which approximates fair value.

State statutes authorize the District to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the U.S. Treasury and its agencies, the Oregon State Treasury's Local Government Investment Pool (the LGIP), and demand deposits.

The District's investments consist of LGIP accounts. These investments are stated at cost, which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes Receivable

Ad valorem property taxes are levied on all taxable property as of January 1 preceding the beginning of the fiscal year. Property taxes become a lien on July 1 for personal property and real property. Property taxes are levied on July 1. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are recorded on the Statement of Net Position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable is due from property owners within the District.

Accounts and Other Receivables

Accounts and other receivables are comprised primarily of State school support and claims for reimbursement of costs under various federal and state grants.

Inventories

The District utilizes the "purchase" method of accounting for inventories. Under this method, inventories are recorded as expenditures upon acquisition. Inventories on hand at June 30, 2021 are considered by management to be immaterial.

Purchased inventory consists of food and supplies are stated at cost. The cost of purchased inventory is recorded as an expenditure at the time of purchase. Commodities inventory consists of food items donated to the district by USDA and is valued at estimated fair value on the donation date.

Capital Assets

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

Building and Improvements	50 to 100 years
Play Sheds/Modular Buildings	25 to 30 years
Equipment/Vehicles	5 to 110 years

Retirement Plan

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

The District offers its employees a tax sheltered annuity plan established pursuant to Section 403(b) of the Internal Revenue Code.

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Debt Obligations

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

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

Grants

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability in the balance sheet and Statement of Net Position.

Fund Balances

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

- Nonspendable fund balance represents amounts that are not in a spendable form.
- 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.

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

- 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. Authority to classify portions of ending fund balance as assigned has been granted to the District's Director of Finance.
- 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.

There were no committed or assigned fund balances at year end.

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

To preserve a sound financial system and to provide a stable financial base, the governing body has adopted a minimum fund balance policy. The minimum Fund Balance policy requires a reserve for economic uncertainties consisting of unassigned amounts equal to not less than one month of General Fund operating expenditures or eight percent of General Fund expenditures.

Net Position

Net Position comprises the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net Position is classified in the following three categories.

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

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

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

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

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

A budget is prepared and legally adopted for each fund on the modified accrual basis of accounting. The budgetary basis of accounting is in conformity with a comprehensive basis of accounting other than generally accepted accounting principles (GAAP) for each fund. Capital outlay expenditures, including items below the District's capitalization level, are budgeted by major function in governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution.

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers within a fund between the levels of control (major function levels) with Board approval. Appropriations lapse at the end of each fiscal year. Budget amounts shown in the basic financial statements reflect the original appropriations. Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2021, except for General Fund – Instruction, which was overexpended by \$123,056.

Use of Estimates

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

The amounts of grant revenue reflected in the basic financial statements are subject to audit and adjustment by grantor agencies, principally the federal government. Any costs which are questioned or recommended to be disallowed which ultimately result in disallowed claims may become a liability of the District. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although District management expects such amounts, if any, to be immaterial.

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows / Inflows of Resources

In addition to assets, the basic financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2021 there were deferred outflows representing PERS pension, OPEB Health Insurance, OPEB RHIA, and debt refunding related deferrals reported in the Statement of Net Position.

In addition to liabilities, the basic financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category. The first, unavailable revenue, is reported in the governmental funds balance sheet for property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. At June 30, 2021 there were also deferred inflows for PERS pension, OPEB Stipend, and OPEB RHIA related deferrals reported in the Statement of Net Position.

Fair Value Inputs and Methodologies and Hierarchy

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

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.

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS

Cash and investments are comprised of the following as of June 30, 2021:

Deposits with Financial Institutions	\$ 194,140
Investments	10,891,459
Petty Cash	350
Total	<u>\$ 11,085,949</u>

Cash and investments shown on the basic financial statements as:

Statement of Net Position	
Cash and investments	\$ 10,939,164
Restricted Cash	146,785
Total	<u>\$ 11,085,949</u>

Restricted Cash. Restricted cash is comprised of the principal balance of the permanent fund endowment for swimming pool maintenance, amounts held by the District in a fiduciary capacity for scholarships by graduating students, and local grants.

Deposits. Deposits with financial institutions are comprised of bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. The total bank balances per the bank statements at June 30, 2021 were \$1,215,459, of which \$380,540 was covered by federal depository insurance and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP).

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. All deposits were either FDIC insured or collateralized.

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

**CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS (CONTINUED)

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

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

Concentration of Credit Risk. The District is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The District has no such investments.

Interest Rate Risk-Investments. 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.

As of June 30, 2021, the District had the following investments:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-18	18-59
Local Government Investment Pool	\$ 10,891,459	\$ 10,891,459	\$ -	\$ -
Total	<u>\$ 10,891,459</u>	<u>\$ 10,891,459</u>	<u>\$ -</u>	<u>\$ -</u>

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 3 – ACCOUNTS/GRANTS RECEIVABLE

General and special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs. No allowance for uncollectible accounts has been recorded because management considers all receivables to be collectible.

NOTE 4 – CAPITAL ASSETS

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

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated				
Construction in progress	\$ 13,499	\$ -	\$ -	\$ 13,499
Land	182,191	-	-	182,191
Total capital assets not being depreciated	<u>195,690</u>	<u>-</u>	<u>-</u>	<u>195,690</u>
Capital assets being depreciated				
Buildings and improvements	40,112,727	135,243	-	40,247,970
Machinery and equipment	914,027	127,708	(7,995)	1,033,740
Total capital assets being depreciated	<u>41,026,754</u>	<u>262,951</u>	<u>(7,995)</u>	<u>41,281,710</u>
Accumulated depreciation				
Buildings and improvements	9,896,522	709,405	-	10,605,927
Machinery and equipment	641,436	80,628	(7,995)	714,069
Total accumulated depreciation	<u>10,537,958</u>	<u>790,033</u>	<u>(7,995)</u>	<u>11,319,996</u>
Total net capital assets	<u>\$ 30,684,486</u>			<u>\$ 30,157,404</u>

During the year ending June 30, 2021, the District disposed of some fully depreciated equipment.

Depreciation was allocated to the functions as follows:

Instruction	\$ 478,580
Support Services	282,556
Enterprise and Community Services	<u>28,897</u>
Total	<u>\$ 790,033</u>

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 5 - LEASES

The District leases copiers under five-year, non-cancelable operating leases. Operating lease expenses amounted to \$25,483 for the year ended June 30, 2021. Future minimum operating lease obligation is as follows:

Year Ended June 30,	Amount
2022	\$ 19,813
2023	12,272
2024	5,463
2025	2,858
2026	1,132
Total	<u>\$ 41,538</u>

NOTE 6 – LONG-TERM OBLIGATIONS

Bonds Payable

Full Faith & Credit obligation (Qualified Zone Academy Bond – QZAB) 2010 - the District issued bonds through Capital One Bank to finance costs of capital construction and improvements and to fund the cost of issues. The series 2010 was were issued at a 1.35% interest rate in the amount of \$2,000,000.

General Obligation Bonds - General obligation bonds are direct obligations and pledge the full faith and credit of the District. The District issues general obligation bonds to provide funds for the acquisition and construction of school facilities. The 2013 series were issued at a variable 2.0% to 5.0% interest rate in the amount of \$13,445,000.

Pension Obligation Bonds - Series 2003, the District issued \$15,286,668 of limited tax pension obligation bonds to finance its portion of the unfunded actuarially liability (UAL) with the State of Oregon Public Employees Retirement System (PERS). The annual payments on the pension obligation bonds are accounted for as additional contributions to PERS. Interest rates are variable between 1.50% and 6.27%.

There are no default clauses requiring disclosure under GASB 88 for any debt items.

During the fiscal year ended June 30, 2021, the following changes occurred in long-term obligations:

	Balance 7/1/2020	Increase	Decrease	Balance 6/30/2021	Amount Due Within One Year
Direct Borrowing					
FF&C QZAB	\$ 715,000	-	\$ (140,000)	\$ 575,000	\$ 140,000
Other Bonds Payable					
GO Bond	8,865,000	-	(1,225,000)	7,640,000	1,335,000
Pension Bond	9,280,601	-	(405,266)	8,875,335	402,863
Total Bonds Payable	\$ 18,860,601	-	\$ (1,770,266)	\$ 17,090,335	\$ 1,877,863
Unamortized Premium	1,146,468	-	(191,078)	955,390	-
Total	\$ 20,007,069	-	\$ (1,961,344)	\$ 18,045,725	\$ 1,877,863

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

Bonds and Other (Pension) Bonds Payable

Future maturities of the general obligation bonds currently outstanding are as follows:

Year ending June 30	Bonds		Total
	Principal	Interest	
2022	\$ 1,877,863	\$ 1,724,909	\$ 3,602,772
2023	1,957,472	1,758,385	3,715,857
2024	3,145,000	702,499	3,847,499
2025	3,440,000	541,452	3,981,452
2026	3,620,000	363,388	3,983,388
2027-2028	3,050,000	228,904	3,278,904
	<u>\$ 17,090,335</u>	<u>\$ 5,319,537</u>	<u>\$ 22,409,872</u>

Payment on Bonds payable are made by the Debt Service Fund.

NOTE 7 – INTERFUND TRANSFERS

Interfund transfers were made to subsidize the Special Revenue Fund and Debt Service Fund operations for the year ended June 30, 2021 as follows:

	Transfers Out	Transfers In
General Fund	\$ 1,509,860	\$ -
Special Revenue Fund	-	1,359,860
Debt Service Fund	-	150,000
Total	<u>1,509,860</u>	<u>1,509,860</u>

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8 - 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.

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8 - DEFINED BENEFIT PENSION PLAN- (CONTINUED)

a. **PERS Pension (Chapter 238) (Continued).**

i. **Pension Benefits (Continued).**

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.

ii. **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.

iii. **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.

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8 - DEFINED BENEFIT PENSION PLAN- (CONTINUED)

b. OPSRP Pension Program (OPSRP DB) (Continued).

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

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Effective January 1, 2020, Senate Bill 1049 requires employees to pay contributions on re-employed PERS retirees' salaries as if they were an active member, excluding IAP (6%) contributions. Employer contributions for the year ended June 30, 2021 were \$1,525,356, excluding amounts to fund employer specific liabilities. In addition, approximately \$803,992 in employee contributions were paid or picked up by the District in 2020-2021.

Pension Asset or Liability – At June 30, 2021, the District reported a net pension liability of \$20,556,059 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement dates of June 30, 2020 and 2019, the District's proportion was .094 percent and .084 percent, respectively. Pension expense for the year ended June 30, 2021 was \$3,238,714.

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

- (1) Tier 1/Tier 2 – 14.33%
- (2) OPSRP general services – 8.88%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 904,715	\$ -
Changes in assumptions	1,103,179	38,653
Net difference between projected and actual earnings on pension plan investments	2,417,125	-
Net changes in proportionate share	1,774,002	277,081
Difference between District contributions and proportionate share of contributions	-	1,625,871
Subtotal - Amortized deferrals (below)	6,199,021	1,941,605
District contributions subsequent to measurement date	1,525,356	-
Net deferred outflow (inflow) of resources	\$ 7,724,377	\$ 1,941,605

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.

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8 - DEFINED BENEFIT PENSION PLAN- (CONTINUED)

Pension Asset or Liability (Continued)

Subtotal amounts related to pension as deferred outflows of resources, \$6,199,021, and deferred inflows of resources, (\$1,941,605), net to \$4,257,416 and will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ 920,125
2023	1,245,336
2024	1,119,995
2025	919,433
2026	52,527
Thereafter	-
Total	<u>\$ 4,257,416</u>

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 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.

**CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8 - DEFINED BENEFIT PENSION PLAN- (CONTINUED)

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2018 rolled forward to June 30, 2020
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
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 overall payroll growth
Cost of Living Adjustment	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro 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 Disable 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.

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%
Private Equity	9.5%	15.5%	12.5%
Real Estate	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%

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

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8 - DEFINED BENEFIT PENSION PLAN- (CONTINUED)

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

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

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

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8 - DEFINED BENEFIT PENSION PLAN- (CONTINUED)

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

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	\$ 30,524,049	\$ 20,556,059	\$ 12,197,436

Changes Subsequent to the Measurement Date

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

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

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

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8 - DEFINED BENEFIT PENSION PLAN- (CONTINUED)

OPSRP Individual Account Program (OPSRP IAP) (Continued)

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.

Death Benefits:

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

Contributions:

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

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

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

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 9 – OTHER POST EMPLOYMENT BENEFIT PLAN – (RHIA)

Plan Description:

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

Funding Policy:

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

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

At June 30, 2021, the District reported a net OPEB liability/(asset) of (\$431,113) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2020, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2018. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement dates of June 30, 2020 and 2019, the District's proportion was .212 percent and .114 percent, respectively. OPEB income for the year ended June 30, 2021 was \$91,410.

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 9 – OTHER POST EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)

Components of OPEB Expense/(Income):

Employer's proportion share of collective system OPEB Expense/(Income)	\$ (69,340)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	(53,210)
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
Employer's Total OPEB Expense/(Income)	<u><u>\$ (122,550)</u></u>

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 44,072
Changes in assumptions	-	22,916
Net difference between projected and actual earnings on pension plan investments	47,943	-
Net changes in proportionate share	-	99,932
Difference between District contributions and proportionate share of contributions	-	-
Subtotal - Amortized deferrals (below)	47,943	166,920
District contributions subsequent to measurement date	-	-
Net deferred outflow (inflow) of resources	\$ 47,943	\$ 166,920

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

Subtotal amounts related to OPEB as deferred outflows of resources, \$47,943, and deferred inflows of resources, (\$166,920), net to (\$118,977) and will be recognized in OPEB expense as follows:

Year ending June 30,	Amount
2021	\$ (95,846)
2022	(55,977)
2023	17,723
2024	15,123
2025	-
Thereafter	-
Total	\$ (118,977)

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 9 – OTHER POST EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2020. That independently audited report was dated March 5, 2021 and can be found at:

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

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2018 rolled forward to June 30, 2020
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
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 overall payroll growth
Cost of Living Adjustment	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro 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 Disable 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.

Discount Rate:

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

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 9 – OTHER POST EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)

Long-Term Expected Rate of Return:

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

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

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

**CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 9 – OTHER POST EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net OPEB liability (Asset)	\$ 348,051	\$ 431,113	\$ 502,134

Changes Subsequent to the Measurement Date

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

NOTE 10- OTHER POSTEMPLOYMENT BENEFITS

The District follows GASB Statement No. 73 *Accounting and Financial Reporting for Pension and Related Assets That are not within the Scope of GASB 68*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This requires the District to report its liability for other post-employment benefits consistent with generally accepted accounting principles and to reflect an actuarially determined liability for the present value projected future benefits for retired and active employees on the financial statements. The District maintains single employer post-employment benefit programs (commonly referred to as early retirement). These programs cover licensed and administrative personnel of the District, individual employees, and certain retired employees. The Early Retirement Program is not funded, as determined by the July 1, 2018 actuarial valuation.

Program membership consisted of the following at July 1, 2020:

Participant Counts:	Stipend	Health Insurance
Active	0	282
Inactive	3	14
Total Participants	3	296

Health Insurance Subsidy

Plan Description. The District operates a single-employer retiree benefit plan that provides postemployment health, dental, vision and life insurance benefits to eligible employees and their spouses, children and/or domestic partners. 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.

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 10- OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Health Insurance Subsidy (Continued)

Funding Policy. The benefits from this program are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

Different contracts govern the employees. For Administrative staff members hired before July 1, 2004, the program is for current employees who are PERS eligible due to retirement and who have a minimum of twenty (20) years' experience with the District at retirement. Administrative staff hired on or after July 1, 2004 and prior to July 1, 2007, who are PERS eligible due to retirement and who have at least 14 years of service with the District at retirement are also eligible. Coverage for retirees and eligible dependents continues until the participant dies or is eligible for Medicare, whichever comes first. The District shall contribute the same premium offered active administrators toward the purchase of full family medical-dental-vision insurance.

Classified employees are eligible if they meet the following requirements:

- Employee must be at least one-half (1/2) time throughout their employment with the District.
- Hired prior to July 1, 1993 and have at least 15 years of service with the District at retirement.
- Hired on or after July 1, 1993 and prior to July 1, 2000 and have at least 18 years of service with the District at retirement.
- Additionally, classified employees must be PERS eligible due to retirement to be eligible for this program. Employees hired on or after July 1, 2000 will not receive supplemental retirement benefits. Coverage for eligible classified employees will be offered for 120 months, until the participant dies, or is eligible for Medicare, whichever comes earliest. The District will pay for the medical only coverage for the retiree. Retirees choosing to purchase medical coverage for their spouse or dependents will contribute no more than twice the out-of-pocket amount that regular employees pay for the insurance benefit coverage that is then in existence within the District on a year-to-year basis.

Confidential and Supervisory employees, included in Appendix A of the July 1, 2007 collective bargaining agreement, may be eligible if they meet the following requirements:

- Employee must have averaged at least one-half (1/2) time throughout their years of employment with the District.
- Employee hired prior to July 1, 1993 who has at least 15 years of service with the District at retirement.
- Employee hired on or after July 1, 1993 and prior to July 1, 2004 who has at least 20 years of service with the District at retirement.
- Additionally, confidential and supervisory employees must be PERS eligible due to retirement to be eligible for this program. Confidential and supervisory employees hired on or after July 1, 2004 will not receive supplemental retirement benefits. Coverage for eligible Confidential and Supervisory employees will be offered for 120 months, until the participant dies, or is eligible for Medicare, whichever comes earliest. The District will pay for the medical only coverage for the retiree. Retirees choosing to purchase medical coverage for their spouse or dependents will contribute no more than twice the out-of-pocket amount that regular employees pay for the insurance benefit coverage that is then in existence within the District on a year-to-year basis.

Licensed employees listed in Article 14, Section A of the 2012-2015 collective bargaining agreement, who have 15 or 20 years of service upon retirement, depending upon which section of the list they are in, are eligible to receive benefits. Employees hired on or after July 1, 2007 will not receive supplemental retirement benefits. Coverage for eligible licensed retirees and eligible dependents continues until the participant dies or is eligible for Medicare, whichever comes first. The retiree will pay the same percentage of the premium for Medical Insurance as the percentage paid by full time employees for their full insurance coverage. This applies to spouses, domestic partners and children. District will pay for the "medical only" coverage for the retiree.

**CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 10- OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Health Insurance Subsidy (Continued)

For all classes of employees:

- Qualified spouses and domestic partners (as well as dependent children of participants) may qualify for coverage until the participant becomes eligible for Medicare.
- Only dependents covered at the time of retirement will be eligible.

Funding Policy - The District pays for all the eligible benefits. The contributions are financed on a pay- as-you-go basis.

Annual OPEB Cost and Total OPEB Liability – The annual other postemployment benefit (OPEB) cost is calculated based on the Total OPEB Liability, an amount actuarially determined in accordance with the parameters of GASB Statement 75. For detailed information and a table showing the components of the District’s annual OPEB costs and liabilities, see page 40.

Valuation Date	July 1, 2020
Actuarial Cost Method	Entry Age Normal, level percent of salary
Investment return assumption (Interest discount)	2.25% per year, bases on all years discounted at municipal bond rate (based on Bond Buyer 20-Bond General Obligation Index as of June 30, 2021)
Plan Participation	Of the active employees currently enrolled in a medical plan, 60% are assumed to remain enrolled at retirement until Medicare eligibility.
Medical Premium annual trend rate	3.5% in 2021 and fluctuating between 4.00% and 6.00% thereafter
Inflation rate	2.00% per year
Annual salary rate increase	3.00% per year
Mortality	Basic table: Pub-2010 Teachers table, separate Employee/Healthy Annuitant, sex distinct, generational, no setback. Mortality rates for active male participants are 120% of the above rates, and for active female participants are 100% of the above rates. Beneficiaries: Pub-2010 General Employees table, Healthy Annuitant, sex distinct, generational, set back 12 months for males, no set back for females. Improvement Scale: Unisex Social Security Data Scale (60 year average), with data through 2015.

Actuarial Methods and Assumptions - The Total OPEB Liability for the current year was determined as part of the July 1, 2020 actuarial valuation using the entry age normal method. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, claim cost and the healthcare cost trend. The actuarial assumptions included; (a) an interest discount rate of 2.25% per year; (b) an inflation rate of 2.0% per year; (c) a payroll increase of 3.0% per year. Dental and vision costs were assumed to have no implicit subsidy; and (e) of the active employees currently receiving health coverage, 100% of future retirees with District-paid medical benefits and 85% of other future retirees are assumed to remain enrolled at retirement.

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 10- OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Health Insurance Subsidy (Continued)

The following tables show the sensitivity of the Total OPEB Liability to changes in discount and trend rates on June 30, 2021:

	1% Decrease 1.25%	Current Discount Rate 2.25%	1% Increase 3.25%
Total OPEB Liability	\$ 1,786,228	\$ 1,651,913	\$ 1,526,811

	1% Decrease 2.50% Graded up to 5.00%	Current Trend Rate 3.50% Graded up to 6.00%	1% Increase 4.50% Graded Up to 7.00%
Total OPEB Liability	\$ 1,453,325	\$ 1,651,913	\$ 1,891,099

The following are the changes in the OPEB Health Insurance Liability:

	<u>Total OPEB Liability</u>
Total OPEB Health Liability Balance 6/30/2020	\$1,834,106
Changes for the Year:	
Service Cost	120,978
Interest	43,232
Changes of Benefit Terms	-
Difference between expected and actual experience	(96,089)
Changes Assumption or the Other Input	(182,972)
Benefit payments	<u>(67,342)</u>
Total OPEB Health Liability Balance 6/30/2021	<u>\$1,651,913</u>

For the year ended June 30, 2021, the District recognized OPEB expense for Health Insurance of \$92,117. At June 30, 2021, the District reported deferred outflows of resources of \$184,181 and deferred inflows of resources of (\$269,561) related to OPEB for Health Insurance.

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 10,113	\$ 85,412
Changes of assumptions	<u>174,068</u>	<u>184,149</u>
Total as of June 30, 2021	<u>\$ 184,181</u>	<u>\$ 269,561</u>

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

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 10- OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Health Insurance Subsidy (Continued)

Total amounts related to OPEB as deferred outflows of resources, \$184,181, and deferred inflow of resources (\$269,561), net to (\$85,380) will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	<u>Annual Recognition</u>
2022	\$ (4,275)
2023	(4,275)
2024	(4,275)
2025	(4,275)
2026	(4,274)
Thereafter	<u>(64,006)</u>
Total	<u>\$ (85,380)</u>

Stipend Benefit

Plan Description - The District provides a single-employer defined benefit early retirement stipend program. Different contracts govern the employees.

For Administrative staff members hired before July 1, 2004, the early retirement incentive program is for current employees who are PERS eligible due to retirement and who have a minimum of twenty (20) years' experience with the District at retirement. Administrative staff hired on or after July 1, 2004 and prior to July 1, 2007, who are PERS eligible due to retirement and who have at least 14 years of service with the District at retirement are also eligible. In return for this stipend, retirees, if available, agree to work a minimum of three days per year at no cost to the District. The maximum participation allowed by the District is 84 months, until the participant dies, or becomes eligible for Medicare, whichever comes earliest. Eligible Administrative staff members will receive \$225 per month.

Classified employees are eligible if they meet the following requirements:

- Employee must be at least one-half (1/2) time throughout their employment with the District.
- Hired prior to July 1, 1993 and have at least 15 years of service with the District at retirement.
- Hired on or after July 1, 1993 and prior to July 1, 2000 and have at least 18 years of service with the District at retirement.

Additionally, classified employees must be PERS eligible due to retirement to be eligible for this program. Employees hired on or after July 1, 2000 will not receive supplemental retirement benefits. Eligible Classified employees will receive a one-time payment of \$4 for each hour of accumulated sick leave at the time of retirement.

Confidential and Supervisory employees, included in Appendix A of the July 1, 2007 collective bargaining agreement, may be eligible if they meet the following requirements:

- Employee must have averaged at least one-half (1/2) time throughout their years of employment with the District.
- Employee hired prior to July 1, 1993 who has at least 15 years of service with the District at retirement.
- Employee hired on or after July 1, 1993 and prior to July 1, 2004 who has at least 20 years of service with the District at retirement.

**CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 10- OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Stipend Benefit (Continued)

Additionally, Confidential and Supervisory employees must be PERS eligible due to retirement to be eligible for this program. Confidential and Supervisory employees hired on or after July 1, 2004 will not receive supplemental retirement benefits. Eligible Confidential and Supervisory employees will receive monthly benefits until the participant dies or until they become eligible for Medicare, whichever comes earliest. The amount of benefits is dependent upon the employee's amount of unused sick leave at retirement. Those with 150 to 200 days will receive \$50, those with 200 to 250 days will receive \$75, and those with 250 or greater will receive \$100 per month.

Licensed employees listed in Article 14, Section A of the 2012-2015 collective bargaining agreement, who have 15 or 20 years of service upon retirement, depending upon which section of the list they are in, are eligible to receive benefits. Employees hired on or after July 1, 2007 will not receive supplemental retirement benefits. The maximum participation allowed by the District is 84 months, until the participant dies, or becomes eligible for Medicare, whichever comes earliest. Eligible Licensed retirees will receive \$225 per month. All amounts are prorated if the employee worked less than the full-time equivalent.

Funding Policy -The District pays for all the benefits. The contributions are financed on a pay-as-you-go basis.

Annual OPEB Cost and Total OPEB Liability - The annual other postemployment benefit (OPEB) cost is calculated based on the Total OPEB Liability, an amount actuarially determined in accordance with the parameters of GASB Statement 73. For detailed information and a table showing the components of the District's annual OPEB costs and liabilities, see page 41.

Actuarial Methods and Assumptions - The Total OPEB Liability for the current year was determined as part of the July 1, 2020 actuarial valuation using the entry age normal method. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, claim cost and the healthcare cost trend. The actuarial assumptions included; (a) an interest discount rate of 2.25% per year; (b) an inflation rate of 2.0% per year; (c) a payroll increase of 3.0% per year.

The following table shows the sensitivity of Total Pension Liability to changes in discount rates on June 30, 2021:

	1% Decrease 1.25%	Current Discount Rate 2.25%	1% Increase 3.25%
Total Pension Liability	\$ 33,334	\$ 32,829	\$ 32,340

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 10- OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Stipend Benefit (Continued)

The following are the changes in the Pension Liability:

	Total Pension Liability
Total Stipend Liability Balance 6/30/2020	\$ 49,745
Changes for the Year :	
Service Cost	-
Interest	918
Changes of Benefit Terms	-
Difference between expected and actual experience	9
Changes Assumption or the Other Input	67
Benefit payments	(17,910)
Total Stipend Liability Balance 6/30/2021	\$ 32,829

For the year ended June 30, 2021, the District reported stipend income of \$15,411. At June 30, 2021, the District reported deferred outflows of resources of \$0 and deferred inflows of resources of (\$0) related to OPEB for stipends.

NOTE 11 – INTERFUND RECEIVABLES/PAYABLES

The composition of interfund balances is as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 56,838	\$ -
Special Revenue Fund	-	56,838
Total Transfers	\$ 56,838	\$ 56,838

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES

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

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

The COVID-19 outbreak worldwide has resulted in government mandated closures that have caused disruption in the District's ability to deliver-in-person education. The outbreak has affected local and global economies. The extent and duration of the impact of this outbreak on the operations of the District is unknown at this time.

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 13 – PROPERTY TAX LIMITATIONS

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

The state voters further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution set 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.

NOTE 14 - RISK MANAGEMENT

The District is exposed 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. The District is insured with Property & Casualty Coverage for Education, a property and liability risk pool for school entities in Oregon and pays an annual premium for its property, crime, public liability, boiler and machinery, difference in conditions, excess earthquake, foreign liability, errors and omission coverage, builders risk coverage and Oregon contractor's license bonds. The District also carries worker's compensation coverage through SAIF. There has been no significant reduction in insurance coverage from the prior year and the District has not been required to pay any settlements in excess of insurance coverage in the past three fiscal years.

NOTE 15 – TAX ABATEMENTS

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

NOTE 16 – POTENTIAL CLAIMS AND ASSESSMENTS

The District is a defendant in certain pending legal actions. Although the outcome cannot be determined, the District believes that settlement of these matters will not have a material effect on the District's financial position and result of operations.

NOTE 17 – SUBSEQUENT EVENTS

There was litigation against the District which was dismissed with prejudice following a negotiated settlement in July 2021 of \$250,000.

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CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
June 30, 2021

OPEB - HEALTH INSURANCE SUBSIDY

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Year Ended June 30,	Total OPEB Liability - Beginning	Service Cost	Interest	Changes of Benefit Terms	Difference Between Expected & Actual	Changes of Assumptions	Benefit Payments	Total OPEB Liability - End of Year	Estimated Covered Payroll	Total OPEB Liability as a % of Covered Payroll
2021 *	\$ 1,834,106	\$ 120,978	\$ 43,232	\$ -	\$ (96,089)	\$ (182,972)	\$ (67,342)	\$ 1,651,913	\$ 13,283,465	12.44%
2020	1,501,549	88,572	77,857	-	-	232,090	(65,962)	1,834,106 *	17,846,692	10.28%
2019	1,442,554	68,313	55,779	-	16,179	(34,410)	(46,866)	1,501,549	17,243,181	8.71%
2018	1,370,480	66,647	51,774	-	-	-	(46,347)	1,442,554	11,051,883	13.05%
2017	1,286,229	66,647	48,896	-	-	-	(31,292)	1,370,480	10,782,325	12.71%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	(a) Actuarially Determined Contribution	(b) Contributions During Year	(b)-(a) Difference	(c) Covered Payroll	(b/c) Contributions as a Percentage of Payroll
2021	\$ N/A	\$ N/A	\$ N/A	\$ 13,283,465	N/A
2020	N/A	N/A	N/A	17,846,692	N/A
2019	N/A	N/A	N/A	17,243,181	N/A
2018	N/A	N/A	N/A	11,051,883	N/A
2017	N/A	N/A	N/A	10,782,325	N/A

The above table presents the most recent actuarial valuations for the District's post-retirement benefit.

This schedule is 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.

* A new actuary reevaluated the liability amount at June 30, 2020.

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS
June 30, 2021

OPEB - STIPEND BENEFIT

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS

Year Ended June 30,	Total Pension Liability - Beginning	Service Cost	Interest	Changes of Benefit Terms	Difference Between Expected & Actual	Changes of Assumptions	Benefit Payments	Total Pension Liability - End of Year	Estimated Covered Payroll	Total Liability as a % of Covered Payroll
2021	\$ * 49,745	\$ 0	\$ 918	\$ -	\$ 9	\$ 67	\$ (17,910)	\$ 32,829	\$ 74,241	44.22%
2020	67,420	0	2,268	-	-	1,505	(21,448)	49,745 *	99,745	49.87%
2019	82,268	0	2,669	-	5,019	(366)	(22,170)	67,420	96,372	69.96%
2018	105,908	228	3,463	-	-	-	(27,331)	82,268	61,769	133.19%
2017	132,133	228	4,381	-	-	-	(30,834)	105,908	60,262	175.75%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	(a) Actuarially Determined Contribution	(b) Contributions During Year	(b)-(a) Difference	(c) Covered Payroll	(b/c) Contributions as a Percentage of Payroll
2021	\$ N/A	\$ N/A	\$ N/A	\$ 74,241	N/A
2020	N/A	N/A	N/A	99,745	N/A
2019	N/A	N/A	N/A	96,372	N/A
2018	N/A	N/A	N/A	61,769	N/A
2017	N/A	N/A	N/A	60,262	N/A

The above table presents the most recent actuarial valuations for the District's post-retirement pension stipend .

This schedule is 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.

* A new actuary reevaluated the liability amount at June 30, 2020.

CASCADE SCHOOL DISTRICT
MARION COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

OPEB - RHIA

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB ASSET FOR RHIA

Year Ended June 30,	(a) Employer's proportion of the net OPEB asset (NOA)	(b) Employer's proportionate share of the net OPEB asset (NOA)	(c) Employer's covered payroll	(b/c) NOA as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.21 %	\$ 431,113	\$ 13,949,706	3.1 %	150.1 %
2020	0.11	220,726	12,328,362	1.8	144.4
2019	0.11	125,265	11,750,189	1.1	124.0
2018	0.11	44,937	10,933,500	0.4	108.9

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

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

SCHEDULE OF CONTRIBUTIONS FOR RHIA

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2021	\$ N/A	\$ N/A	\$ N/A	\$ 15,239,229	N/A %
2020	N/A	N/A	N/A	13,949,706	N/A
2019	N/A	N/A	N/A	12,328,362	N/A
2018	N/A	N/A	N/A	11,750,189	N/A
2017	N/A	N/A	N/A	10,933,500	N/A

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

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

All statutorily required contributions were made and are included within PERS contributions (see p. 44).

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.0942 %	\$ 20,556,059	\$ 13,949,706	147.36 %	75.8 %
2020	0.0839	14,508,695	12,328,362	117.69	80.2
2019	0.0877	13,285,063	11,750,189	113.06	82.1
2018	0.0780	10,521,143	10,933,500	96.23	83.1
2017	0.0744	11,166,021	10,458,771	106.76	80.5
2016	0.0561	3,220,625	9,968,257	32.31	91.9
2015	0.0529	(1,191,997)	9,546,101	(12.49)	103.6
2014	0.0529	2,683,592	8,718,549	30.78	92.0

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

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

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2021	\$ 1,525,356	\$ 1,525,356	\$ -	\$ 15,239,229	10.01 %
2020	1,497,106	1,497,106	-	13,949,706	10.73
2019	731,063	731,063	-	12,328,362	5.93
2018	779,238	779,238	-	11,750,189	6.63
2017	232,765	232,765	-	10,933,500	2.13
2016	243,517	243,517	-	10,458,771	2.33
2015	762,314	762,314	-	9,968,257	7.65
2014	500,641	500,641	-	9,546,101	5.24
2013	563,225	563,225	-	8,718,549	6.46
2012	604,906	604,906	-	9,287,194	6.51

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

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

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

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

<u>GENERAL FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL BUDGET</u>
REVENUES				
Local Sources	\$ 6,568,167	\$ 6,568,167	\$ 6,671,311	\$ 103,144
Intermediate Sources	250,000	210,000	363,999	153,999
State Sources	20,208,279	21,508,279	21,876,990	368,711
Federal Sources	500,000	476,000	844,447	368,447
Total Revenues	<u>27,526,446</u>	<u>28,762,446</u>	<u>29,756,747</u>	<u>994,301</u>
EXPENDITURES				
Instruction	17,393,073	16,593,949 (1)	16,717,005	(123,056)
Supporting services	11,004,827	10,819,950 (1)	10,474,995	344,955
Contingency	1,712,987	2,712,987 (1)	-	2,712,987
Total Expenditures	<u>30,110,887</u>	<u>30,126,886</u>	<u>27,192,000</u>	<u>2,934,886</u>
Excess of Revenue Over (Under) Expenditures	(2,584,441)	(1,364,440)	2,564,747	3,929,187
OTHER FINANCING SOURCES (USES)				
Transfers In	14,218	14,218	-	(14,218)
Transfers Out	(395,000)	(1,795,000) (1)	(1,509,860)	285,140
Total Other Financing Sources (Uses)	<u>(380,782)</u>	<u>(1,780,782)</u>	<u>(1,509,860)</u>	<u>270,922</u>
Net Change in Fund Balance	(2,965,223)	(3,145,222)	1,054,887	4,200,109
Beginning Fund Balance	2,965,223	3,145,222	3,141,512	(3,710)
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,196,399</u>	<u>\$ 4,196,399</u>

(1) Appropriation level

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

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

<u>SPECIAL REVENUE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL BUDGET</u>
REVENUES				
Local Sources	\$ 1,121,277	\$ 1,121,277	\$ 533,474	\$ (587,803)
Intermediate Sources	30,000	30,000	17,639	(12,361)
State Sources	588,000	588,000	777,236	189,236
Federal Sources	2,025,622	2,025,622	2,323,195	297,573
Services Provided	-	-	7,013	7,013
	<u>3,764,899</u>	<u>3,764,899</u>	<u>3,658,557</u>	<u>(106,342)</u>
EXPENDITURES				
Instruction	3,339,996	3,339,996 (1)	2,126,416	1,213,580
Supporting services	708,129	708,129 (1)	566,301	141,828
Enterprise and community services	1,312,744	1,312,744 (1)	1,137,773	174,971
Contingency	34,345	34,345 (1)	-	34,345
	<u>5,395,214</u>	<u>5,395,214</u>	<u>3,830,490</u>	<u>1,564,724</u>
Excess of Revenue Over (Under) Expenditures	(1,630,315)	(1,630,315)	(171,933)	1,458,382
OTHER FINANCING SOURCES (USES)				
Transfers In	245,000	245,000	1,359,860 (2)	1,114,860
Transfers Out	(459,224)	(459,224) (1)	-	459,224
	<u>(214,224)</u>	<u>(214,224)</u>	<u>1,359,860</u>	<u>1,574,084</u>
Net Change in Fund Balance	(1,844,539)	(1,844,539)	1,187,927	3,032,466
Beginning Fund Balance	<u>1,844,539</u>	<u>1,844,539</u>	<u>1,815,596</u>	<u>(28,943)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,003,523</u>	<u>\$ 3,003,523</u>

(1) Appropriation level

(2) \$9,079 of state money attributable to the National School Lunch Program was included in this transferred amount.

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

SUPPLEMENTARY INFORMATION

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CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

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

DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET
REVENUES				
Local Sources	\$ 1,623,175	\$ 1,623,175	\$ 1,585,905	\$ (37,270)
Services Provided	1,643,934	1,643,934	1,644,569	635
Total Revenues	<u>3,267,109</u>	<u>3,267,109</u>	<u>3,230,474</u>	<u>(36,635)</u>
EXPENDITURES				
Supporting Services	2,000	2,000 (1)	1,601	399
Debt service	3,463,762	3,463,762 (1)	3,463,655	107
Contingency	122,347	122,347 (1)	-	122,347
Total Expenditures	<u>3,588,109</u>	<u>3,588,109</u>	<u>3,465,256</u>	<u>122,853</u>
Excess of Revenue Over (Under) Expenditures	(321,000)	(321,000)	(234,782)	86,218
OTHER FINANCING SOURCES (USES)				
Transfers In	150,000	150,000	150,000	-
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Net Change in Fund Balance	(171,000)	(171,000)	(84,782)	86,218
Beginning Fund Balance	171,000	171,000	156,594	(14,406)
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,812</u>	<u>\$ 71,812</u>

(1) Appropriation level

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

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

CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET
REVENUES				
Local Sources	\$ 420,000	\$ 420,000	\$ 553,400	\$ 133,400
State Sources	2,139,400	2,139,400	80,213	(2,059,187)
Rental	25,000	25,000	25,100	100
Total Revenues	<u>2,584,400</u>	<u>2,584,400</u>	<u>658,713</u>	<u>(1,925,687)</u>
EXPENDITURES				
Support services	<u>4,614,400</u>	<u>4,614,400</u> (1)	<u>82,377</u>	<u>4,532,023</u>
Total Expenditures	<u>4,614,400</u>	<u>4,614,400</u>	<u>82,377</u>	<u>4,532,023</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,030,000)</u>	<u>(2,030,000)</u>	<u>576,336</u>	<u>2,606,336</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	150,000	150,000	-	(150,000)
Transfers Out	<u>(4,261)</u>	<u>(4,261)</u> (1)	<u>-</u>	<u>4,261</u>
Total Other Financing Sources	<u>145,739</u>	<u>145,739</u>	<u>-</u>	<u>(145,739)</u>
Net Change in Fund Balance	(1,884,261)	(1,884,261)	576,336	2,460,597
Beginning Fund Balance	<u>1,884,261</u>	<u>1,884,261</u>	<u>1,907,962</u>	<u>23,701</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,484,298</u>	<u>\$ 2,484,298</u>

(1) Appropriation level

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

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

PERMANENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL BUDGET</u>
REVENUES				
Local Sources	\$ 2,200	\$ 2,200	\$ 971	\$ (1,229)
Total Revenues	<u>2,200</u>	<u>2,200</u>	<u>971</u>	<u>(1,229)</u>
EXPENDITURES				
Debt Service	<u>23,638</u>	<u>23,638</u> (1)	<u>-</u>	<u>23,638</u>
Total Expenditures	<u>23,638</u>	<u>23,638</u>	<u>-</u>	<u>23,638</u>
Excess (Deficiency) of Revenues over Disbursements	<u>(21,438)</u>	<u>(21,438)</u>	<u>971</u>	<u>22,409</u>
OTHER FINANCING SOURCES (USES)				
Apportionment of Funds	-	-	-	-
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(21,438)	(21,438)	971	22,409
Beginning Fund Balance	<u>121,438</u>	<u>121,438</u>	<u>121,859</u>	<u>421</u>
Ending Fund Balance	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 122,830</u>	<u>\$ 22,830</u>

(1) Appropriation level

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

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

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED JULY 1, 2020	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED/ UNSEGREGATED JUNE 30, 2021
GENERAL FUND						
CURRENT						
2020-21	\$ 6,173,128	\$ 165,488	\$ (10,938)	\$ 1,880	\$ 5,889,434	\$ 109,148
PRIOR YEARS						
2019-20	118,075	(12)	(6,107)	4,385	72,707	43,658
2018-19	44,277	(14)	(4,155)	3,493	19,725	23,904
2017-18	25,875	(14)	(4,851)	4,264	15,117	10,186
2016-17	9,361	-	(1,869)	1,793	5,382	3,904
Prior Years	16,665	-	(1,853)	1,704	2,322	14,194
Total Prior	214,253	(40)	(18,835)	15,639	115,252	95,846
Total	<u>\$ 6,387,381</u>	<u>\$ 165,447</u>	<u>\$ (29,773)</u>	<u>\$ 17,520</u>	<u>\$ 6,004,686</u>	<u>\$ 204,995</u>

RECONCILIATION OF REVENUE:

Cash Collections by County Treasurer, Above	\$ 6,004,686
Accrual of Receivables:	
June 30, 2020	(58,923)
June 30, 2021	64,077
Payments in Lieu of Taxes	<u>29,508</u>
Total Revenue	<u>\$ 6,039,348</u>

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

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

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED JULY 1, 2020	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED/ UNSEGREGATED JUNE 30, 2021
<u>DEBT SERVICE FUND</u>						
CURRENT						
2020-21	\$ 1,641,682	\$ 44,010	\$ (2,909)	\$ 500	\$ 1,566,236	\$ 29,027
PRIOR YEARS						
2019-20	33,825	(3)	(1,749)	1,256	20,828	12,507
2018-19	13,914	(4)	(1,306)	1,098	6,199	7,512
2017-18	7,742	(4)	(1,452)	1,276	4,523	3,048
2016-17	2,819	-	(563)	540	1,621	1,176
Prior Years	5,089	-	(566)	520	709	4,334
Total Prior	63,389	(12)	(5,635)	4,690	33,880	28,576
Total	<u>\$ 1,705,071</u>	<u>\$ 43,998</u>	<u>\$ (8,544)</u>	<u>\$ 5,190</u>	<u>\$ 1,600,116</u>	<u>\$ 57,603</u>

RECONCILIATION OF REVENUE:

Cash Collections by County Treasurer, Above	\$ 1,600,116
Accrual of Receivables:	
June 30, 2020	(16,932)
June 30, 2021	15,397
Payments in Lieu of Taxes	<u>16,932</u>
Total Revenue	<u>\$ 1,615,513</u>

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

OTHER INFORMATION
 As Required by The Oregon Department of Education
 For the Year Ended June 30, 2021

A. Energy bills for heating - all funds		<u>Objects 325, 326 & 327</u>
	Function 2540	\$ 381,204
	Function 2550	-

B. Replacement of equipment - General Fund:				
Include all General Fund expenditures in Object 542, except for the following exclusions:		<u>Amount</u>		
Exclude these functions:				
1113, 1122 & 1132	Co-curricular activities	4150	Construction	\$ -
1140	Pre-kindergarten	2550	Pupil Transportation	
1300	Continuing education	3100	Food service	
1400	Summer school	3300	Community services	

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS

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PAULY, ROGERS AND Co., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 22, 2021

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of Cascade School District No. 5 as of and for the year ended June 30, 2021, and have issued our report thereon dated December 22, 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 basic 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 basic financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe Cascade School District No. 5 was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

1. Expenditures of the various funds were within authorized appropriations, except as noted on page 13.

OAR 162-10-0230 Internal Control

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

We noted a matter involving the internal control structure and its operation that we consider to be a significant deficiency under standards established by the American Institute of Certified Public Accounts, which is detailed in the Schedule of Findings and Questioned Costs.

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 "Roy R. Rogers". The signature is written in a cursive style with a large, prominent "R" in the middle.

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

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

GRANT COMPLIANCE REVIEW

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CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

GRANTS

Program Title	Pass Through Organization	Federal AL Number	Pass Through Entity Number	Period Covered	Expenditures	Passed through to Subrecipients
U.S. Department of Education						
Title I Grants to Local Educational Agencies	Oregon Department of Education	84.010	53229	7/1/19-6/30/2020	\$ 48,499	
	Oregon Department of Education	84.010	58224	7/1/20-6/30/2021	548,705	
Total Title I Grants to Local Education Agencies					597,204	-
Title IIA - Teacher Quality	Oregon Department of Education	84.367	58719	7/1/19-6/30/2020	81,124	
	Oregon Department of Education	84.367	53491	7/1/20-6/30/2021	16,882	
Total Title IIA - Teacher Quality					98,006	-
Student Support and Academic Enrichment	Oregon Department of Education	84.424	54481	7/1/19-6/30/2020	4,909	
		84.424	58540	7/1/20-6/30/2021	4,396	
Total Student Support					9,305	-
Special Education Cluster	Oregon Department of Education	84.027	53762	7/1/19-6/30/2020	36,713	
	Oregon Department of Education	84.027	56610	7/1/20-6/30/2021	6,599	
	Oregon Department of Education	84.027	60623	7/1/20-6/30/2021	418,005	
					461,317	-
Special Education - Preschool Grants	Oregon Department of Education	84.173	50043	7/1/18-6/30/2019	2,852	
	Oregon Department of Education	84.173	53927	7/1/19-6/30/2020	4,425	
	Oregon Department of Education	84.173	60469	7/1/20-6/30/2021	-	
					7,277	-
Total Special Education Cluster					468,594	-
Title III Consortium	Oregon Department of Education	84.365	53406	7/1/19-6/30/2020	23,435	
	Oregon Department of Education	84.365	58458	7/1/20-6/30/2021	1,623	
					25,059	-
Education Stabilization Fund						
Governor's Emergency Education Relief Fund	Oregon Department of Education	84.425C	60889	7/1/20-6/30/2021	63,192	
Elementary and Secondary School Emergency Relief Fund	Oregon Department of Education	84.425D	57771	7/1/20-6/30/2021	476,628	
Total Education Stabilization Fund					539,820	-
Total U.S. Department of Education					1,737,988	-
U.S. Department of Agriculture:						
Child Nutrition Cluster:						
School Breakfast Program	Oregon Department of Education	10.553	N/A	7/1/20-6/30/2021	5,827	
National School Lunch Program	Oregon Department of Education	10.555	N/A	7/1/20-6/30/2021	9,616	
Donated Commodities (Non-Cash Assistance)	Oregon Department of Education	10.555	N/A	7/1/20-6/30/2021	69,123	
CARES SFSP Meals & Admin	Oregon Department of Education	10.559	N/A	7/1/20-6/30/2021	1,108,056	
Total Child Nutrition Cluster					1,192,622	-
Total U.S. Department of Agriculture					1,192,622	-
Total Grants Expended or Passed Through to Subrecipients					\$ 2,930,609	-
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ 2,930,609	-

Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances

Federal Revenue expended	\$ 2,930,609	-
Accruals/Deferrals	237,033	-
Federal Revenue recognized	\$ 3,167,642	-

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12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 22, 2021

To the Board of Directors
Cascade School District No. 5
Turner, Oregon

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, the business-type activities, fiduciary funds and each major fund of Cascade School District No. 5 as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 22, 2021.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-01 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Cascade School District's Response to Finding

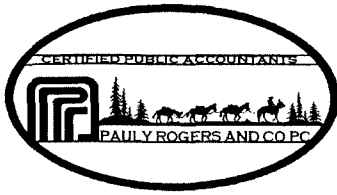
Cascade School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Cascade School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



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



PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 22, 2021

To the Board of Directors
Cascade School District No. 5
Turner, 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 Cascade School District No. 5's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2021. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and 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, Cascade School District No. 5, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-02. Our opinion on each major federal program is not modified with respect to this matter.

Other Matters (Continued)

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

Report on Internal Control Over Compliance

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

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

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

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



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

CASCADE SCHOOL DISTRICT NO. 5
TURNER, 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 200.515(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

AL NUMBER **NAME OF FEDERAL PROGRAM CLUSTER**

10.553, 10.555, 10.559
84.425C, 84.425D Child Nutrition Cluster
ESSER

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

Auditee qualified as low-risk auditee? yes no

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2021-01 Bank Reconciliation Review and Approval – Significant Deficiency

Criteria – In order to ensure accuracy of cash accounts, bank reconciliations must be performed on a monthly basis, and reviewed and approved by a second employee independent of the preparation process.

Condition – There was no evidence that bank reconciliations were performed in a timely matter for all accounts, or were reviewed and proved by a second employee independent of the preparation process.

Cause – Management does not have a procedure in place for employees to show their review practice for bank reconciliations. Bank reconciliations do not have dated evidence of review and approval.

Effect or Potential Effect – Cash accounts could be misstated on the Financial Statements if they are not reconciled in a timely manner.

Recommendation – Management should review their policies and procedures to ensure that bank reconciliations are performed on a monthly basis. All bank reconciliations should be reviewed and approved by a responsible employee independent of the preparation. Such employee should include dating evidence of their review practice to ensure timeliness.

View of Responsible Officials – Due to the upheaval of the Covid 19 global pandemic, management was not always able to share, review and sign off on hard copies of bank reconciliations, many of which were prepared from off site locations. In the future management is committed to strengthen their bank statement review and approval policies to meet the audit standard.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS

Finding 2021-02 Grant Reimbursement Requests Review and Approval – Significant Deficiency

Federal Program - AL 10.555, 10.559 Child Nutrition Cluster

Federal Agency - United States Department of Agriculture (USDA)

Pass Through Entity - Oregon Department of Education

Criteria - The District is required to submit reimbursement requests to receive federal grant monies, and those requests should be reviewed by a second employee for appropriateness of the expenditures, timing of the request, and amount of reimbursement.

Condition - Internal controls should be in place to ensure that review and approval over grant reimbursement requests takes place by a second employee independent of the request process.

Cause - The District did not have evidence of review and approval over grant reimbursement requests takes place by a second employee independent of the request process.

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS (CONTINUED)

Effect - Without review and approval of federal grant reimbursement requests by a second employee, it is possible that reimbursement requests may be in an incorrect amount, incorrectly timed, or submitted for expenditures not qualifying under the grant agreement.

Questioned Costs - None

Context - The District did not have evidence of review and approval over grant reimbursement requests because they did not have a policy in place.

Recommendation - Implement a review and approval process for all grant reimbursement requests for the program.

View of Responsible Officials – Due to the upheaval of the Covid 19 global pandemic and turnover in food services staff, management was not always able to share, review and sign off on food services grant reimbursement requests many of which were prepared from off site locations. Management has already implemented an email chain of approval, and strengthen separation of duties and improved the review process to ensure we meet the audit standard.

SECTION IV – SUMMARY OF PRIOR AUDIT FINDINGS:

FINDING 2020-01 – Failure to Submit the Special Education Cluster Excess Cost Calculator to the Oregon Department of Education on time

Criteria: The District is required to complete the Excess Cost Calculator to support that it only uses federal funds under this program for the excess costs of providing special education and related services to children with disabilities, and to ensure that it is submitted to the Oregon Department of Education in a timely matter by the deadline.

Views of responsible officials and planned corrective actions:

The District has implemented a procedure to ensure that the program coordinator and the business office are completing the Excess Cost Calculator in a timely matter for this program.

Status: The District submitted the Excess Cost Calculator by the required deadline during 2020-2021.

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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 District.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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