EDDYVILLE CHARTER SCHOOL
EDDYVILLE, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

CERTIFIED PUBLIC ACCOUNTANTS
PAULY ROGERS AND CO PC

12700 SW 72nd Ave.
Tigard, OR 97223

EDDYVILLE CHARTER SCHOOL
LINCOLN COUNTY, OREGON

FINANCIAL REPORT

For the Year Ended June 30, 2021

EDDYVILLE CHARTER SCHOOL
LINCOLN COUNTY, OREGON

2020-2021

BOARD OF DIRECTORS

All board members receive mail at the address below:

ADMINISTRATION

Stacy Knudson, Superintendent
PO Box 68, 1 Eddyville School Road
Eddyville, OR 97343

EDDYVILLE CHARTER SCHOOL
LINCOLN COUNTY, OREGON

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October 1, 2021

To the Board of Directors
Eddyville Charter School
Lincoln County, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Eddyville Charter School as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents, pursuant to ORS 297.405 to 297.555, ORS 297.990 and ORS 338.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Eddyville Charter School, 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.

Management has not presented a Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Eddyville Charter School's basic financial statements. The listing of current year board members, located before the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. It has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 1, 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.

Kenny Allen, CPA
Municipal Auditor
PAULY, ROGERS AND CO., P.C.

EDDYVILLE CHARTER SCHOOL
LINCOLN COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

EDDYVILLE CHARTER SCHOOL
LINCOLN COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2021

ASSETS:	
Cash and Cash Equivalents	$ 1,118,004
Accounts Receivable	21,256
Capital Assets, Net of Depreciation	397,599
Net Pension Asset - RHIA	30,104
Total Assets	1,566,963
DEFERRED OUTFLOWS:	
Pension Related Deferrals - Oregon RHIA	3,487
Pension Related Deferrals - Oregon PERS	975,883
Total Assets and Deferred Outflows	2,546,333
LIABILITIES:	
Current Liabilities:	
Accounts Payable	45,464
Payroll Liabilities	168,046
Current Portion of Capital Lease Payable	14,014
Total Current Liabilities	227,524
Non-Current Liabilities:	
Capital Lease Payable	42,041
Proportionate Share of Net Pension Liability	2,090,511
Total Non-Current Liabilities	2,132,552
Total Liabilities	2,360,076
DEFERRED INFLOWS:	
Pension Related Deferrals - RHIA	12,322
Pension Related Deferrals - Oregon PERS	76,585
Total Liabilities and Deferred Inflows	2,448,983
NET POSITION:	
Net Investment in Capital Assets	341,544
Restricted for Student Body	47,834
Restricted for Capital Projects	298,602
Unrestricted	(590,630)
Total Net Position:	$ 97,350

See accompanying notes to the basic financial statements

EDDYVILLE CHARTER SCHOOL
LINCOLN COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

FUNCTIONS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
Instruction	$ 1,678,432	$ 17,045	$ 236,575	$ 139,450	$ (1,285,362)
Support Services	1,370,162	-	-	-	(1,370,162)
Total Governmental Activities	$ 3,048,594	$ 17,045	$ 236,575	$ 139,450	(2,655,524)
General Revenues					
State School Fund					2,762,110
Miscellaneous					12,152
Total General Revenues					2,774,262
Changes in Net Position					118,738
Beginning Net Position					(21,388)
Ending Net Position					$ 97,350

See accompanying notes to the basic financial statements

EDDYVILLE CHARTER SCHOOL
LINCOLN COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

	GENERAL FUND	GRANTS FUND	STUDENT BODY FUND	CAPITAL PROJECTS FUND	TOTAL
ASSETS:					
Cash and Cash Equivalents	$ 767,136	$ -	$ 52,266	$ 298,602	$ 1,118,004
Due to General Fund	28,182	-	-	-	28,182
Accounts Receivable	3,015	18,241	-	-	21,256
Total Assets	$ 798,333	$ 18,241	$ 52,266	$ 298,602	$ 1,167,442
LIABILITIES AND FUND BALANCE:					
Liabilities:					
Accounts Payable	$ 35,979	$ 5,053	$ 4,432	$ -	$ 45,464
Payroll Liabilities	168,046	-	-	-	168,046
Due to General Fund	-	28,182	-	-	28,182
Total Liabilities	204,025	33,235	4,432	-	241,692
Fund Balances:					
Restricted	-	-	47,834	298,602	346,436
Unassigned	594,308	(14,994)	-	-	579,314
Total Fund Balances	594,308	(14,994)	47,834	298,602	925,750
Total Liabilities and Fund Balance	$ 798,333	$ 18,241	$ 52,266	$ 298,602	$ 1,167,442

See accompanying notes to the basic financial statements

EDDYVILLE CHARTER SCHOOL
LINCOLN COUNTY, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2021

Total Fund Balances - Governmental Funds		$ 925,750
The Net Pension Asset (Liability) and deferred inflows and outflows related to the 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.		
RHIA	21,269	
PERS	(1,191,213)	
		(1,169,944)
Deferred Inflows and Outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projected and actual earnings, and contributions subsequent to the measurement date.		
Net Pension Related Deferrals		
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. These liabilities consisted of the following:		
Capital Lease Payable		(56,055)
The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in the governmental fund. The Statement of Net Position includes those capital assets among the assets of the School as a whole.		
Net Capital Assets		397,599
Net Position		$ 97,350

EDDYVILLE CHARTER SCHOOL
LINCOLN COUNTY, OREGON

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

REVENUES:	GENERAL FUND	GRANTS FUND	STUDENT BODY FUND	CAPITAL PROJECTS FUND	TOTAL
From Local Sources	$ 23,548	$ 4,800	$ 19,948	$ -	$ 48,296
State Sources	2,762,739	281,731	-	-	3,044,470
Federal Sources	-	74,566	-	-	74,566
Total Revenues	2,786,287	361,097	19,948	-	3,167,332
EXPENDITURES:					
Instruction:					
Salaries	893,790	22,422	-	-	916,212
Associated Payroll Costs & Employee Benefits	517,736	6,623	-	-	524,359
Purchased Services	14,837	672	259	-	15,768
Supplies and Materials	33,403	52,083	12,401	-	97,887
Other Objects	3,538	14,264	-	-	17,802
Total Instruction:	1,463,304	96,064	12,660	-	1,572,028
Support Services:					
Salaries	407,815	91,430	-	-	499,245
Associated Payroll Costs & Employee Benefits	253,466	27,976	-	-	281,442
Purchased Services	331,990	3,769	-	-	335,759
Supplies and Materials	38,533	56,961	-	4,142	99,636
Capital Outlay	18,221	46,455	-	31,245	95,921
Other Objects	49,768	-	-	-	49,768
Total Support Services:	1,099,793	226,591	-	35,387	1,361,771
Facilities Acquisition and Construction					
Capital Outlay	-	42,567	-	19,229	61,796
Total Facilities Acquisition and Construction:	-	42,567	-	19,229	61,796
Total Expenditures	2,563,097	365,222	12,660	54,616	2,995,595
Excess of Revenues Over, (Under) Expenditures	223,190	(4,125)	7,288	(54,616)	171,737
Other Financing Sources (Uses):					
Interfund Transfers	1,381	(1,381)	-	-	-
Total Other Financing, Sources (Uses)	1,381	(1,381)	-	-	-
Net Change in Fund Balance	224,571	(5,506)	7,288	(54,616)	171,737
Beginning Fund Balance	369,737	(9,488)	40,546	353,218	754,013
Ending Fund Balance	$ 594,308	$ (14,994)	$ 47,834	$ 298,602	$ 925,750

See accompanying notes to the basic financial statements

EDDYVILLE CHARTER SCHOOL
LINCOLN COUNTY, OREGON

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
to the Statement of Activities
For the Year Ended June 30, 2021

Total Net Changes in Fund Balances - Governmental Funds		$ 171,737

Capital Outlays are reported in the governmental fund as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized expenditures exceeds depreciation.

Capitalized Expenditures	$ 142,717	
Depreciation Expense	(45,435)	
		97,282

Lease payments are reported as an expenditure in the governmental funds but reduces the liability in the Statement of Net Position	14,014

The Pension Expense represents the changes in Net Pension (and RHIA) Asset / (Liability) from year to year due to changes in total pension (and OPEB) liability and the fair value of pension plan net position available to pay pension benefits.

Pension Expense	(164,295)

Change in Net Position of Governmental Activities	$ 118,738

See accompanying notes to the basic financial statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. THE FINANCIAL REPORTING ENTITY

Eddyville Charter School is a non-profit corporation governed by a seven member board. Generally accepted accounting principles require that these financial statements present Eddyville Charter School and all component units, if any. Component units are separate organizations for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. Eddyville Charter School has no component units.

Eddyville Charter School was organized under provisions of Oregon Revised Statutes Chapter 338 for the purpose of operating a charter school.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

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

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Operating grants and contributions are presented as program revenues.

FUND FINANCIAL STATEMENTS

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

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for the general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Grant revenue is not considered available and, therefore, is not recognized until received. Expenditures are recorded when the liability is incurred.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. They are considered available if they are collected within sixty days after year-end. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Charter Schools in Oregon are not required to have a legally adopted budget, thus eliminating the requirement to present budgetary comparison information.

There are three major governmental funds:

GENERAL FUND

This fund accounts for all financial resources and expenditures, except those required to be accounted for in another fund. The principal revenue sources are payments of state school support from Lincoln County School District, fees, fundraising and donations.

GRANTS FUND

This special revenue fund accounts for the revenues from the School's various grant agreements received from miscellaneous grantor agencies.

STUDENT BODY FUND

This special revenue fund accounts for all revenues and expenses used for the purposes of student body activities.

CAPITAL PROJECTS FUND

This special revenue fund accounts for all revenues and expenses used for the purposes of capital projects.

GRANTS

Unreimbursed expenditures due from grantor agencies are reflected in the government wide 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.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

NET POSITION

Net position is comprised of the various net earnings from operations, nonoperating revenues, expenses and contributions of capital, and is classified in the following hierarchy based on the extent to which a government is bound to observe constraints imposed on the use of resources reported in government funds:

Restricted – consists of external constraints placed on net position use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The balance in the Student Body Fund's bank account is restricted for the purposes of revenues raised by student activities.

Invested in capital assets – consists of net position that are invested in buildings, equipment and other capital assets.

Unrestricted Net Position – consists of all other net position that are not included in the other categories previously mentioned.

When both restricted and unrestricted net position is available for use, restricted net position is utilized first.

FAIR VALUE INPUTS AND HIERARCHY

Fair value is defined as the price that would be received to sell an asset or 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 and market participants would use in pricing the assets. The classification for 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 or 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

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.

C. CAPITAL ASSETS

Capital assets, which include equipment, Buildings, Land & Leasehold Improvements, are reported in the government wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than $5,000 and a useful life extending beyond a single reporting period. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Depreciation is recorded on capital assets on the straight line method over the useful life of the asset, which range from five to thirty years.

D. SUPPLY INVENTORY

Detailed supply inventory records are not maintained. Inventories are not considered to be material by management.

E. RETIREMENT PLANS

Substantially all of the School'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. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

F. ESTIMATES

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

G. FUND EQUITY

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

G. FUND EQUITY (CONTINUED)

- 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). The Student Body fund balance is restricted.
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

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. As of the date of the audit report, the School has not adopted a resolution to establish GASB 54.

H. DEFERRED OUTFLOWS/INFLOW OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School has one type of item, which arises only under the accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, pension related deferrals, is reported only in the statement of net position. This amount is equal to the difference between changes in actuarial assumptions, actuarially projected investment earnings, and actual investment earnings, less contributions that the School paid to PERS during the year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School has one type of item, which arises only under the accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, pension related deferrals, is reported only in the statement of net position. This amount is equal to changes in the actuarially determined proportionate share and differences between employer contributions and employer’s proportionate share of system contributions.

2. CASH AND INVESTMENTS

Cash consisted of:	Petty Cash	$	200
	Demand Deposits, Non-Interest Bearing - Checking		192,801
	Demand Deposits, Interest Bearing - Money Market		925,003
		$	1,118,004

DEPOSITS

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require depository institutions to maintain on deposit, with the collateral pool manager, securities having a value not less than 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. As of June 30, 2021, the total bank balance per the bank statements was $1,130,093. $250,000 was covered by federal depository insurance. The remainder is collateralized the Oregon Public Funds Collateralization Program.

INVESTMENTS

Statues authorize investing in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Fitch Ratings and Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record (A-2/P-2 if Oregon commercial paper) and the state treasurer's investment pool. There were no investments in any of the above investments at June 30, 2021.

INTEREST RATE RISK

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

CREDIT RISK

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE.

3. CAPITAL ASSETS

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

	June 30, 2020	Adjustments	Additions	Deletions	June 30, 2021
Building and Improvements	294,725	(64,809)	104,501	-	334,417
Furniture and Equipment	211,920	64,809	108,285	-	385,014
Total	506,645	-	212,786	-	719,431
Accumulated Depreciation					
Building and Improvements	(160,000)	49,524	(15,599)	-	(126,075)
Furniture and Equipment	(116,397)	(49,524)	(29,836)	-	(195,757)
	(276,397)	-	(45,435)	-	(321,832)
Net Capital Assets	230,248				397,599

On the Statement of Activities, Depreciation was allocated to the functions as follows:

Instruction	$	24,081
Support Services		20,445
Facilities Acquisition and Construction		909
Total	$	45,435

4. 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 Annual Comprehensive 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.

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

ii. **Death Benefits**. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following contributions are met:
   - member was employed by PERS employer at the time of death,
   - member died within 120 days after termination of PERS covered employment,
   - member died as a result of injury sustained while employed in a PERS-covered job, or
   - member was on an official leave of absence from a PERS-covered job at the time of death.

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

iv. **Benefit Changes After Retirement**. Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

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

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

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

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

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

ii. **Death Benefits**. Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.

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

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2018 actuarial valuation, which became effective July 1, 2020. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2021 were $330,294, excluding amounts to fund employer specific liabilities. In addition approximately $71,402 in employee contributions were paid or picked up by the School in fiscal 2021. At June 30, 2021, the School reported a net pension liability of $2,090,511 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 School's proportion of the net pension liability was based on a projection of the School'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 date of June 30, 2020 and 2019, the School's proportion was .01 percent and .01 percent, respectively. Pension expense for the year ended June 30, 2021 was $185,564.

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

(1) Tier 1/Tier 2 –32.03%
(2) OPSRP general services – 26.58%

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 92,008	$ -
Changes in assumptions	112,191	3,931
Net difference between projected and actual earnings on pension plan investments	245,817	-
Net changes in proportionate share	79,178	72,654
Differences between School contributions and proportionate share of contributions	116,395	-
Subtotal - Amortized Deferrals (below)	645,589	76,585
School contributions subsequent to measuring date	330,294	-
Deferred outflow (inflow) of resources	$ 975,883	$ 76,585

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, 2021.

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

Year ending June 30,	Amount
2021	$ 110,948
2022	163,935
2023	162,687
2024	119,975
2025	11,460
Thereafter	-
Total	$ 569,005

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 ACFR 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.

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Actuarial Methods and Assumptions:

Valuation date	December 31, 2018
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with *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 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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

Assumed Asset Allocation:

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

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

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

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

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

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
School's proportionate share of the net pension liability	$ 3,104,236	$ 2,090,511	$ 1,240,455

Changes Subsequent to the Measurement Date

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

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

Deferred Compensation Plan

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

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:
Employees of the School 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.

4. DEFINED BENEFIT PENSION PLAN (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 School pay six (6) percent of their covered payroll. The School made the contributions of $71,250 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

5. OTHER POST EMPLOYMENT BENEFIT - RHIA

Retirement Health Insurance Account

As a member of Oregon Public Employees Retirement System (OPERS) the School 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.

5. OTHER POST EMPLOYMENT BENEFIT - RHIA (CONTINUED)

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 schools are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the School currently contributes 0.53% of annual covered OPERF payroll and 0.45% 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 School's contributions to RHIA for the years ended June 30, 2019, 2020 and 2021 were $3,584, $3,606 and $99, respectively, which equaled the required contributions each year.

At June 30, 2021, the School reported a net OPEB liability/(asset) of $30,104 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 School'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 date of June 30, 2020 and 2019, the School's proportion was .007 percent and .014 percent, respectively. OPEB expense (revenue) for the year ended June 30, 2021 was (8,760).

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	$ (4,842)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	(3,918)
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
Employer's Total OPEB Expense/(Income)	$ (8,760)

5. OTHER POST EMPLOYMENT BENEFIT - RHIA (CONTINUED)

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ -	$ 3,077
Changes in assumptions	-	1,600
Net difference between projected and actual earnings on pension plan investments	3,348	-
Net changes in proportionate share	40	7,645
Differences between School contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	3,388	12,322
School contributions subsequent to measuring date	99	-
Deferred outflow (inflow) of resources	$ 3,487	$ 12,322

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.

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

Year ending June 30,	Amount
2022	$ (6,987)
2023	(4,242)
2024	1,238
2025	1,056
2026	-
Thereafter	-
Total	$ (8,935)

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

5. OTHER POST EMPLOYMENT BENEFIT - RHIA (CONTINUED)

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2018
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Retiree healthcare participation	Healthy retirees: 32%; Disabled retirees: 20%
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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

Discount Rate:

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

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

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

Sensitivity of the School's proportionate share of the net OPEB liability/(asset) to changes in the discount rate – The following presents the School's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.20 percent, as well as what the School'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.

5. OTHER POST EMPLOYMENT BENEFIT - RHIA (CONTINUED)

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
School's proportionate share of the net OPEB liability (asset)	$ (24,304)	$ (30,104)	$ (35,063)

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.

6. INTERFUND RECEIVABLES/PAYABLES

The School uses interfund receivable/payables as a pooling of cash. Amounts are comprised of the following:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 28,182	$ -
Grants Fund	-	28,182
Total	$ 28,182	$ 28,182

7. RISK MANAGEMENT

Eddyville Charter School 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. Commercial insurance is purchased to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage.

8. COMMITMENTS AND CONTINGENCIES

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

The School operates under authority of the Lincoln County School District who grants a charter to the School and exercises oversight as required by Oregon Law. The effect of the non-renewal of the charter has not been determined.

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

9. OPERATING LEASE

The School leases its building from the Lincoln Count School District under a cancelable operating lease that expires June 30, 2021. The agreement requires the School to insure improvements to the property. The annual lease expense is $1.

10. CAPITAL LEASE

The School entered into a lease agreement in 2020 to lease a scoreboard for a total cost of $70,069 payable over 5 years. The full amount of the lease is capitalized as equipment and depreciated over its useful life . At June 30, 2021, the accumulated depreciation of the asset is $9,343. At the end of the lease term, the School has the option to purchase the equipment for $1. Future minimum lease payments are as follows:

Year Ending June 30	
2022	$ 14,014
2023	14,014
2024	14,014
2025	14,014
Total	$ 56,056

11. TAX STATUS

The School is qualified pursuant to Section 501(c)(3) of the Internal Revenue Code, and, accordingly, the School's net investment income is exempt from income taxes. The School has obtained a favorable Determination letter from the Internal Revenue Service and the Board of Directors believe that the School continues to qualify and to operate in accordance with applicable provisions of the Internal Revenue Code.

U.S. Generally Accepted Accounting Principles require School management to evaluate tax positions taken by the School and recognize a tax liability (or asset) if the School has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The School is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

12. DEFICIT FUND BALANCE

The Grants Fund reported an ending deficit fund balance of $14,994 on page 6 of the financial statements. This was due to expenditures exceeding revenues for the year ended June 30, 2021. The School plans to eliminate the negative balance through future budgeted transfers.

EDDYVILLE CHARTER SCHOOL
LINCOLN COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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) School'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	0.0096 %	$ 2,090,511	$ 1,337,230	156.3 %	75.8 %
2020	0.0090	1,548,530	870,838	177.8	80.2
2019	0.0089	1,344,682	779,500	172.5	82.1
2018	0.0095	1,280,396	770,925	166.1	83.1
2017	0.0113	1,701,911	658,755	258.4	80.5
2016	0.0135	774,544	628,933	123.2	91.9
2015	0.0116	(262,574)	697,036	(41.7)	103.6
2014	0.0116	591,142	632,650	84.8	92.0

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

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

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2021	$ 330,294	$ 330,294	$ -	$ 1,171,277	28.2 %
2020	341,538	341,538	-	1,337,230	25.5
2019	195,982	195,982	-	870,838	22.5
2018	181,958	181,958	-	779,500	23.3
2017	157,455	157,455	-	770,925	20.4
2016	126,738	126,738	-	658,755	19.2
2015	128,116	128,116	-	628,933	20.4
2014	145,719	145,719	-	697,036	20.9

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

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

SCHEDULE OF THE PROPORTIONATE SHARE OF OTHER POST EMPLOYMENT BENEFIT ASSET: RETIREE HEALTH INSURANCE ACCOUNT

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) School'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	0.0073 %	$ 30,104	$ 1,337,230	2.3 %	150.1 %

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

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

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2021	$ 99	$ 99	$ -	$ 1,171,277	0.0 %

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

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

EDDYVILLE CHARTER SCHOOL
LINCOLN COUNTY, OREGON

Independent Auditors' Report Required by Oregon State Regulations

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(503) 620-2632 ♦ (503) 684-7523 FAX
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October 1, 2021

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Eddyville Charter School as of and for the year ended June 30, 2021, and have issued our report thereon dated October 1, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

- **Insurance and fidelity bonds in force or required by law.**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Programs funded from outside sources.**

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

OAR 162-10-0230 Internal Control

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

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

Kenny Allen, CPA
Municipal Auditor
PAULY, ROGERS AND CO., P.C.