

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

Financial Statements,
Supplementary Information,
and Other Schedules

Year Ended June 30, 2022

04/29/23
Preliminary Draft
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CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

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Multnomah County, Oregon

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**Independent Auditor's Report on Compliance and Internal Control Over
Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance with Oregon State Regulations**

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CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

OFFICIALS OF THE DISTRICT

JUNE 30, 2022

BOARD OF DIRECTORS

| | |
|---------------------|---------------|
| MICHELLE VO - CHAIR | June 30, 2025 |
| REBECCA BRATTON | June 30, 2023 |
| BOB BUTTKE | June 30, 2025 |
| DAVID GRANBERG | June 30, 2025 |
| KATEY KINNEAR | June 30, 2023 |
| TODD MICKALSON | June 30, 2025 |
| TODD REDFERN | June 30, 2023 |

All board members receive mail at the address below.

ADMINISTRATION

Dr. Derek Fialkiewicz, Superintendent

35800 E Historic Columbia River Hwy
Corbett, OR 97019

INDEPENDENT AUDITOR'S REPORT

04/29/23
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INDEPENDENT AUDITOR'S REPORT

PLACEHOLDER

**NEED TO REPLACE WITH
AUDITOR'S REPORT**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

As management of Corbett School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. The analysis focuses on significant financial issues, major financial activities, and resulting changes in financial position, budget variances and specific issues related to funds and the economic factors affecting the District. Please read it in conjunction with the District's financial statements, which follow this discussion and analysis.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the liabilities and deferred inflows of the District exceeded its assets and deferred outflows at June 30, 2022 by \$2.69 million. Of the total amount, \$6.74 million is invested in capital assets net of related debt, \$978 thousand is restricted for student activities, federal and state grants, food service, energy projects, debt service and other post-employment benefits, and the remainder is an unrestricted net deficit of \$10.4 million.
- The District's ending net position increased by \$572 thousand.
- The District's governmental funds show a combined ending fund balance of \$4.88 million, a decrease of \$390 thousand from prior year. Approximately 84.9% of the total amount, \$4.14 million, is restricted for food service, student activities, energy projects, capital projects, and debt service and 14.5%, \$709 thousand, is assigned for appropriations related to next year's budget. The remaining amount is non-spendable.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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 in a way that helps answer this question and presents a longer-term view of the District's finances. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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 deferred outflows of resources and liabilities and deferred inflows of resources, 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.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

YEAR ENDED JUNE 30, 2022

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

In both statements, the District's activities are shown in one category as governmental activities. The governmental activities of the District include services related to K-12 education. These activities are primarily supported through property taxes, the Oregon's State School Fund, and other intergovernmental revenues.

FUND FINANCIAL STATEMENTS

Fund financial statements tell how the District financed services in the short-term as well as what remains for future spending. They also may give the reader some insights into the District's overall financial health. Fund financial statements 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.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds for the District are categorized as governmental funds.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

YEAR ENDED JUNE 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by \$2.69 million at the close of the most recent fiscal year.

| | Net Position At June 30, 2022 and 2021 | | | |
|----------------------------------|---|-----------------------|------------------------|-------------------|
| | Governmental Activities | | Increase (Decrease) | Percent Change |
| | June 30, 2022 | June 30, 2021 | | |
| Assets | | | | |
| Current and other assets | \$ 6,952,856 | \$ 7,477,785 | \$ (524,929) | -7.0% |
| Capital assets | 9,005,116 | 8,715,633 | 289,483 | 3.3% |
| Total assets | <u>15,957,972</u> | <u>16,193,418</u> | <u>(235,446)</u> | -1.5% |
| Deferred outflows of resources | <u>5,383,372</u> | <u>5,513,225</u> | <u>(129,853)</u> | -2.4% |
| Liabilities | | | | |
| Current liabilities | 2,326,724 | 2,204,863 | 121,861 | 5.5% |
| Long-term liabilities | 14,269,206 | 21,488,790 | (7,219,584) | -33.6% |
| Total liabilities | <u>16,595,930</u> | <u>23,693,653</u> | <u>(7,097,723)</u> | -30.0% |
| Deferred inflows of resources | <u>7,432,482</u> | <u>1,271,677</u> | <u>6,160,805</u> | 484.5% |
| Net position | | | | |
| Net investment in capital assets | 6,744,132 | 5,900,710 | 843,422 | 14.3% |
| Restricted | 977,613 | 774,090 | 203,523 | 26.3% |
| Unrestricted | <u>(10,408,813)</u> | <u>(9,933,487)</u> | <u>(475,326)</u> | -4.8% |
| Total net position | <u>\$ (2,687,068)</u> | <u>\$ (3,258,687)</u> | <u>\$ 571,619</u> | 17.5% |

A significant portion of the District's net position reflects its net investment in capital assets (e.g., buildings, vehicles, and equipment.) The District uses capital assets to provide services to students and other District residents, consequently, these assets are not available for future spending. The next category of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining deficit of \$10.4 million is unrestricted.

The changes in long-term liabilities, deferred outflows of resources, and deferred inflows of resources are attributable to changes in the Oregon Public Employees Retirement System (PERS) and Other Post-Employment Benefit (OPEB) liabilities.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

YEAR ENDED JUNE 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental activities increased the District's net position by \$572 thousand in the current the fiscal year.

| | Changes in Net Position | | | |
|---|--|----------------------|------------------------|-------------------|
| | For the Years Ended June 30, 2022 and 2021 | | | |
| | Governmental Activities | | Increase (Decrease) | Percent Change |
| June 30, 2022 | June 30, 2021 | | | |
| Revenues | | | | |
| Program revenues | | | | |
| Charges for services | \$ 255,424 | \$ 71,424 | \$ 184,000 | 257.6% |
| Operating grants and contributions | 2,440,995 | 1,724,582 | 716,413 | 41.5% |
| Capital grants and contributions | 659,248 | - | 659,248 | 100.0% |
| General revenues | | | | |
| Property taxes | 2,346,201 | 1,927,901 | 418,300 | 21.7% |
| State School Fund | 9,761,703 | 9,933,199 | (171,496) | -1.7% |
| Common School Fund | 66,685 | 138,487 | (71,802) | -51.8% |
| Unrestricted intermediate and local sources | 403,769 | 314,366 | 89,403 | 28.4% |
| Earnings on investments | 29,086 | 41,295 | (12,209) | -29.6% |
| Total revenues | <u>15,963,111</u> | <u>14,151,254</u> | <u>1,811,857</u> | <u>12.8%</u> |
| Expenses | | | | |
| Instruction | 9,669,221 | 10,205,268 | (536,047) | -5.3% |
| Support services | 5,113,727 | 5,516,272 | (402,545) | -7.3% |
| Enterprise and community services | 457,029 | 293,791 | 163,238 | 55.6% |
| Facilities acquisition and construction | 5,880 | - | 5,880 | 100.0% |
| Interest on long-term debt | 145,635 | 146,960 | (1,325) | -0.9% |
| Total expenses | <u>15,391,492</u> | <u>16,162,291</u> | <u>(770,799)</u> | <u>-4.8%</u> |
| Change in net position | <u>571,619</u> | <u>(2,011,037)</u> | <u>2,582,656</u> | <u>128.4%</u> |
| Net position - Beginning | <u>(3,258,687)</u> | <u>(1,247,650)</u> | <u>(2,011,037)</u> | |
| Net position - Ending | <u>\$(2,687,068)</u> | <u>\$(3,258,687)</u> | <u>\$ 571,619</u> | |

The increase in revenues from charges for services is due to the return to full time on campus instruction and childcare after the conclusion of limitations to services that occurred during COVID.

The increase in operating grants and contributions is due to additional Student Investment Account funding and single-year grants. Capital grants and contributions increased, reflecting OSCIM matching grant proceeds spent on eligible project costs.

Property taxes increased due to taxes levied to pay debt service on the 2021 general obligation bond issued. State School Fund revenues decrease as property tax revenues increase, when the district's resident student attendance decreases, when prior year adjustments are applied, and when changes are made to the funding formula. The Common School Fund revenue decrease is due to recognition of the second installment payment of the revenue being recognized in the year in which it was received.

Instruction and support services expenses decreased and enterprise and community service expense increased, reflecting the end of a shift of resources to additional support for students during implementation of COVID-19 distance-learning requirements during most of the 2020-21 year, and the shift back to in-person learning for 2021-22.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

YEAR ENDED JUNE 30, 2022

FUND FINANCIAL ANALYSIS

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unassigned fund balance measures the District's net resources available for appropriation in the next fiscal year. As of June 30, 2022, total fund balance of the governmental funds was \$4.88 million, of which there was no unassigned fund balance. The restricted amounts are available to use, in accordance with applicable restrictions on the nature of the expenditures.

The General Fund's ending fund balance decreased by \$846 thousand to \$3.66 million during the fiscal year ended June 30, 2022. Of this balance, none is unassigned.

The GO Bond 2021 Fund accounts capital project funded by the general obligation bonds issued in April 2021. The fund received reimbursements for prior year expenditures in the current year. The ending balance of \$999 thousand is restricted for capital projects.

The OSCIM Match Grant Fund is a new fund to record the activities financed by the Oregon School Capital Improvement Matching (OSCIM) Program. The grant award is on a reimbursement basis; there is no fund balance.

BUDGETARY HIGHLIGHTS FOR THE GENERAL FUND

The Adopted Budget was amended once during the fiscal year, adding \$250 thousand authorized general fund expenditure capacity to the adopted amount of \$15.0 million, for a total of \$15.2 million, to authorize facility acquisition and construction expenditures and moved authorized funding from contingency to enterprise & community service.

In fiscal year 2021-22, the District underspent the final general fund budget by more than \$989 thousand.

CAPITAL ASSETS

At June 30, 2022, the District had \$9.01 million invested in broad range of capital assets including land, building, equipment, and vehicles. The changes in capital assets for the current fiscal year are due to the depreciation of capital assets, the purchase of a bus, and work on the Woodard property which began in July 2020 and is not yet complete. Further information about capital assets may be found in Note 4.

DEBT ADMINISTRATION

As of June 30, 2022, the District had \$5.67 million in long-term debt. The district's debt consists of General Obligation Bond (2021), Certificates of Participation (2012B and 2012C), a SELP Loan from the Oregon Department of Energy (2012), five bus financing agreements, and a land purchase contract. Further information about long-term debt may be found in Note 5.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

YEAR ENDED JUNE 30, 2022

ECONOMIC FACTORS

The District derives about 74 percent of its General Fund revenues from the State School Fund via its funding distribution formula. Property taxes account for more than 15 percent.

State School Fund money derives partly from biennial appropriation made by the state legislature, and partly from the aggregate of the local permanent rate property taxes from school districts across the state. The biennial state budget and the legislative appropriation are highly dependent upon state income tax revenue. The outlook for the state economy is a leading indicator for the health of these revenues.

Oregon State Economy - In June of 2022, Oregon's unemployment rate fell to 3.9 percent from April 2020's high of 13.7 percent. 3.9 percent is a slight increase from 3.5 percent in March 2022 that represents the lowest unemployment rate since the COVID-19 pandemic began. (Source: US Bureau of Labor Statistics)

Approximately 18 thousand net jobs were gained over the past year in the state, contributing to a total workforce increase of 0.8 percent from June 2021 to June 2022. The Leisure & Hospitality sector experienced the greatest percentage gains, with 20 thousand jobs gained, representing 11.5 percent of the total year-over-year job increases. (Source: US Bureau of Labor Statistics)

Local Economy - Portland and the surrounding metropolitan area have a widely-diversified economy. Portland's centralized location and excellent transportation facilities have established the area as a major distribution point on the West Coast for wholesale trade and high-tech exports.

Located 30 miles east of Portland, in the scenic Columbia River Gorge, and adjacent to Interstate 84, the District encompasses roughly 134 square miles and serves approximately 1,060 students. The District is recognized as one of the highest-performing school districts in Oregon and enjoys high demand for enrollment from non-resident students who wish to attend. Approximately 45% of the District's enrollment is made up of non-resident students; the District offers limited lottery slots.

2022-23 BUDGET

The Adopted budget for 2022-2023 has total appropriations of \$23.6 million, including \$16.3 million in the general fund, \$450 thousand in the GO Bond 2021 Fund, and \$4.00 million in the OSCIM Match Grant Fund.

The 2022-2023 budget was adopted as the impacts of COVID-19 had been felt upon Oregon schools for more than two years. The necessity to transition as-needed between in-person-instruction to fully remote Comprehensive Distance Learning models on a grade-level basis was anticipated to continue to affect the number and attendance of registered students in the District and increase the need for support services. The Adopted budget anticipated a beginning fund balance of \$5.16 million.

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 the District at:

Business Office, Corbett School District
35800 E. Historic Columbia River Highway
Corbett, Oregon 97019
busmgr@corbett.k12.or.us

BASIC FINANCIAL STATEMENTS

04/29/23
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CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

STATEMENT OF NET POSITION

JUNE 30, 2022

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS: | |
| Current assets: | |
| Cash and investments | \$ 5,165,765 |
| Cash held by county | 7,829 |
| Receivables | 1,070,582 |
| Inventory | 6,387 |
| Prepays | <u>22,901</u> |
| Total current assets | <u>6,273,464</u> |
| Noncurrent assets: | |
| Deposits held by fiscal agent | 573,630 |
| Net other postemployment benefits asset | 105,762 |
| Capital assets: | |
| Not being depreciated | 1,284,316 |
| Being depreciated, net of accumulated depreciation | <u>7,720,800</u> |
| TOTAL ASSETS | <u>15,957,972</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | |
| Deferred outflows related to pensions | 5,248,983 |
| Deferred outflows related to other postemployment benefits | <u>134,389</u> |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>5,383,372</u> |
| LIABILITIES: | |
| Current liabilities: | |
| Outstanding checks in excess of bank balance | 126,469 |
| Payables | 531,878 |
| Accrued payroll | 1,163,724 |
| Accrued interest payable | 10,277 |
| Long-term debt, due within one year | <u>494,376</u> |
| Total current liabilities | <u>2,326,724</u> |
| Noncurrent liabilities: | |
| Long-term debt, due after one year | 5,178,414 |
| Net pension liability | 8,721,126 |
| Total other postemployment benefits liability | <u>369,666</u> |
| TOTAL LIABILITIES | <u>16,595,930</u> |
| DEFERRED INFLOWS OF RESOURCES: | |
| Deferred inflows related to pensions | 7,357,954 |
| Deferred inflows related to other postemployment benefits | <u>74,528</u> |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>7,432,482</u> |
| NET POSITION: | |
| Net investment in capital assets | 6,744,132 |
| Restricted for | |
| Student activities | 123,678 |
| Federal and state programs | 26,912 |
| Food service | 117,028 |
| Energy projects | 25,873 |
| Debt service | 578,360 |
| Other postemployment benefits | 105,762 |
| Unrestricted | <u>(10,408,813)</u> |
| TOTAL NET POSITION | <u>\$ (2,687,068)</u> |

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

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

| FUNCTIONS/PROGRAMS | Expense | Program Revenues | | | Net (Expense) Revenue and Change in Net Position |
|---|----------------------|-------------------------|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Instruction | \$ 9,669,221 | \$ 151,424 | \$ 1,832,197 | \$ - | \$ (7,685,600) |
| Support Services | 5,113,727 | 635 | 123,745 | - | (4,989,347) |
| Enterprise and community services | 457,029 | 103,365 | 440,121 | - | 86,457 |
| Facilities acquisition and construction | 5,880 | - | - | 659,248 | 653,368 |
| Interest on long-term debt | 145,635 | - | 44,932 | - | (100,703) |
| TOTALS | \$ 15,391,492 | \$ 255,424 | \$ 2,440,995 | \$ 659,248 | (12,035,825) |

GENERAL REVENUES

| | |
|---|-----------|
| Property taxes | 2,346,201 |
| State School Fund | 9,761,703 |
| Common School Fund | 66,685 |
| Unrestricted intermediate and local sources | 403,769 |
| Earnings on investments | 29,086 |

TOTAL GENERAL REVENUES

12,607,444

CHANGE IN NET POSITION

571,619

NET POSITION - BEGINNING

(3,258,687)

NET POSITION - ENDING

\$ (2,687,068)

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

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

BALANCE SHEET**GOVERNMENTAL FUNDS****JUNE 30, 2022**

| | General Fund | GO Bond 2021 Fund | OSCIM Match Grant Fund | Non-Major Governmental Funds | Total |
|--|---------------------|----------------------|---------------------------|------------------------------------|---------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 3,946,285 | \$ 998,898 | \$ - | \$ 220,582 | \$ 5,165,765 |
| Cash held by county | 7,009 | - | - | 820 | 7,829 |
| Accounts receivable | 474,962 | - | 465,401 | 77,375 | 1,017,738 |
| Property taxes receivable | 48,583 | - | - | 4,261 | 52,844 |
| Due from other funds | 457,931 | - | - | - | 457,931 |
| Inventory | - | - | - | 6,387 | 6,387 |
| Prepays | 22,901 | - | - | - | 22,901 |
| Deposits held by fiscal agent | 573,630 | - | - | - | 573,630 |
| TOTAL ASSETS | \$ 5,531,301 | \$ 998,898 | \$ 465,401 | \$ 309,425 | \$ 7,305,025 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Outstanding checks in excess of bank balance | \$ 126,469 | \$ - | \$ - | \$ - | \$ 126,469 |
| Accounts payable | 519,591 | - | 7,821 | 4,466 | 531,878 |
| Accrued payroll | 1,163,724 | - | - | - | 1,163,724 |
| Due to other funds | - | - | 457,580 | 351 | 457,931 |
| TOTAL LIABILITIES | 1,809,784 | - | 465,401 | 4,817 | 2,280,002 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | 39,046 | - | - | 3,818 | 42,864 |
| Unavailable revenue - other | 23,488 | - | - | 76,642 | 100,130 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 62,534 | - | - | 80,460 | 142,994 |
| Nonspendable: | | | | | |
| Inventory | - | - | - | 6,387 | 6,387 |
| Prepays | 22,901 | - | - | - | 22,901 |
| Restricted: | | | | | |
| Food service | - | - | - | 58,896 | 58,896 |
| Federal programs | - | - | - | 8,402 | 8,402 |
| Student activities | - | - | - | 123,678 | 123,678 |
| Energy projects | - | - | - | 25,873 | 25,873 |
| Capital projects | 2,353,262 | 998,898 | - | - | 3,352,160 |
| Debt service | 573,630 | - | - | 912 | 574,542 |
| Assigned: | | | | | |
| Subsequent year's budget appropriation of fund balance | 709,190 | - | - | - | 709,190 |
| TOTAL FUND BALANCES | 3,658,983 | 998,898 | - | 224,148 | 4,882,029 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 5,531,301 | \$ 998,898 | \$ 465,401 | \$ 309,425 | \$ 7,305,025 |

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

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

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

JUNE 30, 2022

| | | |
|--|--------------------|------------------------------|
| FUND BALANCES | | \$ 4,882,029 |
| Capital assets are not financial resources and therefore are not reported in the governmental funds: | | |
| Cost, net of retirements | \$ 16,090,879 | |
| Accumulated depreciation, net of retirements | <u>(7,085,763)</u> | |
| | | 9,005,116 |
| Certain assets and deferred outflows are not available to pay for current-period expenditures and, therefore, are not reported in the governmental funds: | | |
| Net OPEB asset | 105,762 | |
| Deferred outflows related to pension | 5,248,983 | |
| Deferred outflows related to OPEB | <u>134,389</u> | |
| | | 5,489,134 |
| Liabilities not payable in the current year and deferred inflows not realized in the current year are not reported as governmental fund liabilities. These liabilities and deferred inflows consist of: | | |
| Accrued interest payable | (10,277) | |
| Long-term debt | (5,672,790) | |
| Net pension liability | (8,721,126) | |
| Total OPEB liability | (369,666) | |
| Deferred inflows related to pension | (7,357,954) | |
| Deferred inflows related to OPEB | <u>(74,528)</u> | |
| | | (22,206,341) |
| A portion of the District's revenues are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds. | | |
| | | <u>142,994</u> |
| TOTAL NET POSITION | | <u>\$ (2,687,068)</u> |

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

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**STATEMENT OF REVENUES, EXPENDITURES,
OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE**

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2022

| | General Fund | GO Bond 2021 Fund | OSCIM Match Grant Fund | Non-Major Governmental Funds | Total |
|--|---------------------|----------------------|---------------------------|------------------------------------|---------------------|
| REVENUES | | | | | |
| Local sources: | | | | | |
| Property taxes | \$ 1,990,568 | \$ - | \$ - | \$ 356,312 | \$ 2,346,880 |
| Charges for services | 130,850 | - | - | 124,574 | 255,424 |
| Earnings on investments | 23,101 | 5,985 | - | - | 29,086 |
| Other | 193,274 | - | - | 28,377 | 221,651 |
| Intermediate sources | 200,128 | - | - | - | 200,128 |
| State sources | 10,521,026 | - | 659,248 | 841,299 | 12,021,573 |
| Federal sources | 83,407 | - | - | 1,012,753 | 1,096,160 |
| TOTAL REVENUES | 13,142,354 | 5,985 | 659,248 | 2,363,315 | 16,170,902 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instruction | 8,751,360 | - | - | 1,036,039 | 9,787,399 |
| Support services | 4,903,754 | - | - | 231,452 | 5,135,206 |
| Enterprise and community services | 118,847 | - | - | 347,750 | 466,597 |
| Facilities acquisition and construction | 5,880 | - | - | - | 5,880 |
| Capital outlay: | | | | | |
| Instruction | - | - | - | 13,577 | 13,577 |
| Support services | 168,418 | - | - | - | 168,418 |
| Facilities acquisition and construction | - | - | 465,401 | - | 465,401 |
| Debt service | 277,502 | - | - | 370,400 | 647,902 |
| TOTAL EXPENDITURES | 14,225,761 | - | 465,401 | 1,999,218 | 16,690,380 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (1,083,407) | 5,985 | 193,847 | 364,097 | (519,478) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Loan proceeds | 129,898 | - | - | - | 129,898 |
| Transfers in | 125,188 | 93,659 | - | 17,197 | 236,044 |
| Transfers out | (17,197) | - | (193,847) | (25,000) | (236,044) |
| TOTAL OTHER FINANCING SOURCES (USES) | 237,889 | 93,659 | (193,847) | (7,803) | 129,898 |
| NET CHANGES IN FUND BALANCE | (845,518) | 99,644 | - | 356,294 | (389,580) |
| FUND BALANCE - BEGINNING | 4,504,501 | 899,254 | - | (132,146) | 5,271,609 |
| FUND BALANCE - ENDING | \$ 3,658,983 | \$ 998,898 | \$ - | \$ 224,148 | \$ 4,882,029 |

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

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2022

| | | |
|--|------------------|--------------------------|
| NET CHANGES IN FUND BALANCE | | \$ (389,580) |
| <p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:</p> | | |
| Cost, net of retirements | \$ 633,945 | |
| Depreciation expense | <u>(344,462)</u> | |
| | | 289,483 |
| <p>Certain inflows and outflows related debt are reported in the governmental funds but are not recognized as revenue or expense in the Statement of Activities</p> | | |
| Principal payments | 489,990 | |
| Net proceeds from long-term debt | <u>(129,898)</u> | |
| | | 360,092 |
| <p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p> | | |
| Changes in accrued interest payable | 12,277 | |
| Changes in net other post employment benefit asset and total other post employment benefit liability and related deferred outflows and inflows, net of contributions | (29,969) | |
| Changes in net pension liability and related deferred outflows and inflows, net of contributions | <u>588,719</u> | |
| | | 571,027 |
| Write off of unrecoverable receivables | | (51,612) |
| <p>Certain revenues that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds.</p> | | |
| Change in unavailable revenue - property taxes | | (679) |
| Change in unavailable revenue - other | | <u>(207,112)</u> |
| CHANGE IN NET POSITION | | <u>\$ 571,619</u> |

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

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Corbett School District No. 39 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the governing body and establishes governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity

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

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. This includes interfund transfers occurring within governmental activities and interfund receivables and payables.

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. 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 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 position use are either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Fund Financial Statements

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

The District reports the following major governmental funds:

General Fund - This fund accounts for the financial operations of the District not accounted for in any other fund. Principal sources of revenue are state sources, property taxes and earnings on investments. Expenditures are made for instruction, support services, facilities acquisition and construction, and debt service.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GO Bond 2021 Fund - This fund accounts for the proceeds and expenditures of the District's General Obligation Bonds, Series 2021, issued for the construction and remodel of school facilities and the refinancing of a full faith and credit borrowing from 2020.

OSCIM Match Grant Fund - This fund accounts for the proceeds and expenditures of the District's Oregon School Capital Improvement Matching (OSCIM) grant, which provides matching grants to districts that pass a local general obligation bond.

In addition, the District maintains the Food Service Fund, Federal Programs Fund, Student Investment Account Fund, Student Activities Fund, Energy Projects Fund, and Debt Service Fund, to record revenues restricted to certain activities and the related expenditures.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as transfers in and out. While reported in fund financial statements, interfund transfers are not included in government-wide financial statements.

Measurement Focus and Basis of Accounting

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

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

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

Use of Estimates

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

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriations and Budgetary Controls

A budget is prepared and legally adopted for all funds on the modified accrual basis of accounting, with certain adjustments, in the main program categories as required by Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles.

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

Expenditure budgets are appropriated at the following levels for each fund: Instruction, Support Services, Enterprise and Community Services, Facilities Acquisition and Construction, Other Uses - Debt Service and Interfund Transfers, and Operating Contingency. Expenditures cannot legally exceed the adopted appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to unforeseen circumstances that could not be determined at the time the budget was adopted. Expenditures for the fiscal year exceeded appropriations for instruction in the General Fund, support services in the Student Investment Account Fund, and transfers out in the OSCIM Match Grant Fund.

Cash and Investments

The District considers investments with maturities of three months or less when purchased to be cash equivalents.

Investments in the State of Oregon Treasurer's Local Government Investment Pool (LGIP) are stated at cost which approximates fair value. Fair value in the LGIP is the same as the value of its pool shares. Other investments with maturities greater than three months at the time of purchase are stated at cost which approximates fair value.

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short Term Fund (OSTF), which was established by the State Treasurer. OSTF is not subject to SEC regulation. OSTF is subject to requirements established in Oregon Revised Statutes, investment policies adopted by the Oregon Investment Council, and portfolio guidelines established by the OSTF Board. The Governor appoints the members of the Oregon Investment Council and the OSTF Board. The OSTF issues a separate independent financial statement which can be obtained at The Office of the State Treasurer, 350 Winter Street NE, Suite 100, Salem, Oregon. The credit quality rating of this pool is unrated.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Supply Inventories

School food and other cafeteria supplies are stated at average invoice cost. Commodities purchased from the United States Department of Agriculture in the Food Service Fund are included in the District's inventories at their acquisition value, which are based on USDA wholesale values. Donated commodities received during the year are reported as revenues. The District accounts for the inventory based on the consumption method. Under the consumption method, inventory is recorded when purchased and expenditures/expenses are recorded when inventory items are used.

Prepaid Items

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

Capital Assets

Capital assets are recorded at original cost or estimated original cost. Donated capital assets are recorded at their acquisition value on the date donated. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Interest incurred during construction is not capitalized. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives: Building and Improvements over 10 to 50 years, and Vehicles and Equipment over 5 to 30 years.

Retirement Plans

Most of the District employees participate in Oregon Public Employees Retirement System (PERS). Contributions are made as required by the plan and are recorded as expense/expenditures. Pension benefits are explained in Note 6.

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 the fiduciary net position of PERS and addition to/deductions from PERS 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 by PERS in accordance with benefit terms. PERS investments are reported at fair value.

Other Post-Employment Benefits (OPEB) Plans

The District is mandated to contribute to Retirement Health Insurance Accounts (RHIA) for eligible District employees who are members of PERS and were plan members before January 1, 2004. The plan was established by the Oregon Legislature.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the District is required by Oregon Revised Statutes (ORS) 243.303 to offer retirees health insurance coverage on a self-pay basis for retirees and eligible dependents until they are Medicare eligible. The plan is actuarially determined, is reflected as a long-term liability in the government-wide financial statements and reflects the present value of expected future payments related to the "implicit subsidy". Related expenditures reflected in the governmental fund financial statements are limited to amounts that become due and payable as of the end of the fiscal year.

Both plans are accounted for under the provisions of GASB Statement No. 75. See Note 7 for additional information regarding the District's OPEB plans.

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 are paid as a result of employee resignation or separation.

Long-Term Debt

In the government-wide financial statements, long-term debts are reported as liabilities in the Statement of Net Position. If applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

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

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for Deferred Outflows of Resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position reports a separate section for Deferred Inflows of Resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Net Position

Net position represents the difference between the District's total assets and deferred outflows and total liabilities and deferred inflows. District net position currently has three components:

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

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Fund Balance

In the governmental financial statements, fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance definitions, from most to least restrictive are:

Non-spendable fund balances – Amounts that are not in spendable form or due to legal or contractual requirements. Examples of resources in this category are prepaid amounts or inventory.

Restricted fund balances – Amounts constrained to specific purposes by their providers (such as grantors or bond holders), through constitutional provisions or by enabling legislation. These are primarily amounts subject to externally enforceable legal restrictions.

Committed fund balances – Amounts constrained to specific purposes by resolution of the District’s Board. The District’s Board can modify or rescind a commitment at any time through passage of a new resolution. In order to commit fund balances the District must take formal action prior to the close of the fiscal year.

Assigned fund balances – Amounts the District intends to use for a specific purpose that are neither restricted nor committed are reported as assigned fund balance. Intent can be expressed by the Board or delegated authority to an official. An example of assignment is when the District’s Board adopts the annual budget which includes funds identified as reserved for a specific purpose.

Unassigned fund balance – Amounts not included in other classifications above. The amount represents spendable fund balance that is not restricted, committed, or assigned in the General Fund. This classification is also used to report any deficit fund balance amounts in other governmental funds.

Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District first applies the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District first applies the expenditure toward restricted fund balance and then to other, less restrictive classifications, committed and then assigned fund balances, before using unassigned fund balances.

Property Taxes

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

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Uncollected real and personal property taxes are reflected on the Statement of Net Position and the Balance Sheet as receivables. Uncollected taxes are deemed to be substantially collectible or recoverable through liens. All property taxes receivable are due from property owners within the District.

Grants

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

2. CASH AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and investments." In addition, cash and investments are separately held by the Student Activity Fund.

At June 30, 2022, the District's cash and investments are comprised of the following:

| | |
|--|---------------------|
| Deposits with financial institutions | \$ 126,884 |
| State of Oregon Treasurer's Local Government Investment Pool (LGIP) | <u>5,038,881</u> |
| | <u>\$ 5,165,765</u> |

Deposits with Financial Institutions

At June 30, 2022, the carrying amount of the District's deposits was \$126,884 and the bank balance was \$133,336. Federal Depository Insurance Corporation (the FDIC) insures up to \$250,000 of the bank balance. As required by Oregon Revised Statutes, any deposits during the year in excess of FDIC insurance were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of State Treasurer. As a result, any deposits of the District in excess of FDIC insurance are considered to be fully collateralized.

Investments

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP).

Interest Rate Risk

While the District has no formal policy regarding interest rate risk, the District follows the ORS governing cash management.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

2. CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

The LGIP is subject to regulatory oversight by the Oregon Secretary of State. The LGIP is stated at cost, which approximates fair value and its share value. The Oregon State Treasurer maintains the Oregon Short-Term Fund, of which the LGIP is a part. It is not registered with the U.S. Securities and Exchange Commission. 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. The Oregon Short-Term Fund currently has no credit rating as assigned by the credit rating agencies.

3. RECEIVABLES

At June 30, 2022, the District's receivables are comprised of the following:

| | |
|------------------------|---------------------|
| State and local grants | \$ 633,159 |
| Federal grants | 101,957 |
| Common School Fund | 66,685 |
| Property taxes | 52,844 |
| Other | 215,937 |
| | <u>\$ 1,070,582</u> |

Grants receivables are comprised of claims for reimbursement of costs under various federal, state, and local grant programs. Amounts are periodically reviewed for collectability. At June 30, 2022, no allowance for doubtful accounts was considered necessary.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

4. CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2022 are as follows:

| | <u>June 30, 2021</u> | <u>Additions</u> | <u>June 30, 2022</u> |
|---|----------------------|-------------------|----------------------|
| Capital assets not being depreciated: | | | |
| Land | \$ 598,785 | \$ - | \$ 598,785 |
| Construction in progress | 220,130 | 465,401 | 685,531 |
| Total capital assets not being depreciated | <u>818,915</u> | <u>465,401</u> | <u>1,284,316</u> |
| Capital assets being depreciated: | | | |
| Buildings and improvements | 12,605,971 | 5,138 | 12,611,109 |
| Equipment | 295,349 | 11,996 | 307,345 |
| Vehicles | 1,736,699 | 151,410 | 1,888,109 |
| Total capital assets being depreciated | <u>14,638,019</u> | <u>168,544</u> | <u>14,806,563</u> |
| Less accumulated depreciation for: | | | |
| Buildings and improvements | (5,737,590) | (258,494) | (5,996,084) |
| Equipment | (231,897) | (10,070) | (241,967) |
| Vehicles | (771,814) | (75,898) | (847,712) |
| Total accumulated depreciation | <u>(6,741,301)</u> | <u>(344,462)</u> | <u>(7,085,763)</u> |
| Total capital assets being depreciated, net | <u>7,896,718</u> | <u>(175,918)</u> | <u>7,720,800</u> |
| Capital assets, net | <u>\$ 8,715,633</u> | <u>\$ 289,483</u> | <u>\$ 9,005,116</u> |

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

| | |
|-------------------|-------------------|
| Instruction | \$ 257,855 |
| Support Services | 85,887 |
| Community Service | 720 |
| | <u>\$ 344,462</u> |

5. LONG-TERM DEBT

Bonds Payable

On February 7, 2012, the District entered into a financing agreement as part of the Oregon School Board Association's FlexFund Program to accept \$1,000,000 of Qualified School Construction Bonds (QSCB) proceeds from the Bank of New York Mellon Trust Company, NA. The proceeds were to remodel the Springdale School. While the agreement has an interest rate of 4.625%, the QSCBs allow the District to be eligible to receive subsidy payments to offset the related interest payments. In addition to interest payments, payable semi-annually on December 30 and June 30, the agreement requires the District to deposit amounts into a trust account every June 30 to make the principal payment at June 30, 2030 maturity. The deposits, held at the Bank of New York Mellon Trust Company, NA, had a fair value of \$573,630 at June 30, 2022 and are restricted to retire the debt.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

5. LONG-TERM DEBT (Continued)

On October 30, 2012, the District entered into a financing agreement as part of the Oregon School Board Association's FlexFund Program to accept \$650,000 of bond proceeds from the Bank of New York Mellon Trust Company, NA at interest rates between 0.50% and 4.00%. The proceeds were to remodel the Springdale School.

On April 15, 2021, the District entered into a financing agreement with BciCapital, Inc. to issue a direct placement general obligation bond for \$4,000,000 with an interest rate of 1.68%. The proceeds are to be used to construct, renovate, improve, furnish, and equip the District's facilities and site improvements and refinance other long-term debt.

Loans and Contracts Payable

On November 4, 2011, the District entered into a loan agreement with the State of Oregon Department of Energy through their Small Scale Local Energy Loan Program (SELP) for \$583,136 with an interest rate of 3.50%. The proceeds from the loan are to make energy efficient updates through-out the District.

In September 2017, the District entered into an agreement with De Lage Landen Public Financing to finance the purchase of one 2018 Blue Bird School Bus,, which serves as collateral for the debt, in the amount of \$109,937 with an interest rate of 2.87%.

In October 2018, the District entered into an agreement with Santander Bank to finance the purchase of one 2018 Chevy School Bus, which serves as collateral for the debt, in the amount of \$74,693 with an interest rate of 3.95%.

In March 2019, the District entered into an agreement with Santander Bank to finance the purchase of one 2019 Bluebird Bus, which serves as collateral for the debt, in the amount of \$111,354 with an interest rate of 3.75%.

On November 21, 2019, the District entered into a contract to purchase land with Jefferey and Cynthia Mershon in the amount of \$100,000 with an interest rate of 1.28%.

In March 2020, the District entered into an agreement with Santander Bank to finance the purchase of one 2021 Bluebird Bus, which serves as collateral for the debt, in the amount of \$111,694 with an interest rate of 2.68%.

In December 2020, the District entered into an agreement with Santander Bank to finance the purchase of one 2022 Bluebird Bus, which serves as collateral for the debt, in the amount of \$128,290 with an interest rate of 2.44%.

In December 2021, the District entered into an agreement with Santander Bank to finance the purchase of one 2023 Bluebird Bus, which serves as collateral for the debt, in the amount of \$129,898 with an interest rate of 2.58%.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

5. LONG-TERM DEBT (Continued)

The changes in long-term debt for the year ended June 30, 2022 are as follows:

| | June 30, 2021 | Additions | Reductions | June 30, 2022 |
|-------------------------------|---------------------|-------------------|----------------------|---------------------|
| Bonds payable | | | | |
| 2012B OSBA FlexFund (QSCB) | \$ 1,000,000 | \$ - | \$ - | \$ 1,000,000 |
| 2012C OSBA FlexFund | 395,000 | - | (30,000) | 365,000 |
| 2021 GO Bond | 4,000,000 | - | (292,000) | 3,708,000 |
| | <u>5,395,000</u> | <u>-</u> | <u>(322,000)</u> | <u>5,073,000</u> |
| Loans and contracts payable | | | | |
| 2011 SELP Loan | 259,378 | - | (41,697) | 217,681 |
| 2017 De Lage Landen Financing | 22,656 | - | (22,656) | - |
| 2018 Santander Financing | 30,421 | - | (14,918) | 15,503 |
| 2019 Santander Financing | 80,255 | - | (14,891) | 65,364 |
| 2019 Mershon Land Contract | 75,475 | - | (24,839) | 50,636 |
| 2020 Santander Financing 1 | 79,907 | - | (15,147) | 64,760 |
| 2020 Santander Financing 2 | 89,790 | - | (14,078) | 75,712 |
| 2022 Santander Financing | - | 129,898 | (19,764) | 110,134 |
| | <u>637,882</u> | <u>129,898</u> | <u>(167,990)</u> | <u>599,790</u> |
| | <u>\$ 6,032,882</u> | <u>\$ 129,898</u> | <u>\$ (489,990)</u> | <u>5,672,790</u> |
| | | | Less current portion | <u>(494,376)</u> |
| | | | | <u>\$ 5,178,414</u> |

The General Fund is typically used to liquidate long-term debt, except for the District's general obligation bond which is liquidated from the Debt Service Fund. Future maturities of principal and interest for long-term debt and required sinking fund deposits are as follows:

| Year Ending June 30, | Bonds Payable | | | Loans and Contracts Payable | | Totals | | |
|-------------------------|---------------------|-------------------|-------------------------|-----------------------------|------------------|---------------------|-------------------|-------------------------|
| | Principal | Interest | Sinking Fund Deposit | Principal | Interest | Principal | Interest | Sinking Fund Deposit |
| 2023 | \$ 348,000 | \$ 122,144 | \$ 55,556 | \$ 146,376 | \$ 17,069 | \$ 494,376 | \$ 139,213 | \$ 55,556 |
| 2024 | 385,000 | 115,752 | 55,556 | 134,505 | 12,824 | 519,505 | 128,576 | 55,556 |
| 2025 | 408,000 | 108,738 | 55,556 | 112,470 | 9,054 | 520,470 | 117,792 | 55,556 |
| 2026 | 427,000 | 101,247 | 55,556 | 116,015 | 5,511 | 543,015 | 106,758 | 55,556 |
| 2027 | 447,000 | 93,436 | 55,556 | 70,884 | 1,902 | 517,884 | 95,338 | 55,556 |
| 2028-2032 | 3,058,000 | 243,258 | 166,668 | 19,540 | 509 | 3,077,540 | 243,767 | 166,668 |
| Totals | <u>\$ 5,073,000</u> | <u>\$ 784,575</u> | <u>\$ 444,448</u> | <u>\$ 599,790</u> | <u>\$ 46,869</u> | <u>\$ 5,672,790</u> | <u>\$ 831,444</u> | <u>\$ 444,448</u> |

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

6. RETIREMENT PLANS

PERS Defined Benefit Pension Plan

Plan Description

The District is a participating employer in the State of Oregon Public Employees Retirement System (PERS). All District employees are eligible to participate in the system after completing six months of service. All the benefits of PERS are established by the Oregon legislature pursuant to ORS Chapters 238 and 238A. Plans pursuant to ORS Chapter 238 are closed to new members hired on or after August 29, 2003. PERS issues a publicly available financial report that can be obtained at:

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

Plan Benefits

Benefits provided under Chapter 238 - Tier One/Tier Two

Pension Benefits. The PERS retirement allowance is payable monthly for life. Members may select from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for General Service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to \$195,000 in 2020 and will be indexed with inflation in later years.

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

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

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

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

6. RETIREMENT PLANS (Continued)

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

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). For benefits earned before October 2013, the COLA varies based on the Consumer Price Index but is capped at 2.0 percent. For benefits earned after October 2013, the COLA will vary based on 1.25 percent of the first \$60,000 of earned benefit and 0.15 percent of earned benefit greater than \$60,000.

Benefits provided under Chapter 238A - OPSRP Pension Program

Pension Benefits. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are 1.5 percent multiplied by the number of years of service and the final average salary for General Service members who attain normal retirement age. Normal retirement age for General Service members is age 65, or age 58 with 30 years of retirement credit.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to \$195,000 in 2020, and will be indexed with inflation in later years.

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.

Death Benefits. Upon the death of a nonretired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50% of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person 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.

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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

6. RETIREMENT PLANS (Continued)

Contributions

PERS' funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary. Employers make monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the year were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on reemployed PERS retirees' salary as if they were an active member, excluding IAP (6%) contributions.

The District's employer contribution rates effective July 1, 2021 through June 30, 2023 are 26.78% of covered payroll for Tier 1/Tier 2 members and 23.72% of covered payroll for OPSRP members. For the year ended June 30, 2022, employer contributions were \$1,730,997.

Payables to PERS

At June 30, 2022, the District reported payables to PERS of \$287,794, for required employee and employer contributions which had been withheld from employee wages but not yet remitted to PERS.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the District reported a liability of \$8,721,126 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 and rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on the District's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers. At the June 30, 2021 measurement date, the District's proportion was 0.07287963%.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

6. RETIREMENT PLANS (Continued)

For the year ended June 30, 2022, the District recognized a pension expense of \$1,179,580 for the PERS Defined Benefit Pension Plan. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|--|--|---|
| Differences between expected and actual experience | \$ 816,354 | \$ - |
| Changes in Assumptions | 2,183,160 | 22,952 |
| Net difference between projected and actual earnings on investments | - | 6,456,182 |
| Changes in proportionate share | 205,773 | 878,820 |
| Differences between District contributions and proportionate share of contributions | <u>312,699</u> | <u>-</u> |
| Total prior to post-measurement date contributions | 3,517,986 | 7,357,954 |
| Contributions subsequent to the measurement date | <u>1,730,997</u> | <u>-</u> |
| Total deferred outflows / inflows of resources | <u>\$ 5,248,983</u> | <u>\$ 7,357,954</u> |

The \$1,730,997 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended June 30,</u> | <u>Net Deferred Outflow/ (Inflows) of Resources</u> |
|--------------------------------|---|
| 2023 | \$ (739,448) |
| 2024 | (787,965) |
| 2025 | (1,020,679) |
| 2026 | (1,525,213) |
| 2027 | <u>233,337</u> |
| | <u>\$ (3,839,968)</u> |

Actuarial Methods and Assumptions

Actuarial Valuations

The employer contribution rates effective July 1, 2021, through June 30, 2023, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from their date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

6. RETIREMENT PLANS (Continued)

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

| | |
|-----------------------------------|---|
| Valuation date | December 31, 2019 |
| Measurement date | June 30, 2021 |
| Experience study | 2018, published July 24, 2019 |
| Actuarial cost method | Entry age normal |
| Actuarial assumptions: | |
| Inflation rate | 2.40% (2.50% in prior year) |
| Investment rate of return | 6.90% (7.20% in prior year) |
| Discount rate | 6.90% (7.20% in prior year) |
| Projected salary increases | 3.40% (3.50% in prior year) |
| Cost of living adjustments (COLA) | Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service. |
| Mortality | 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 member: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and setbacks 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 setbacks as described in the valuation. |

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

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

6. RETIREMENT PLANS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.90% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members, and those of the contributing employers, are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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 6.90%, 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 1-percentage point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

| Discount Rate: | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|-----------------------|--------------------|------------------------------|--------------------|
| Net Pension Liability | \$ 17,126,206 | \$ 8,721,126 | \$ 1,689,125 |

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below.

| <u>Asset Class</u> | <u>Target Allocation *</u> | <u>Annual Arithmetic Return **</u> | <u>Compound Annual Return (Geometric)</u> | <u>Annual Standard Deviation</u> |
|-------------------------------------|----------------------------|------------------------------------|---|----------------------------------|
| Global Equity | 30.62 % | 7.11 % | 5.85 % | 17.05 % |
| Private Equity | 25.50 | 11.35 | 7.71 | 30.00 |
| Core Fixed Income | 23.75 | 2.80 | 2.73 | 3.85 |
| Real Estate | 12.25 | 6.29 | 5.66 | 12.00 |
| Master Limited Partnerships | 0.75 | 7.65 | 5.71 | 21.30 |
| Infrastructure | 1.50 | 7.24 | 6.26 | 15.00 |
| Commodities | 0.63 | 4.68 | 3.10 | 18.85 |
| Hedge Fund of Funds - Multistrategy | 1.25 | 5.42 | 5.11 | 8.45 |
| Hedge Fund Equity - Hedge | 0.63 | 5.85 | 5.31 | 11.05 |
| Hedge Fund - Macro | 5.62 | 5.33 | 5.06 | 7.90 |
| US Cash | -2.50 *** | 1.77 | 1.76 | 1.20 |
| Assumed Inflation - Mean | | | 2.40 % | 1.65 % |

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on June 2, 2021.

** The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the PERS Board uses in setting the discount rate.

*** Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

6. RETIREMENT PLANS (Continued)

Depletion Date Projection

GASB Statement No. 68 and Statement No. 75 generally require that a blended discount rate be used to measure total pension liability and total OPEB liability (the actuarial accrued liabilities are calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GAAP will often require that the actuary perform complex projections of future benefit payments and pension plan investments.

GAAP does allow for alternative evaluations of projected solvency if such evaluations can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgement. The following circumstances justify an alternative evaluation of sufficiency for the plan:

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

Based on these circumstances, it is PERS' independent actuary's opinion that the detailed depletion date projections outlined by GASB would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

6. RETIREMENT PLANS (Continued)

PERS Defined Contribution Pension Plan

Pension Benefits

Participants in PERS defined benefit pension plans also participate in their defined contribution plan, the Individual Account Program (IAP). The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. The accounts fall under Internal Revenue Code Section 401(a).

Upon retirement, a member of OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Installment amounts vary with market returns as the account remains invested while in distribution. When chosen, the distribution options must result in a \$200 distribution amount, or frequency of the installments will be adjusted to reach that minimum.

Death Benefits

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

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

Employees that are PERS members are required to make contributions of 6% of covered payroll. The District has chosen to pay the employees' contributions to the plan for certain employees. When the PERS system is less than 90% funded, 2.5% for Tier 1/Tier 2 and 0.75% for OPSRP is redirected into an Employee Pension Stability Account (EPSA) for employees with salaries over the statutory salary threshold (\$3,333 monthly as of January 1, 2022). Employees may elect to contribute the redirected amount on an after-tax basis to the IAP. For the year ended June 30, 2022, the District paid \$405,471 to the plan, with \$58,245 redirected to the EPSA.

Tax Sheltered Annuity

The District offers its employees a tax-sheltered annuity program established pursuant to Section 403(b) of the Internal Revenue Code. Contributions are made through salary reductions from participating employees up to the amounts specified in the Code. No contributions are required from the District. As of June 30, 2022, 14 employees were participating in the plan.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS

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

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

| | <u>Implicit Rate Subsidy Plan</u> | <u>PERS RHIA Plan</u> | <u>Totals</u> |
|-------------------------------|---------------------------------------|---------------------------|---------------|
| Net OPEB Asset | \$ - | \$ 105,762 | \$ 105,762 |
| Deferred Outflow of Resources | 109,236 | 25,153 | 134,389 |
| Total OPEB Liability | 369,666 | - | 369,666 |
| Deferred Inflow of Resources | 44,871 | 29,657 | 74,528 |
| OPEB Expense (Benefit) | 52,725 | (1,557) | 51,168 |

Implicit Rate Subsidy Plan

Plan Description and Benefits

Per ORS 243.303, the District provides health insurance coverage on a self-pay basis for retirees and eligible dependents until they are Medicare eligible. Healthcare premiums rates must be based on all plan members, both active employees and retirees. The medical premium rates charged for coverage are typically less than actual expected retiree claim costs due to medical premium rates being determined by blending both active employee and retiree. This difference constitutes an implicit subsidy for OPEB. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements.

As of the valuation date of July 1, 2021, the following employees were covered by the benefit terms:

| | |
|-----------------------|------------|
| Active participants | 115 |
| Inactive participants | 4 |
| Total participants | <u>119</u> |

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

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

At June 30, 2022, the District reported total OPEB liability of \$369,666. The total OPEB liability was measured as of June 30, 2022 and determined by an actuarial valuation as of July 1, 2021. For the year ended June 30, 2022, the District recognized an OPEB expense of \$52,725. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|--|--|---|
| Differences between expected and actual experience | \$ 67,263 | \$ - |
| Changes in assumptions | 41,973 | 44,871 |
| Total deferred outflows / inflows of resources | <u>\$ 109,236</u> | <u>\$ 44,871</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

| <u>Year Ended June 30,</u> | <u>Net Deferred Outflow/ (Inflows) of Resources</u> |
|--------------------------------|---|
| 2023 | \$ 13,150 |
| 2024 | 13,150 |
| 2025 | 13,150 |
| 2026 | 13,150 |
| 2027 | 4,959 |
| Thereafter | 6,806 |
| | <u>\$ 64,365</u> |

Actuarial Methods and Assumptions

Actuarial Valuations

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions:

| | |
|-----------------------|---|
| Valuation date | July 1, 2021 |
| | Data was collected as of October 1, 2021, and benefits were valued as if the data was representative of data on July 1, 2021. |
| Measurement date | June 30, 2022 |
| Actuarial cost method | Entry age normal, level percent of salary |

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Actuarial assumptions:

| | |
|----------------------------|--|
| Discount rate | 3.50% per year, based on all years discounted at municipal bond rate based on Bond Buyer 20-Bond General Obligation Index as of June 30, 2022 (was 2.25% in prior year) |
| General inflation rate | 2.00% per year |
| Payroll growth | 3.00% per year plus merit adjustments between -.059% to 4.15% based on duration of service |
| Healthcare cost trend rate | Medical: Starts at 3.50% in 2022, increases to 6.00% percent per year before decreasing to 4.50% in 2041 Dental and vision: No implicit subsidy assumed due to dental or vision costs. |
| Health Care Claims Costs | 2021-22 claims costs for an age 64 retiree or spouse are assumed to be between \$9,071 and \$11,859 depending on medical plan. |
| Aging Factors | Aging factors are used to adjust the age 64 per capita claims cost. Percentages vary, based on age, between 3.00% and 4.00% per year. |
| Participation rate | 50% of active employees enrolled in a medical plan until Medicare eligibility. |
| Plan enrollment | Current and future retirees are assumed to remain enrolled in the plan in which they are currently enrolled, if any. |
| Beneficiaries | 70% of future retirees electing coverage are assumed to cover a spouse as well. Males are assumed to be 3 years older than their female spouses. Actual marital status and ages as of the valuation date are used for current retirees. No impact of dependent children on the implicit subsidy. |
| Mortality | Active employees: PUB 2010 Employee Tables for Teachers, sex distinct, projected generationally. 125% of published rates for males, 100% of published rates for females. Retirees: PUB 2010 Retiree Tables for Teachers, sex distinct, projected generationally. |

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Beneficiaries: PUB 2010 Employee and Retiree Tables for General Employees, sex distinct, projected generationally. Set back 12 months for males, no set back for females; 115% of published rates for nonannuitant males, 125% of published rates for nonannuitant females.

Improvement Scale: Unisex Social Security Data Scale (60 year average), with data through 2017.

Turnover, Disability, Retirements Rates Based on valuation of benefits for PERS (see Note 6)

Changes Since Prior Valuation The interest rate for discounting future liabilities was changed to reflect current municipal bond rate (from 2.25% to 3.50%).

Premium increase rates were modified to better reflect anticipated experience and current Oregon law.

Demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for Oregon PERS.

Changes in Total OPEB Liability

| | |
|--|-------------------|
| Balance as of June 30, 2021 | \$ 342,238 |
| Changes for the year | |
| Service cost | 31,398 |
| Interest | 8,177 |
| Differences between expected and actual experience | 58,753 |
| Changes of assumptions or other inputs | (50,480) |
| Benefit payments | (20,420) |
| Balance as of June 30, 2022 | <u>\$ 369,666</u> |

Sensitivity of the Total OPEB Liability

The following presents the District's total OPEB liability using the discount rate of 3.50%, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|----------------------|--------------------|------------------------------|--------------------|
| Discount Rate: | | | |
| Total OPEB Liability | \$ 402,391 | \$ 369,666 | \$ 339,375 |

| | <u>1% Decrease</u> | <u>Current Cost Trend</u> | <u>1% Increase</u> |
|------------------------|--------------------|---------------------------|--------------------|
| Healthcare Cost Trend: | | | |
| Total OPEB Liability | \$ 322,702 | \$ 369,666 | \$ 426,180 |

PERS Retirement Health Insurance Account (RHIA)

As a participating employer in PERS, certain employees are eligible to participate in the PERS Retirement Health Insurance Account (RHIA), which is established by ORS 238.420. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired on or after August 29, 2003. PERS issues a publicly available financial report that can be obtained at:

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

Plan Benefits

RHIA provides up to \$60 toward the monthly cost of health insurance for eligible PERS members. To be eligible to receive this monthly payment toward the premium costs the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions

The District's employer contribution rates effective July 1, 2021 through June 30, 2023 are 0.05% of covered payroll for Tier 1/Tier 2 members and 0.00% of covered payroll for OPSRP members. For the year ended June 30, 2022, employer contributions were \$691.

Net OPEB Asset, OPEB Benefit, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the District reported an asset of \$105,762 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019 and rolled forward to June 30, 2021. The District's proportion of the net OPEB asset was determined by comparing the District's actual, legally required contributions made during the measurement year with the total contributions made by all employers during the measurement year. At the June 30, 2021 measurement date, the District's proportion was 0.03079853%.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

For the year ended June 30, 2022, the District recognized an OPEB benefit of \$1,557 for the PERS RHIA. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|--|--|---|
| Differences between expected and actual experience | \$ - | \$ 2,943 |
| Changes in assumptions | 2,081 | 1,573 |
| Net difference between projected and actual earnings on investments | - | 25,135 |
| Changes in proportionate share | <u>22,381</u> | <u>6</u> |
| Total prior to post-measurement date contributions) | 24,462 | 29,657 |
| Contributions subsequent to the measurement date | <u>691</u> | <u>-</u> |
| Total deferred outflows / inflows of resources | <u>\$ 25,153</u> | <u>\$ 29,657</u> |

The \$691 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

| <u>Year Ended June 30,</u> | <u>Net Deferred Outflow/ (Inflows) of Resources</u> |
|--------------------------------|---|
| 2023 | \$ 6,406 |
| 2024 | 2,077 |
| 2025 | (5,738) |
| 2026 | <u>(7,940)</u> |
| | <u>\$ (5,195)</u> |

Actuarial Methods and Assumptions

Other than the methods and assumption discussed below, the actuarial methods and assumptions are consistent with those disclosed for the PERS Defined Benefit Pension Plan. See Note 6 for additional information on Actuarial Assumptions and Methods, including the Discount Rate, Assumed Asset Allocation, Long-Term Expected Rate of Return, and Depletion Date Projection.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Actuarial Valuations

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using an assumed retiree participation rate of 32% for healthy retirees and 20% of disabled retirees. Healthcare cost trend rates are not applicable as ORS stipulates \$60 monthly payment for healthcare insurance.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 6.90%, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

| Discount Rate: | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|----------------|--------------------|------------------------------|--------------------|
| Net OPEB Asset | \$ 93,531 | \$ 105,762 | \$ 116,211 |

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PERS financial report.

8. TERMINATION BENEFITS

Supervisory and Confidential Employees

If a supervisory or confidential employee that has worked for the District for more than 10 consecutive years gives notice to the Superintendent at least 90 days prior to retirement, retires, and is receiving benefits under PERS, the employee is eligible for an early retirement program. The program includes medical and dental single-party coverage at a rate not to exceed the rate in the certified contract for 48 consecutive months. Additionally, the retired employee will receive monthly payments of 1/12 of 1.5% of the last annual salary for each full year of service to the District to a maximum of 12% for a maximum period of 48 months. The monthly payments are terminated as of the end of the month at the earliest that the retired employee dies, the retired employee qualifies for social security, or 48 payments are made. For the year ended June 30, 2022, the District made no payments related to this early retirement program.

Licensed Employees

As part of the collective bargaining agreement for licensed employees, the District offered a severance incentive. Licensed employees that are between 5 years prior to full PERS eligibility and 4 years after PERS eligibility that retire or resign with 60 days prior notice are eligible for a \$24,000 payment. For the year ended June 30, 2022, the District made \$24,000 in payments related to this severance incentive.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

9. INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2022 is as follows:

| | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> |
|------------------------------|---------------------------------|-------------------------------|
| General Fund | \$ 457,931 | \$ - |
| OSCIM Match Grant Fund | - | 457,580 |
| Non-Major Governmental Funds | - | 351 |
| Totals | <u>\$ 457,931</u> | <u>\$ 457,931</u> |

The outstanding balance between funds is the result of timing differences between expenditures and receiving revenues earned, causing a due to other funds and due from other funds until the related revenues are received.

Interfund transfers were made to provide resources as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|------------------------------|---------------------|----------------------|
| General Fund | \$ 125,188 | \$ 17,197 |
| GO Bond 2021 Fund | 93,659 | - |
| OSCIM Matching Grant Fund | - | 193,847 |
| Non-Major Governmental Funds | 17,197 | 25,000 |
| Totals | <u>\$ 236,044</u> | <u>\$ 236,044</u> |

There were \$17,197 of transfers from the General Fund to Non-Major Governmental Funds to support the food service program and provide funds for debt service. There were transfers from the OSCIM Matching Grant Fund to the General Fund and GO Bond 2021 Fund of \$100,188 and \$93,659, respectively, to reimburse those funds for prior year expenditures. The \$25,000 transfer from the Non-Major Governmental Funds to the General Fund was to purchase energy saving products and improvements as part of the Energy Efficient Schools Program.

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District does not engage in risk financing activities where the risk is retained (self-insurance). Settlements have not exceeded insurance coverage for any of the preceding three years ended June 30, 2022.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

11. COMMITMENTS AND CONTINGENCIES

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

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 increase or decreases in revenue. Due to these future uncertainties at the state level, the future effect on the operations cannot be determined.

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

At June 30, 2022, approximately 86% of the District's employees (based on full-time equivalents) were covered by one of two collective bargaining agreements the District has with employees. These agreements expire June 30, 2023.

2022-23
Preliminary Draft
Subject to Change
Not to be Reproduced
For Review

REQUIRED SUPPLEMENTARY INFORMATION

04/29/23
Preliminary Draft
For Review and Discussion Purposes Only
Subject to Change
Not to be Reproduced

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES (USES), AND CHANGES IN FUND BALANCE - BUDGET AND ACTUALS**

GENERAL FUND

YEAR ENDED JUNE 30, 2022

| | Budget | | Actual | Variance Positive (Negative) |
|--|---------------------|---------------------|---------------------|------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 1,880,900 | \$ 1,880,900 | \$ 1,990,568 | \$ 109,668 |
| Local sources | 420,500 | 420,500 | 347,225 | (73,275) |
| Intermediate sources | 201,200 | 201,200 | 200,128 | (1,072) |
| State school fund | 9,679,300 | 9,679,300 | 9,761,703 | 82,403 |
| State sources | 1,273,238 | 1,273,238 | 759,323 | (513,915) |
| Federal sources | 49,172 | 49,172 | 83,407 | 34,235 |
| TOTAL REVENUES | 13,504,310 | 13,504,310 | 13,142,354 | (361,956) |
| EXPENDITURES | | | | |
| Instruction | 8,737,883 | 8,737,883 | 8,751,360 | (13,477) |
| Support services | 5,573,550 | 5,573,550 | 5,072,172 | 501,378 |
| Enterprise and community services | 11,180 | 136,222 | 118,847 | 17,375 |
| Facilities acquisition and construction | 40,000 | 290,000 | 5,880 | 284,120 |
| Debt service | 296,742 | 296,742 | 277,502 | 19,240 |
| Operating contingency | 125,042 | - | - | - |
| TOTAL EXPENDITURES | 14,784,397 | 15,034,397 | 14,225,761 | 808,636 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (1,280,087) | (1,530,087) | (1,083,407) | 446,680 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Loan proceeds | 115,000 | 115,000 | 129,898 | 14,898 |
| Transfers in | 25,000 | 275,000 | 125,188 | (149,812) |
| Transfers out | (198,000) | (198,000) | (17,197) | 180,803 |
| TOTAL OTHER FINANCING SOURCES (USES) | (58,000) | 192,000 | 237,889 | 45,889 |
| NET CHANGE IN FUND BALANCE | (1,338,087) | (1,338,087) | (845,518) | 492,569 |
| FUND BALANCE - BEGINNING | 2,790,757 | 2,790,757 | 4,504,501 | 1,713,744 |
| FUND BALANCE - ENDING | \$ 1,452,670 | \$ 1,452,670 | \$ 3,658,983 | \$ 2,206,313 |

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

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

LAST TEN YEARS

| <u>Fiscal Year¹</u> | <u>Proportion of the net pension liability (asset)</u> | <u>Proportionate share of the net pension liability (asset)</u> | <u>Covered payroll</u> | <u>Proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u> | <u>Plan fiduciary net position as a percentage of the total pension liability</u> |
|--------------------------------|--|---|------------------------|--|---|
| 2022 | 0.07287963% | \$ 8,721,126 | \$ 6,857,796 | 127.2% | 87.6% |
| 2021 | 0.07140853% | 15,583,797 | 6,370,567 | 244.6% | 75.8% |
| 2020 | 0.07848107% | 13,575,346 | 6,150,338 | 220.7% | 80.2% |
| 2019 | 0.08128783% | 12,314,036 | 5,977,140 | 206.0% | 82.1% |
| 2018 | 0.08542246% | 11,514,980 | 6,056,983 | 190.1% | 83.1% |
| 2017 | 0.08611782% | 12,928,284 | 6,190,790 | 208.8% | 80.5% |
| 2016 | 0.07357420% | 4,224,234 | 4,448,673 | 95.0% | 91.9% |
| 2015 | 0.06638067% | (1,504,660) | 3,309,801 | -45.5% | 103.6% |
| 2014 | 0.06638067% | 3,387,503 | 3,993,964 | 84.8% | 92.0% |
| 2013 | N/A ² | N/A ² | N/A ² | N/A ² | N/A ² |

¹Measurement date is one year in arrears.

²10-year trend information required by GASB Statement 68 will be presented prospectively.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

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

LAST TEN YEARS

| <u>Fiscal Year</u> | <u>Contractually required contributions</u> | <u>Contributions in relation to the contractually required contribution</u> | <u>Contribution deficiency (excess)</u> | <u>Covered payroll</u> | <u>Contributions as a percentage of covered payroll</u> |
|--------------------|---|---|---|------------------------|---|
| 2022 | \$ 1,730,997 | \$ 1,730,997 | \$ - | \$ 7,232,705 | 23.9% |
| 2021 | 1,780,565 | 1,780,565 | - | 6,857,796 | 26.0% |
| 2020 | 1,683,382 | 1,683,382 | - | 6,370,567 | 26.4% |
| 2019 | 1,416,216 | 1,416,216 | - | 6,150,338 | 23.0% |
| 2018 | 1,331,102 | 1,331,102 | - | 5,977,140 | 22.3% |
| 2017 | 1,131,812 | 1,131,812 | - | 6,056,983 | 18.7% |
| 2016 | 1,140,569 | 1,140,569 | - | 6,190,790 | 18.4% |
| 2015 | 1,107,454 | 1,107,454 | - | 4,448,673 | 24.9% |
| 2014 | 800,398 | 800,398 | - | 3,309,801 | 24.2% |
| 2013 | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ |

¹ 10-year trend information required by GASB Statement 68 will be presented prospectively.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

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

LAST TEN YEARS

| <u>Fiscal Year¹</u> | <u>Proportion of the net OPEB liability (asset)</u> | <u>Proportionate share of the net OPEB liability (asset)</u> | <u>Covered payroll</u> | <u>Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll</u> | <u>Plan fiduciary net position as a percentage of the total OPEB liability</u> |
|--------------------------------|---|--|------------------------|---|--|
| 2022 | 0.03079853% | \$ (105,762) | \$ 6,857,796 | -1.5% | 183.9% |
| 2021 | 0.04495324% | (91,597) | 6,370,567 | -1.4% | 150.1% |
| 2020 | 0.05535483% | (106,966) | 6,150,338 | -1.7% | 144.4% |
| 2019 | 0.05508308% | (61,488) | 5,977,140 | -1.0% | 124.0% |
| 2018 | 0.05599488% | (23,369) | 6,056,983 | -0.4% | 108.9% |
| 2017 | 0.05767113% | 15,661 | 6,190,790 | 0.3% | N/A ² |
| 2016 | N/A ² | N/A ² | N/A ² | N/A ² | N/A ² |
| 2015 | N/A ² | N/A ² | N/A ² | N/A ² | N/A ² |
| 2014 | N/A ² | N/A ² | N/A ² | N/A ² | N/A ² |
| 2013 | N/A ² | N/A ² | N/A ² | N/A ² | N/A ² |

¹Measurement date is one year in arrears.

²10-year trend information required by GASB Statement 75 will be presented prospectively.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

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

LAST TEN YEARS

| <u>Fiscal Year</u> | <u>Contractually required contributions</u> | <u>Contributions in relation to the contractually required contribution</u> | <u>Contribution deficiency (excess)</u> | <u>Covered payroll</u> | <u>Contributions as a percentage of covered payroll</u> |
|--------------------|---|---|---|------------------------|---|
| 2022 | \$ 691 | \$ 691 | \$ - | \$ 7,232,705 | 0.0% |
| 2021 | 824 | 824 | - | 6,857,796 | 0.0% |
| 2020 | 2,859 | 2,859 | - | 6,370,567 | 0.0% |
| 2019 | 27,464 | 27,464 | - | 6,150,338 | 0.4% |
| 2018 | 26,439 | 26,439 | - | 5,977,140 | 0.4% |
| 2017 | 27,877 | 27,877 | - | 6,056,983 | 0.5% |
| 2016 | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ |
| 2015 | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ |
| 2014 | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ |
| 2013 | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ |

¹10-year trend information required by GASB Statement 75 will be presented prospectively.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

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

LAST TEN YEARS

| Fiscal Year | Beginning total OPEB liability | Service costs | Interest | Differences between expected and actual experience | Changes of assumptions or other inputs | Benefit payments | Ending total OPEB liability | Covered-employee payroll | Total OPEB liability as a percentage of covered payroll |
|-------------|--------------------------------|------------------|------------------|--|--|------------------|-----------------------------|--------------------------|---|
| 2022 | \$ 342,238 | \$31,398 | \$ 8,177 | \$ 58,753 | \$ (50,480) | \$(20,420) | \$ 369,666 | \$6,525,167 | 5.7% |
| 2021 | 312,712 | 30,336 | 7,624 | - | - | (8,434) | 342,238 | 6,609,195 | 5.2% |
| 2020 | 250,537 | 19,746 | 10,061 | 22,556 | 13,808 | (3,996) | 312,712 | 6,236,991 | 5.0% |
| 2019 | 161,581 | 19,079 | 8,791 | - | 65,531 | (4,445) | 250,537 | 6,161,241 | 4.1% |
| 2018 | 142,334 | 13,653 | 5,594 | - | - | - | 161,581 | 6,261,170 | 2.6% |
| 2017 | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ |
| 2016 | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ |
| 2015 | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ |
| 2014 | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ |
| 2013 | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ |

¹10-year trend information required by GASB Statement 75 will be presented prospectively.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022

1. BUDGET

Required Supplementary Information includes the budgetary comparison for the General Fund. The budgetary comparison information for all other funds can be found in Other Supplementary Information which follows this section. Oregon Local Budget Law requires that budgets be adopted for substantially all funds. The District prepares and adopts budgets for all funds using the modified accrual basis of accounting, with certain adjustments.

Expenditure budgets are appropriated at the following levels for each fund: Instruction, Support Services, Enterprise and Community Services, Facilities Acquisition and Construction, Other Uses - Debt Service and Interfund Transfers, and Operating Contingency. Expenditures cannot legally exceed the adopted appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to unforeseen circumstances that could not be determined at the time the budget was adopted.

Supplemental budgets less than 10% of fund's budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearing before the public, publication in newspapers, and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. During the year ended June 30, 2022, there was one supplemental budget adopted by the Board.

2. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Pension

Changes in Benefit Terms and Assumptions

Benefit Terms: The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future benefits for certain active members are now projected to be lower than prior to the legislation. Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

YEAR ENDED JUNE 30, 2022

2. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (Continued)

Assumptions: The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. For June 30, 2021, the long-term expected rate of return was lowered to 6.90 percent, and the inflation rate was lowered from 2.5 to 2.4 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

The actuarial assumptions and methods used to set the actuarial determined pension contributions to PERS are as follows.

| Actuarial Valuation: | December 31, 2019 | December 31, 2017 | December 31, 2015 | December 31, 2013 | December 31, 2011 |
|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Effective: | July 2021 - June 2023 | July 2019 - June 2021 | July 2017 - June 2019 | July 2015 - June 2017 | July 2013 - June 2015 |
| Actuarial cost method: | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal | Projected Unit Credit |
| Amortization method: | Level percentage of payroll | Level percentage of payroll | Level percentage of payroll | Level percentage of payroll | Level percentage of payroll |
| Asset valuation method | Fair value | Fair value | Fair value | Fair value | Fair value |
| Remaining amortization period: | 20 years | 20 years | 20 years | 20 years | N/A |
| Actuarial assumptions: | | | | | |
| Inflation rate: | 2.40% | 2.50% | 2.50% | 2.75% | 2.75% |
| Projected salary increases | 3.40% | 3.50% | 3.50% | 3.75% | 3.75% |
| Investment rate of return: | 6.90% | 7.20% | 7.50% | 7.75% | 8.00% |

Other Post-Employment Benefits (OPEB)

Changes in Benefit Terms and Assumptions

Assumptions: The PERS Board adopted assumption changes that were used to measure the June 30, 2021 total OPEB liability. The changes include the lowering of the long-term expected rate of return from 7.20 to 6.90 percent and the inflation rate from 2.5 to 2.4 percent. In addition, the healthy healthcare participation and healthy mortality assumptions were changed to reflect an updated trends and mortality improvement scale for all groups.

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

The actuarial assumptions and methods used to set the actuarial determined OPEB contributions to PERS are as follows.

| Actuarial Valuation: | December 31, 2019 | December 31, 2017 | December 31, 2015 | December 31, 2013 |
|--------------------------------|--|--|--|--|
| Effective: | July 2021 - June 2023 | July 2019 - June 2021 | July 2017 - June 2019 | July 2015 - June 2017 |
| Actuarial cost method: | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal |
| Amortization method: | Level percentage of payroll, closed | Level percentage of payroll, closed | Level percentage of payroll, closed | Level percentage of payroll, closed |
| Asset valuation method | Market value | Market value | Market value | Market value |
| Remaining amortization period: | 10 years | 10 years | 20 years | 20 years |
| Actuarial assumptions: | | | | |
| Inflation rate: | 2.40% | 2.50% | 2.50% | 2.75% |
| Healthcare cost trend rates: | None. Statute stipulates \$60 monthly payment for healthcare insurance | None. Statute stipulates \$60 monthly payment for healthcare insurance | None. Statute stipulates \$60 monthly payment for healthcare insurance | None. Statute stipulates \$60 monthly payment for healthcare insurance |
| Projected salary increases | 3.40% | 3.50% | 3.50% | 3.75% |
| Investment rate of return: | 6.90% | 7.20% | 7.50% | 7.75% |

3. IMPLICIT RATE SUBSIDY PLAN

The District has no assets accumulated in a trust to pay benefits related to the District' Implicit Subsidy Plan.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

YEAR ENDED JUNE 30, 2022

3. IMPLICIT RATE SUBSIDY PLAN (Continued)

Changes in Assumptions

The changes since the prior valuation include a change in the discount rate, from 2.25% to 3.50%, to reflect the current municipal bond rates, modification to premium rates to better reflect anticipated experience and current Oregon law, and demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for Oregon PERS.

Actuarial Assumptions and Methods Used

The actuarial assumptions and methods used to actuarial determined the total OPEB liability related to the implicit subsidy are as follows.

| Actuarial Valuation: | July 1, 2021 | July 1, 2019 | July 1, 2017 |
|------------------------------|---|---|---|
| Effective: | July 2021 - June 2023 | July 2019 - June 2021 | July 2017 - June 2019 |
| Actuarial cost method: | Entry Age Normal | Entry Age Normal | Entry Age Normal |
| Amortization method: | Level percentage of payroll | Level percentage of payroll | Level percentage of payroll |
| Actuarial assumptions: | | | |
| Inflation rate: | 2.00% | 2.00% | 2.50% |
| Healthcare cost trend rates: | 3.50%, Graded Up to 6.00%, then Back Down to 4.50% | 5.00%, Graded Up to 6.00%, then Back Down to 4.50% | 7.00%, Graded Up to 6.70%, then Back Down to 5.00% |
| Projected salary increases | 3.00% | 3.50% | 3.50% |
| Discount rate: | 3.50% | 2.25% | 3.75% |

OTHER SUPPLEMENTARY INFORMATION

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CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES (USES), AND CHANGES IN FUND BALANCE – BUDGET AND ACTUALS**

GO BOND 2021 FUND

YEAR ENDED JUNE 30, 2022

| | Budget | | Actual | Variance Positive (Negative) |
|--|--------------------|--------------------|-------------------|------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Earnings on investments | \$ - | \$ - | \$ 5,985 | \$ 5,985 |
| EXPENDITURES | | | | |
| Support services | 205,203 | 205,203 | - | 205,203 |
| Facilities acquisition and construction | 3,000,000 | 2,750,000 | - | 2,750,000 |
| TOTAL EXPENDITURES | 3,205,203 | 2,955,203 | - | 2,955,203 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (3,205,203) | (2,955,203) | 5,985 | 2,961,188 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 93,659 | 93,659 |
| Transfers out | - | (250,000) | - | 250,000 |
| TOTAL OTHER FINANCING SOURCES (USES) | - | (250,000) | 93,659 | 343,659 |
| NET CHANGE IN FUND BALANCE | (3,205,203) | (3,205,203) | 99,644 | 3,304,847 |
| FUND BALANCE - BEGINNING | 3,205,203 | 3,205,203 | 899,254 | (2,305,949) |
| FUND BALANCE - ENDING | \$ - | \$ - | \$ 998,898 | \$ 998,898 |

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES (USES), AND CHANGES IN FUND BALANCE – BUDGET AND ACTUALS**

OSCIM MATCH GRANT FUND

YEAR ENDED JUNE 30, 2022

| | Budget | | Actual | Variance Positive (Negative) |
|---|----------|--------------|------------|------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| State sources | \$ - | \$ 4,000,000 | \$ 659,248 | \$ (3,340,752) |
| EXPENDITURES | | | | |
| Facilities acquisition and construction | - | 4,000,000 | 465,401 | 3,534,599 |
| TOTAL EXPENDITURES | - | 4,000,000 | 465,401 | 3,534,599 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE | - | - | 193,847 | 193,847 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | - | (193,847) | (193,847) |
| NET CHANGE IN FUND BALANCE | - | - | - | - |
| FUND BALANCE - BEGINNING | - | - | - | - |
| FUND BALANCE - ENDING | \$ - | \$ - | \$ - | \$ - |

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