



LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2021



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LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

DISTRICT OFFICIALS

June 30, 2021

BOARD OF DIRECTORS

Joyce Donnell, Chair
39569 Place Rd
Fall Creek, OR 97435

Mike Galvin, Vice Chair
39557 Place Rd
Fall Creek, OR 97435

Jim Chapman
P.O. Box 376
Lowell, OR 97435

Suzanne Kintzley
88 E. 3rd Street
Lowell, OR 97452

Dionne Plahn
38901 Jasper- Lowell Road
Lowell, OR 97452

ADMINISTRATION

Johnie Lee Matthews III
Superintendent

Dave Standridge
Business Manager

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lowell School District No. 71
Lowell, Oregon 97452

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component units, and each major fund of Lowell School District No. 71, Lane County, Oregon, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and Title 2 U.S. *Code of Federal Regulations (CFR) Part 200; Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Bridge Charter and Mountain View Academies were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, and each major fund of Lowell School District No. 71, Lane County, Oregon as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2021, the District adopted new accounting guidance: GASB Statement No. 84, *Fiduciary Activities*, and Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability/OPEB asset and employer contributions, the changes in OPEB medical benefit/early retirement liabilities and related ratios, and budgetary comparison information on pages 4 through 11, and 65 through 70, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability/OPEB asset and employer contributions, the changes in OPEB medical benefit/early retirement liabilities and related ratios in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the aforementioned information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lowell School District No. 71's basic financial statements.

The individual fund schedules, other financial schedules, and supplemental information required by the Oregon Department of Education are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200; Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The individual fund schedules, other financial schedules, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The supplemental information required by the Oregon Department of Education has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2021 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lowell School District No. 71's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 23, 2021 on our tests of the District's compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Accuity, LLC

By: 

Glen O. Kearns, CPA

Albany, Oregon
December 23, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of Lowell School District No. 71, Lane County, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. It should be read in conjunction with the District's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2021, total net position of Lowell School District No. 71 amounted to \$7,761,278. Of this amount, \$9,831,248 reflects net position invested in capital assets, net of related outstanding debt used to acquire those assets. The remaining balance included \$234,737 restricted for various purposes and \$(2,304,707) of unrestricted net position.
- At June 30, 2021, the District's governmental funds reported combined ending fund balances of \$2,100,273.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Lowell School District No. 71's basic financial statements. The District's basic financial statements are comprised of three components:

(1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

LOWELL SCHOOL DISTRICT NO. 71
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Mountain View Academy and Bridge Charter Academy are charter schools sponsored by the District and are reported as discretely presented component units. The complete financial statements for each respective Academy may be obtained from the District's administrative offices.

The District is not financially responsible for the charter schools, but the nature and significance of their financial relationships with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The component units are presented in separate columns in the government-wide financial statements to emphasize that they are legally separate organizations from the District. Revenues reported by the component units as state school fund monies equal the amounts passed through the District.

The government-wide financial statements can be found on pages 12 through 13 of this report.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. 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. All of the funds of Lowell School District No. 71 can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Special Revenue, Debt Service, and Capital Projects Funds, all of which are considered to be major governmental funds.

LOWELL SCHOOL DISTRICT NO. 71
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Lowell School District No. 71 adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets.

The basic governmental fund financial statements can be found on pages 14 through 17 of this report.

□ **Proprietary Funds**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The District maintains one proprietary fund, the Food Service Fund, which is an enterprise fund.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses the enterprise fund to account for its food service consulting revenue and related expenses.

The basic proprietary fund financial statements can be found on pages 18 through 20 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 21 through 64 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes the schedules of the District's proportionate share of the net pension liability/OPEB asset and employer contributions, the changes in OPEB medical benefit/early retirement liabilities and related ratios, as well as budgetary comparison information for the General and Special Revenue Funds. This required supplementary information can be found on pages 65 through 70 of this report.

The individual fund schedules referred to earlier are presented immediately following the required supplementary information and can be found on pages 71 through 73 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2021, the District's assets exceeded liabilities by \$7,761,278.

LOWELL SCHOOL DISTRICT NO. 71
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MANAGEMENT'S DISCUSSION AND ANALYSIS

A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets for classrooms and supporting services for providing kindergarten through twelfth grade education; consequently, these assets are not available for future spending.

Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

District's Net Position

The District's net position increased by \$911,020 during the current fiscal year. This increase is primarily due to an increase in state school funding.

The condensed statement of net position information is shown below.

Condensed Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 2,655,749	\$ 1,609,534	\$ 10,864	\$ 10,000	\$ 2,666,613	\$ 1,619,534
Restricted and other assets	351,633	1,172,224	-	-	351,633	1,172,224
Net capital assets	<u>19,085,943</u>	<u>17,972,847</u>	<u>-</u>	<u>-</u>	<u>19,085,943</u>	<u>17,972,847</u>
Total assets	<u>22,093,325</u>	<u>20,754,605</u>	<u>10,864</u>	<u>10,000</u>	<u>22,104,189</u>	<u>20,764,605</u>
Deferred outflows of resources	<u>3,095,883</u>	<u>2,253,403</u>	<u>-</u>	<u>-</u>	<u>3,095,883</u>	<u>2,253,403</u>
Liabilities						
Current liabilities	1,385,106	1,488,250	209	-	1,385,315	1,488,250
Noncurrent liabilities	<u>15,901,301</u>	<u>14,383,205</u>	<u>-</u>	<u>-</u>	<u>15,901,301</u>	<u>14,383,205</u>
Total liabilities	<u>17,286,407</u>	<u>15,871,455</u>	<u>209</u>	<u>-</u>	<u>17,286,616</u>	<u>15,871,455</u>
Deferred inflows of resources	<u>152,178</u>	<u>296,950</u>	<u>-</u>	<u>-</u>	<u>152,178</u>	<u>296,950</u>
Net position						
Net investment in capital assets	9,831,248	8,190,275	-	-	9,831,248	8,190,275
Restricted for various purposes	234,737	675,230	-	-	234,737	675,230
Unrestricted	<u>(2,315,362)</u>	<u>(2,025,902)</u>	<u>10,655</u>	<u>10,000</u>	<u>(2,304,707)</u>	<u>(2,015,902)</u>
Total net position	<u>\$ 7,750,623</u>	<u>\$ 6,839,603</u>	<u>\$ 10,655</u>	<u>\$ 10,000</u>	<u>\$ 7,761,278</u>	<u>\$ 6,849,603</u>

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

District's Changes in Net Position

The condensed statement of activities information shown below explains changes in net position.

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Program revenues						
Charges for services	\$ 126,666	\$ 56,914	\$ 51,654	\$ 83,310	\$ 178,320	\$ 140,224
Operating grants and contributions	<u>2,095,511</u>	<u>4,732,815</u>	<u>-</u>	<u>-</u>	<u>\$ 2,095,511</u>	<u>4,732,815</u>
Total program revenues	<u>2,222,177</u>	<u>4,789,729</u>	<u>51,654</u>	<u>83,310</u>	<u>2,273,831</u>	<u>4,873,039</u>
General revenues						
Property taxes - general	1,240,924	1,213,667	-	-	1,240,924	1,213,667
Property taxes - debt service	285,305	261,972	-	-	285,305	261,972
Construction excise taxes	34,463	27,480				
State school fund - general support	11,951,891	8,162,806	-	-	11,951,891	8,162,806
Common school fund	115,239	108,704	-	-	115,239	108,704
Unrestricted grants and contributions	52,160	26,339				
Investment earnings	19,670	113,523	-	-	19,670	113,523
Debt proceeds	2,930	2,043	-	-	2,930	2,043
Miscellaneous	<u>148,610</u>	<u>114,168</u>	<u>-</u>	<u>-</u>	<u>148,610</u>	<u>114,168</u>
Total general revenues	<u>13,851,192</u>	<u>10,030,702</u>	<u>-</u>	<u>-</u>	<u>13,851,192</u>	<u>10,030,702</u>
Total revenues	<u>16,073,369</u>	<u>14,820,431</u>	<u>51,654</u>	<u>83,310</u>	<u>16,125,023</u>	<u>14,903,741</u>
Program expenses						
Instruction	9,494,367	6,209,373	-	-	9,494,367	6,209,373
Support services	4,201,655	3,417,086	-	-	4,252,654	3,417,086
Enterprise and community services	748,708	538,382	50,999	82,599	748,708	620,981
Facilities acquisition and construction	-	1	-	-	-	1
Unallocated depreciation	333,133	299,597	-	-	333,133	299,597
Interest on long-term debt	<u>384,486</u>	<u>490,695</u>	<u>-</u>	<u>-</u>	<u>384,486</u>	<u>490,695</u>
Total program expenses	<u>15,162,349</u>	<u>10,955,134</u>	<u>50,999</u>	<u>82,599</u>	<u>15,213,348</u>	<u>11,037,733</u>
Change in net position	911,020	3,865,297	655	711	911,675	3,866,008
Net position - beginning of year, as restated	<u>6,839,603</u>	<u>2,974,306</u>	<u>10,000</u>	<u>9,289</u>	<u>6,849,603</u>	<u>2,983,595</u>
Net position - end of year	<u>\$ 7,750,623</u>	<u>\$ 6,839,603</u>	<u>\$ 10,655</u>	<u>\$ 10,000</u>	<u>\$ 7,761,278</u>	<u>\$ 6,849,603</u>

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues

Since the District's mission is to provide each student a challenging, quality education, in a safe and supportive small school environment, the District may not charge for its core services. General revenues provide 91% of the funding required for governmental programs. Property taxes and state school funding combined for 95% of general revenues and 82% of total revenues.

Charges for services make up only 1% of total revenues and are composed of the following item for which it is appropriate that the District charge tuition or fees:

• Instruction	\$ 126,666
• Enterprise and community services	<u>51,654</u>
Total charges for services	<u>\$ 178,320</u>

Operating grants and contributions represent 13% of total revenues. Included in this category are \$629,305 for federal reimbursements under the school lunch program and \$1,466,206 for grants and contributions to support various educational activities.

Expenses

Expenses related to governmental activities are presented in several broad functional categories. Costs of direct classroom instruction activities account for 62% of the total expenses of \$15,213,348. In addition, costs of supporting services related to students, instructional staff, and school administration account for 28% of total expenses.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measurement of the District's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$2,100,273. Of this amount, \$14,145 was nonspendable for inventory and prepaid expenses, \$234,737 was restricted for various purposes, \$34,385 was committed, and the remaining balance of \$1,817,006 was unassigned.

LOWELL SCHOOL DISTRICT NO. 71
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MANAGEMENT'S DISCUSSION AND ANALYSIS

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the total fund balance of the General Fund was \$1,817,006, all of which represents unassigned fund balance, which is available for spending at the District's discretion.

Proprietary Fund

The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the proprietary funds at year-end amounted to \$10,655, all of which is considered to be unrestricted.

BUDGETARY HIGHLIGHTS

Budget amounts shown in the financial statements reflect the original budget amounts and one supplemental budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2021 amounted to \$19,085,943 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, buses and vehicles, and equipment. The total depreciation expense related to the District's investment in capital assets for its governmental activities during the current fiscal year was \$333,133.

Additional information on the District's capital assets can be found on pages 32 through 33 of this report.

Long-Term Debt

At the end of the current fiscal year, the District had total debt outstanding of \$9,254,695. This amount consists of general obligation bonds and a related bond premium, two Oregon Department of Energy notes, seven Full Faith and Credit notes, one modular building loan, two bus loans, one tractor loan, one municipal lease, and two financing agreements. The District's total debt decreased by \$527,877 during the current fiscal year.

Additional information on the District's long-term debt can be found on pages 34 through 39 of this report.

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could affect its future financial health:

- More than half of the District's projected enrollment includes students attending two District sponsored charter schools. If there is a significant change to the enrollment of either charter school, it could have an effect on District revenue.
- The December 2021 interim PERS valuation projects an average rate increase of 3.1% for the 23-25 biennium. Legislative measures enacted to reduce rates in the short term will only increase rates in the long term. Fortunately, current investment returns have exceeded the assumed rate so it is expected that the actual rate increase will be somewhat less than this.
- With overwhelming dependence on state funding, any downturn in the state's revenue collections will impact the District's revenue.

All of these factors were considered in preparing the District's budget for the 2021-2022 fiscal year. The ending unassigned General Fund balance of \$1,817,006 will be available for program resources in the 2021-2022 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Superintendent at the following address: 65 S. Pioneer, Lowell, Oregon 97452.

BASIC FINANCIAL STATEMENTS

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

STATEMENT OF NET POSITION

June 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Mountain View Academy	Bridge Charter Academy
ASSETS					
Current assets					
Cash and cash equivalents	\$ 1,462,764	\$ 10,864	\$ 1,473,628	\$ 329,668	\$ 2,244,163
Property taxes receivable	53,445	-	53,445	-	-
Accounts and grants receivable	1,067,102	-	1,067,102	78,393	198,400
Inventory	11,647	-	11,647	-	-
Prepaid expenses	2,498	-	2,498	-	-
Total current assets	<u>2,597,456</u>	<u>10,864</u>	<u>2,608,320</u>	<u>408,061</u>	<u>2,442,563</u>
Restricted cash and cash equivalents	351,633	-	351,633	-	-
Net OPEB RHIA asset	58,293	-	58,293	-	-
Capital assets not being depreciated	12,458,402	-	12,458,402	-	-
Capital assets being depreciated, net	6,627,541	-	6,627,541	5,104	141,180
Total assets	<u>22,093,325</u>	<u>10,864</u>	<u>22,104,189</u>	<u>413,165</u>	<u>2,583,743</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>3,095,883</u>	<u>-</u>	<u>6,191,766</u>	<u>63,199</u>	<u>286,410</u>
LIABILITIES					
Current liabilities					
Accounts payable	470,737	209	470,946	139	12,224
Accrued interest	46,046	-	46,046	-	-
Accrued payroll	312,976	-	312,976	-	737
Unearned revenue-student activity fees	-	-	-	23,080	-
Unearned revenue - grants	18,191	-	18,191	-	-
Long-term debt, current portion	537,156	-	537,156	-	-
Total current liabilities	<u>1,385,106</u>	<u>209</u>	<u>1,385,315</u>	<u>23,219</u>	<u>12,961</u>
Noncurrent liabilities					
Net pension liability - PERS	6,850,609	-	6,850,609	-	415,062
Net OPEB medical benefit liability	291,505	-	291,505	-	-
Net early retirement stipend liability	41,648	-	41,648	-	-
Long-term debt, less current portion	8,717,539	-	8,717,539	-	-
Total liabilities	<u>17,286,407</u>	<u>209</u>	<u>17,286,616</u>	<u>23,219</u>	<u>428,023</u>
DEFERRED INFLOWS OF RESOURCES	<u>152,178</u>	<u>-</u>	<u>152,178</u>	<u>315,994</u>	<u>109,203</u>
NET POSITION					
Net investment in capital assets	9,831,248	-	9,831,248	5,104	141,180
Restricted for various purposes	234,737	-	234,737	11,752	-
Unrestricted	(2,315,362)	10,655	(2,304,707)	120,295	2,191,747
Total net position	<u>\$ 7,750,623</u>	<u>\$ 10,655</u>	<u>\$ 7,761,278</u>	<u>\$ 137,151</u>	<u>\$ 2,332,927</u>

The accompanying notes are an integral part of these financial statements.

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							
	Program Revenues			Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Totals	Mountain View Academy	Bridge Charter Academy
Primary Government								
Governmental activities								
Instruction	\$ 9,494,367	126,666	\$ 1,302,028	\$ (8,065,673)	\$ -	\$ (8,065,673)	\$ -	\$ -
Support services	4,201,655	-	71,729	(4,129,926)	-	(4,129,926)	-	-
Enterprise services	748,708	-	710,634	(38,074)	-	(38,074)	-	-
Facilities acquisition	-	-	11,120	11,120	-	11,120	-	-
Unallocated depreciation	333,133	-	-	(333,133)	-	(333,133)	-	-
Interest on long-term debt	384,486	-	-	(384,486)	-	(384,486)	-	-
Total governmental activities	<u>15,162,349</u>	<u>126,666</u>	<u>2,095,511</u>	<u>(12,940,172)</u>	<u>-</u>	<u>(12,940,172)</u>	<u>-</u>	<u>-</u>
Business-Type activities								
Enterprise services	<u>50,999</u>	<u>51,654</u>	<u>-</u>	<u>-</u>	<u>655</u>	<u>655</u>	<u>-</u>	<u>-</u>
Total business-Type activities	<u>50,999</u>	<u>51,654</u>	<u>-</u>	<u>-</u>	<u>655</u>	<u>655</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 15,213,348</u>	<u>\$ 178,320</u>	<u>\$ 2,095,511</u>	<u>-</u>	<u>655</u>	<u>(12,939,517)</u>	<u>-</u>	<u>-</u>
Component units - Governmental Activities								
Mountain View Academy	<u>\$ 1,005,308</u>	<u>\$ 53,133</u>	<u>\$ 110,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(841,202)</u>	<u>-</u>
Bridge Charter Academy	<u>\$ 4,684,416</u>	<u>\$ 1,820</u>	<u>\$ 333,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,349,443)</u>
General revenues								
Property taxes - general				1,240,924	-	1,240,924	-	-
Property taxes - debt service				285,305	-	285,305	-	-
Construction excise taxes				34,463	-	34,463	-	-
State school fund - general support				11,951,891	-	11,951,891	934,037	5,452,679
Common school fund				115,239	-	115,239	-	-
Unrestricted grants and contributions				52,160	-	52,160	-	319
Investment earnings				19,670	-	19,670	2,545	-
Debt proceeds				2,930	-	2,930	-	-
Miscellaneous				148,610	-	148,610	-	7,736
Total general revenues				<u>13,851,192</u>	<u>-</u>	<u>13,851,192</u>	<u>936,582</u>	<u>5,460,734</u>
Change in net position				911,020	655	911,675	95,380	1,111,291
Net position - beginning, as restated				<u>6,839,603</u>	<u>10,000</u>	<u>6,849,603</u>	<u>41,771</u>	<u>1,221,636</u>
Net position - ending				<u>\$ 7,750,623</u>	<u>\$ 10,655</u>	<u>\$ 7,761,278</u>	<u>\$ 137,151</u>	<u>\$ 2,332,927</u>

The accompanying notes are an integral part of these financial statements.

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Project Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,462,764	\$ 235,733	\$ 25,129	\$ 90,771	\$ 1,814,397
Property taxes receivable	43,605	-	9,840	-	53,445
Accounts receivable	47,349	1,019,753	-	-	1,067,102
Interfund receivable	736,715	-	-	-	736,715
Inventory	-	11,647	-	-	11,647
Prepaid expenses	-	2,498	-	-	2,498
Total assets	\$ 2,290,433	\$ 1,269,631	\$ 34,969	\$ 90,771	\$ 3,685,804
LIABILITIES					
Accounts and deposits payable	\$ 121,983	\$ 257,981	\$ 1	\$ 90,771	\$ 470,736
Interfund payable		736,716	-	-	736,716
Accrued payroll	312,976	-	-	-	312,976
Unearned revenue - grants	-	18,191	-	-	18,191
Total liabilities	434,959	1,012,888	1	90,771	1,538,619
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	38,468	-	8,444	-	46,912
FUND BALANCES					
Nonspendable	-	14,145	-	-	14,145
Restricted	-	208,213	26,524	-	234,737
Committed	-	34,385	-	-	34,385
Unassigned	1,817,006	-	-	-	1,817,006
Total fund balances	1,817,006	256,743	26,524	-	2,100,273
Total liabilities, deferred inflows of resources and fund balances	\$ 2,290,433	\$ 1,269,631	\$ 34,969	\$ 90,771	\$ 3,685,804

The accompanying notes are an integral part of these financial statements.

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2021

Total fund balances		\$ 2,100,273
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds:		
Cost	21,496,794	
Accumulated depreciation	<u>(2,410,851)</u>	19,085,943
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 30 days of year-end are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.		46,912
Amounts relating to the District's proportionate share of net pension liability for the Oregon Public Employees Retirement System (PERS), OPEB medical benefit, and OPEB early retirement are not reported in governmental fund statements. In the governmental fund statements, pension expense is recognized when due. The amounts consist of:		
Deferred outflows of resources relating to pension expense	3,095,883	
Deferred inflows of resources relating to return on pension assets	(152,178)	
OPEB asset - PERS RHIA	58,293	
Net pension liability - PERS	(6,850,609)	
OPEB liability - Medical benefit	(291,505)	
OPEB liability - Early retirement	<u>(41,648)</u>	(4,181,764)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:		
Accrued interest	(46,046)	
Bonds payable	(3,850,000)	
Bond premium	(568,116)	
Notes and loans payable	<u>(4,836,579)</u>	<u>(9,300,741)</u>
Net position of governmental activities		\$ <u>7,750,623</u>

The accompanying notes are an integral part of these financial statements.

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Project Fund	Total Governmental Funds
REVENUES					
Local revenue	\$ 1,453,536	\$ 194,129	\$ 323,070	\$ 5,949	\$ 1,976,684
State revenue	12,035,772	549,626	-	-	12,585,398
Intermediate revenue	27,183	-	-	-	27,183
Federal revenue	<u>37,676</u>	<u>1,444,104</u>	<u>-</u>	<u>-</u>	<u>1,481,780</u>
Total revenues	<u>13,554,167</u>	<u>2,187,859</u>	<u>323,070</u>	<u>5,949</u>	<u>16,071,045</u>
EXPENDITURES					
Current					
Instruction	8,262,278	952,382	-	-	9,214,660
Support services	3,329,768	734,945	-	-	4,064,713
Enterprise and community services	10,569	676,668	-	-	687,237
Facilities acquisition and construction	-	-	-	875,850	875,850
Debt service	<u>-</u>	<u>116,783</u>	<u>792,650</u>	<u>-</u>	<u>909,433</u>
Total expenditures	<u>11,602,615</u>	<u>2,480,778</u>	<u>792,650</u>	<u>875,850</u>	<u>15,751,893</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,951,552</u>	<u>(292,919)</u>	<u>(469,580)</u>	<u>(869,901)</u>	<u>319,152</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	254,682	482,050	489,889	1,226,621
Transfers out	<u>(1,226,621)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,226,621)</u>
Total other financing sources (uses)	<u>(1,226,621)</u>	<u>254,682</u>	<u>482,050</u>	<u>489,889</u>	<u>-</u>
Net change in fund balances	724,931	(38,237)	12,470	(380,012)	319,152
Fund balances - beginning	<u>1,092,075</u>	<u>294,980</u>	<u>14,054</u>	<u>380,012</u>	<u>1,781,121</u>
Fund balances - ending	<u>\$ 1,817,006</u>	<u>\$ 256,743</u>	<u>\$ 26,524</u>	<u>\$ -</u>	<u>\$ 2,100,273</u>

The accompanying notes are an integral part of these financial statements.

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

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

For the Year Ended June 30, 2021

Net change in fund balances		\$ 319,152
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital asset additions	1,446,229	
Depreciation expense recorded in the current year	(333,133)	1,113,096
<p>Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.</p>		
Debt principal paid		527,877
<p>Pension expense or credits that do not meet the measurable and available criteria are not recognized as revenue or expense in the current year in the governmental funds. In the statement of activities, pension expense or credit is recognized when determined to have been accrued.</p>		
Pension expense		(1,061,429)
<p>Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the statement of activities, property taxes are recognized as revenue when levied.</p>		
		12,324
Change in net position		\$ 911,020

The accompanying notes are an integral part of these financial statements.

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

STATEMENT OF NET POSITION

PROPERIETARY FUND

June 30, 2021

	<u>Business-Type Activity</u> <u>Enterprise Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>10,864</u>
LIABILITIES	
Accounts payable	<u>209</u>
NET POSITION	
Unrestricted	\$ <u>10,655</u>

The accompanying notes are an integral part of these financial statements.

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUND

For the Year Ended June 30, 2021

	Business-Type Activity
	Enterprise Fund
OPERATING REVENUES	
Local revenue	\$ 51,654
Total operating revenues	51,654
OPERATING EXPENSES	
Current	
Enterprise and community services	50,999
Total operating expenses	50,999
Operating income (loss)	655
Fund balances - beginning	10,000
Fund balances - ending	\$ 10,655

The accompanying notes are an integral part of these financial statements.

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended June 30, 2021

	Business-Type Activity Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for services	\$ 51,654
Payments to employees	<u>(50,790)</u>
Net cash provided (used) by operating activities	<u>864</u>
Net increase (decrease) in cash and cash equivalents	864
Cash and cash equivalents - beginning	<u>10,000</u>
Cash and cash equivalents - ending	<u><u>\$ 10,864</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 655
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Increase (decrease) in accounts payable	<u>209</u>
Net cash provided (used) by operating activities	<u><u>\$ 864</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statements of activities) report information on all of the activities of the District. The primary government is reported separately from its legally separate component unit.

B. Reporting Entity

Lowell School District No. 71 functions as a local education agency, serving students in grades kindergarten through 12. The District is governed by a five-member board of directors.

Mountain View Academy and Bridge Charter Academy, charter schools sponsored by the District, are reported as discretely presented component units. The respective Academies' complete financial statements may be obtained from the District's administrative offices. The District is not financially responsible for the Academies, but the nature and significance of their financial relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The discretely presented component units are presented in separate columns in the government-wide financial statements to emphasize that they are legally separate organizations from the District. Revenues reported by the component units as state school fund monies equal the amounts passed through the District.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds, while the business-type activities incorporate data from the enterprise fund. Separate financial statements are provided for all governmental and proprietary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund - The General Fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The primary sources of revenue are property taxes and state revenues.

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Special Revenue Fund

Special Revenue Fund - The Special Revenue Fund is used to account for revenues and expenditures of federal, state, local, and private grants restricted for specific educational projects. The primary source of revenue is federal grants. The primary use of revenue is to fund special programs.

Debt Service Fund - The Debt Service Fund accounts for the repayment of the District's long-term debt. The primary source of revenue is transfers in.

Capital Projects Fund - The Capital Projects Fund accounts for money to be spent on future capital acquisition and construction. The primary source of revenue is debt proceeds.

In addition, the District reports the following proprietary fund:

Food Service Fund - The Food Service Fund is used to account for funds used for providing food service consulting to other Districts. Primary source of revenue is charges for services.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e. the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 90 days. However, extraordinary circumstances may require that the revenue availability period be extended. If the state school fund revenue is involved, the period is extended until May of the following fiscal year, when the state completes its final reconciliations for the previous fiscal year. The period was extended this fiscal year for that purpose. Included in the extended period for this year is revenue from a partnership with a new charter school that was delayed beyond the normal 90-day period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District. The proprietary fund is reported using the economic resources measurement focus and the accrual basis of accounting.

F. Budgetary Information

1. Budgetary Basis of Accounting

Annual budgets are adopted on the modified accrual basis of accounting. The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, enterprise, debt service, and capital projects funds. All funds are budgeted on the modified accrual basis of accounting. The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of directors by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total instruction, support services, community services, debt service, capital outlay, operating contingencies, and interfund transfers for each fund are the levels of control established by the resolution.

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the board of directors at a regular board meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there was one supplemental budget. The District does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts and one supplemental budget.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Restricted Assets

Assets whose use is restricted for debt service, facilities improvement and construction, grant projects, or by other agreement are segregated on the Statement of Net Position.

3. Investments

State statutes authorize the District to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

4. Accounts and Grants Receivable

Receivables for federal and state grants, and state, county, and local shared revenues are recorded as revenue when earned.

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

5. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds are eliminated in the statement of net position.

6. Inventory and Prepaid Expenses

Inventory is valued at cost using the first-in/first-out (FIFO) method and consists of expendable food service goods and supplies. The cost of such inventory is recorded as expenditures/expenses when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

7. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Busses and vehicles	10
Equipment	10-50
Buildings and improvements	20-60

8. Deferred Outflows/Inflows of Resources (Non-Pension Related)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will therefore not be recognized as an outflow of resources (expense/expenditure) until that time.

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will therefore not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

9. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

10. Fund Balance Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of directors is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

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Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for the specific purposes but do not meet the criteria to be classified as committed. The school board has retained the authority to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The District reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of District), through constitutional provisions, or by enabling legislation
- Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts that District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The District has not formally adopted a minimum fund balance policy.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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2. 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 remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15. Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 30 days of fiscal year-end are recognized as revenue, while the remaining are recorded as deferred inflows of resources because they are not deemed available to finance operations of the current period.

3. Pensions

For purposes 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 the Oregon Public Employees Retirement System (PERS) and additions 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 in accordance with the benefit terms. Investments are reported at fair value.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. The principal operating revenue of the Food Service Fund is charges to customers for food service consulting. Operating expenses include the cost of services, administrative expenses. Items not meeting this definition are reported as nonoperating revenues and expenses.

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. The District was unable to produce documentation so that audit staff could verify the number of meals claimed for reimbursement by the Student Nutrition Program, a Federal grant.
2. The District expended funds in excess of appropriations as follows:

Fund	Function	Appropriations	Expenditures	Excess
General Fund	Support services	\$ 3,320,392	\$ 3,329,768	\$ 9,376

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Cash Deposits with Financial Institutions

Lowell School District No. 71 maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts.

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. The District participates in an external investment pool (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company.

The State's investment policies are governed by the Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments. The portion of the external investment pool which belongs to local government investment participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report (CAFR). A copy of the State's CAFR may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840.

Fair Value Measurement

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

- *Level 1* - Unadjusted quoted prices for identical investments in active markets.
- *Level 2* - Observable inputs other than quoted market prices; and,
- *Level 3* - Unobservable inputs.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2021.

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Fair values of assets measured on a recurring basis at June 30, 2021 are as follows:

	Level 2
Investments	
Oregon Local Government Investment Pool	\$ 1,338,489

Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool.

The board may authorize the investment or reinvestment of funds that are not immediately needed for operations of the District. Such investments will comply with state law and Oregon Administrative Rules.

Investments

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

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	\$ 1,338,489

Interest Rate Risk

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

Concentration of Credit Risk

The District does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100 percent of the District's investments are in the Oregon Local Government Investment Pool.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a policy that limits the amount of investments that can be held by counterparties.

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NOTES TO BASIC FINANCIAL STATEMENTS

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Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. The District holds interest-bearing accounts at Banner Bank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2021, the District had deposits of \$250,000 insured by the FDIC and \$363,983 collateralized by the PFCP.

Deposits

The District's deposits and investments at June 30, 2021 are as follows:

Cash on hand	\$ 904
Checking accounts	485,868
Total investments	<u>1,338,489</u>
Total cash and cash equivalents	<u>\$ 1,825,261</u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ <u>1,462,764</u>
Business-type activities - unrestricted	
Food Service Fund	<u>10,864</u>
Total unrestricted cash and investments	<u>1,473,628</u>
Governmental activities - restricted	
Special Revenue Fund	235,733
Debt Service Fund	25,129
Capital Projects Fund	<u>90,771</u>
Total restricted cash and investments	<u>351,633</u>
Total cash and cash equivalents	<u>\$ 1,825,261</u>

Restricted cash is for special programs, future facilities acquisition and construction, and future expenditures of grant monies.

LOWELL SCHOOL DISTRICT NO. 71
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

B. Deferred Inflows/Outflows of Resources

Deferred inflows and outflows of resources summarized on the statement of activities are comprised of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net OPEB RHIA asset	\$ 6,578	\$ (15,017)
Net pension liability - PERS	2,941,870	(86,364)
Net OPEB medical benefit liability	147,362	(50,513)
Net early retirement stipend liability	73	(284)
Total	<u>\$ 3,095,883</u>	<u>\$ (152,178)</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 522,995	\$ 165,436	\$ -	\$ 688,431
Construction in progress	<u>11,058,576</u>	<u>711,395</u>	<u>-</u>	<u>11,769,971</u>
Total capital assets not being depreciated	<u>11,581,571</u>	<u>876,831</u>	<u>-</u>	<u>12,458,402</u>
Capital assets being depreciated				
Buildings and improvements	6,842,710	145,899	-	6,988,609
Busses and vehicles	1,388,345	398,429	(134,781)	1,651,993
Equipment	<u>372,720</u>	<u>25,070</u>	<u>-</u>	<u>397,790</u>
Total capital assets being depreciated	<u>8,603,775</u>	<u>569,398</u>	<u>(134,781)</u>	<u>9,038,392</u>
Less accumulated depreciation for				
Buildings and improvements	(1,247,016)	(171,137)	-	(1,418,153)
Busses and vehicles	(777,644)	(131,422)	134,781	(774,285)
Equipment	<u>(187,839)</u>	<u>(30,574)</u>	<u>-</u>	<u>(218,413)</u>
Total accumulated depreciation	<u>(2,212,499)</u>	<u>(333,133)</u>	<u>134,781</u>	<u>(2,410,851)</u>
Total capital assets being depreciated, net	<u>6,391,276</u>	<u>236,265</u>	<u>-</u>	<u>6,627,541</u>
Governmental activities capital assets, net	<u>\$ 17,972,847</u>	<u>\$ 1,113,096</u>	<u>\$ -</u>	<u>\$ 19,085,943</u>

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NOTES TO BASIC FINANCIAL STATEMENTS

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In relation to governmental activities, depreciation was not charged to specific functions or programs of the District. Governmental capital assets of the District are for the use of the entire District and are therefore unallocated.

Depreciation expense is recorded on the statement of activities as follows:

Governmental activities	
Unallocated depreciation expense	<u>\$ 333,133</u>

Capital assets are reported on the statement of net position as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	\$ 688,431	\$ -	\$ 688,431
Construction in progress	11,769,971	-	11,769,971
Buildings and improvements	6,988,609	(1,418,153)	5,570,456
Busses and vehicles	1,651,993	(774,285)	877,708
Equipment	397,790	(218,413)	179,377
Total capital assets	<u>\$ 21,496,794</u>	<u>\$ (2,410,851)</u>	<u>\$ 19,085,943</u>

D. Interfund Transfers

Operating transfers are reflected as other financing sources (uses) in the governmental funds. Interfund transfers during the year consisted of:

	Transfers in:			
	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Transfers out:				
General Fund	<u>\$ 254,682</u>	<u>\$ 482,050</u>	<u>\$ 489,889</u>	<u>\$ 1,226,621</u>

Transfers from the General Fund are primarily for funding future capital projects, food service operations, athletics programs, and payments of principal and interest on long-term obligations.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

E. Long-Term Liabilities

1. Changes in Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year:

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
General obligation bonds, Series 2018	3-5%	\$ 4,000,000	\$ 3,930,000	\$ -	\$ 80,000	\$ 3,850,000	\$ 95,000
Premium, Series 2018		575,132	571,046	-	2,930	568,116	-
Notes and loans payable							
ODE Cool School #1	2.50%	520,955	284,868	-	37,499	247,369	25,849
ODE Cool School #2	3.50%	902,000	697,643	-	38,998	658,645	40,385
Full Faith & Credit Note - 2014	3.61%	376,973	163,924	-	38,830	125,094	40,230
Full Faith & Credit Note - 2014B	3.61%	170,400	73,864	-	17,496	56,368	18,127
Full Faith & Credit Note - 2014C	3.60%	269,000	116,746	-	27,656	89,090	28,652
Full Faith & Credit Note - 2015A	3.66%	424,000	146,739	-	27,278	119,461	28,276
Full Faith & Credit Note - 2015B	3.91%	190,000	58,140	-	28,513	29,627	29,627
Full Faith & Credit Note - 2016	3.91%	504,000	396,519	-	29,545	366,974	30,698
Full Faith & Credit Note - 2017	3.89%	790,000	665,991	-	44,596	621,395	46,332
Financing Agreement, Series 2018	4.24%	2,007,500	1,941,774	-	68,519	1,873,255	71,423
Financing Agreement, Series 2019	4.33%	211,000	211,000	-	6,849	204,151	7,146
Purchase Agreement - Moss	5.75%	91,500	86,670	-	5,115	81,555	6,417
Full Faith & Credit Note 2019	5.39%	30,500	23,918	-	5,517	18,401	5,815
Modular Building Loan	3.74%	135,000	62,045	-	19,927	42,118	20,672
Blue Bird Bus Loan	3.50%	255,433	183,306	-	23,780	159,526	24,540
Kubota Tractor Loan	4.69%	35,836	7,616	-	7,616	-	-
OR Municipal Lease	4.38%	199,397	160,763	-	17,213	143,550	17,967
Total governmental activities		<u>\$ 11,688,626</u>	<u>\$ 9,782,572</u>	<u>\$ -</u>	<u>\$ 527,877</u>	<u>\$ 9,254,695</u>	<u>\$ 537,156</u>

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

2. Governmental Activity - General Obligation Bonds

General obligation bonds are direct obligations that pledge the full faith and credit of the District and are payable from ad valorem debt service levy proceeds. The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

The District's outstanding general obligation bonds represent funding primarily for building improvement projects. Interest is due semiannually in June and December. Interest rates increase at fixed rates over the life of the bonds in accordance with the original bond agreement. The Debt Service Fund will traditionally be used to liquidate this long-term obligation.

3. Governmental Activity - ODE Cool School Note #1

The Oregon Department of Energy Cool School Note #1 was issued in November 2012 in the amount of \$520,955. Interest rates are fixed at 2.50%. The District used the proceeds to finance the construction of new roofs and a boiler, which are pledged as collateral. The Debt Service Fund has traditionally been used to liquidate the related debt.

4. Governmental Activity - ODE Cool School Note #2

The Oregon Department of Energy Cool School Note #2 was issued in May 2014 in the amount of \$902,000. Interest rates are fixed at 3.50%. The District used the proceeds to finance capital improvements, which are pledged as collateral. The Debt Service Fund has traditionally been used to liquidate the related debt.

5. Governmental Activity - Full Faith and Credit Note - 2014

The Full Faith and Credit Note - 2014 was issued in March 2014 in the amount of \$376,973. Interest rates are fixed at 3.61%. The District used the proceeds to finance the acquisition of new school busses, which are pledged as collateral. The Special Revenue Fund has traditionally been used to liquidate the related debt.

6. Governmental Activity - Full Faith and Credit Note - 2014B

The Full Faith and Credit Note - 2014B was issued in March 2014 in the amount of \$170,400. Interest rates are fixed at 3.61%. The District used the proceeds to finance capital improvements, which are pledged as collateral. The Debt Service Fund has traditionally been used to liquidate the related debt.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

7. Governmental Activity - Full Faith and Credit Note - 2014C

The Full Faith and Credit Note - 2014C was issued in July 2014 in the amount of \$269,000. Interest rates are fixed at 3.6%. The District used the proceeds to finance capital improvements, which are pledged as collateral. The Debt Service Fund has traditionally been used to liquidate the related debt.

8. Governmental Activity - Full Faith and Credit Note - 2015A

The Full Faith and Credit Note - 2015A was issued in January 2015 in the amount of \$424,000. Interest rates are fixed at 3.66%. The District used the proceeds to finance the acquisition of technology equipment and food service equipment, which are pledged as collateral. The Debt Service Fund has traditionally been used to liquidate the related debt.

9. Governmental Activity - Full Faith and Credit Note - 2015B

The Full Faith and Credit Note - 2015B was issued in March 2015 in the amount of \$190,000. Interest rates are fixed at 3.91%. The District used the proceeds to finance the acquisition of modular classrooms and vehicles for District operations, which are pledged as collateral. The Debt Service Fund has traditionally been used to liquidate the related debt.

10. Governmental Activity - Full Faith and Credit Note - 2016

The Full Faith and Credit Note - 2016 was issued in February 2016 in the amount of \$504,000. Interest rates are fixed at 3.91%. The District used the proceeds to finance the acquisition of land and buildings for transportation services and to provide classrooms for a new charter school, which are pledged as collateral. The Debt Service Fund has traditionally been used to liquidate the related debt.

11. Governmental Activity - Full Faith and Credit Note - 2017

The Full Faith and Credit Note - 2016 was issued in February 2017 in the amount of \$790,000. Interest rates are fixed at 3.893%. The District used the proceeds to finance the acquisition of modular classrooms for one of its charter schools, which are pledged as collateral. The Debt Service Fund has traditionally been used to liquidate the related debt.

12. Governmental Activity - Financing Agreement, Series 2018

The Financing Agreement, Series 2018 was issued in January 2019 in the amount of \$2,007,500. The District has drawn down on \$2,007,500. Interest rates are fixed at 4.24%. The District used the proceeds to finance the new gym construction, which is pledged as collateral. The Debt Service Fund will be used to liquidate the related debt.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

13. Governmental Activity - Financing Agreement, Series 2019

The Financing Agreement, Series 2019 was issued in September 2019 in the amount of \$211,000. The District has drawn down on \$211,000. Interest rates are fixed at 4.326%. The District used the proceeds to finance construction, which is pledged as collateral. The Debt Service Fund will be used to liquidate the related debt.

14. Governmental Activity - Purchase Agreement Moss

The Purchase Agreement was issued in September 2019 in the amount of \$91,500. Interest rates are fixed at 5.75%. The District used the proceeds to finance the purchase of land, which is pledged as collateral. The Debt Service Fund will be used to liquidate the related debt.

15. Governmental Activity - Full Faith & Credit 2019

The Full Faith and Credit Note - 2019 was issued in May 2019 in the amount of \$30,500. Interest rates are fixed at 5.388%. The District used the proceeds to finance walk-in cooling units, which are pledged as collateral. The Debt Service Fund has traditionally been used to liquidate the related debt.

16. Governmental Activity - Modular Building Loan

The Modular Building Loan was issued in March 2016 in the amount of \$135,000. Interest rates are fixed at 3.74%. The District used the proceeds to finance the acquisition of a modular building to provide additional classrooms, which is pledged as collateral. The Debt Service Fund has traditionally been used to liquidate the related debt.

17. Governmental Activity - Blue Bird Bus Loan

The Blue Bird Bus Loan was issued in January 2017 in the amount of \$255,433. Interest rates are fixed at 3.50%. The District used the proceeds to finance the acquisition of two Blue Bird buses for student transportation, which are pledged as collateral. The Debt Service Fund has traditionally been used to liquidate the related debt.

18. Governmental Activity - Kubota Tractor Loan

The Kubota Tractor Loan was issued in July 2016 in the amount of \$35,836. Interest rates are fixed at 4.687%. The District used the proceeds to finance the acquisition of a Kubota tractor, which is pledged as collateral. The Debt Service Fund has traditionally been used to liquidate the related debt.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

19. Governmental Activity - OR Municipal Lease

The OR Municipal Lease was issued in July 2018 in the amount of \$199,397. The District has drawn down on \$199,397. Interest rates are fixed at 4.379%. The District used the proceeds to finance the acquisition of a bus and cafeteria equipment, which are pledged as collateral. The Debt Service Fund has traditionally been used to liquidate the related debt.

20. Future Maturities of Long-Term Liabilities

Year Ending June 30	Notes and Loans Payable			Bonds Payable		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 452,156	\$ 188,889	\$ 641,045	\$ 95,000	\$ 184,400	\$ 279,400
2023	437,366	171,898	609,264	105,000	181,300	286,300
2024	431,498	155,521	587,018	120,000	177,300	297,300
2025	344,232	139,213	483,446	130,000	172,800	302,800
2026	324,601	126,202	450,803	145,000	167,800	312,800
2027-2031	1,465,144	451,392	1,916,537	965,000	740,500	1,705,500
2032-2036	909,668	200,220	1,109,887	1,500,000	469,500	1,969,500
2037-2040	471,915	44,767	683,584	790,000	88,500	878,500
	<u>\$ 4,836,579</u>	<u>\$ 1,478,103</u>	<u>\$ 6,314,682</u>	<u>\$ 3,850,000</u>	<u>\$ 2,182,100</u>	<u>\$ 6,032,100</u>

21. Interest Expense

Governmental interest expense was not charged to specific functions or programs of the District, therefore, interest expense is recorded on the statement of activities as follows:

Governmental activities	
Interest on long-term debt	<u>\$ 384,486</u>

22. Legal Debt Limit

The District's legal annual debt service limit (as defined by Oregon Revised Statute 478.410) as of June 30, 2021, was approximately \$47,332,729. The District's legal debt service limit is 7.95% of the real market value of property within the District.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

23. Default Risk

If the District is unable to make payments, the agreements contain an event of default as summarized below:

	Contains an Event of Default	Default Terms
Governmental activities		
General obligation bonds,		
Series 2018	No	N/A
Premium, Series 2018	No	N/A
Notes payable		
ODE Cool School #1	Yes	
ODE Cool School #2	Yes	
Full Faith & Credit Note - 2014	Yes	
Full Faith & Credit Note - 2014B	Yes	
Full Faith & Credit Note - 2014C	Yes	Lender may declare the entire unpaid principal and all unpaid accrued interest immediately due
Full Faith & Credit Note - 2015A	Yes	
Full Faith & Credit Note - 2015B	Yes	
Full Faith & Credit Note - 2016	Yes	
Full Faith & Credit Note - 2017	Yes	
Financing Agreement, Series 2018	Yes	
Financing Agreement, Series 2019	Yes	
Loans payable		
Modular Building Loan	Yes	
Blue Bird Bus Loan	Yes	Lender may take possession of or sell the property
Kubota Tractor Loan	Yes	
OR Municipal Lease	Yes	

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

F. Constraints on Fund Balances

Constraints on fund balances reported on the balance sheet are as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Fund balances:				
Nonspendable:				
Inventory	\$ -	\$ 11,647	\$ -	\$ 11,647
Prepaid expenses	-	2,498	-	2,498
Restricted for:				
Debt service	-	-	26,524	26,524
Facility improvements	-	106,237	-	106,237
Grant program	-	13,610	-	13,610
Student activities and athletics	-	67,078	-	67,078
Food programs	-	21,288	-	21,288
Committed for:				
Industrial arts programs	-	34,385	-	34,385
Unassigned	1,817,006	-	-	1,817,006
 Total fund balances	\$ 1,817,006	\$ 256,743	\$ 26,524	\$ 2,100,273

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

B. Retirement Plans

1. Oregon Public Employees Retirement System

General Information about the Pension Plan

The Oregon Public Employees Retirement System (OPERS) consists of a cost-sharing, multiple-employer defined benefit plan for units of state governmental, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2020, there were 901 participating employers.

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

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June 30, 2021

Plan Membership

As of June 30, 2020, there were 16,323 active plan members, 129,520 retired plan members or their beneficiaries currently receiving benefits, 9,930 inactive plan members entitled to but not yet receiving benefits, for a total of 155,773 Tier One members.

For Tier Two members, as of June 30, 2020, there were 31,548 active plan members, 17,162 retired plan members or their beneficiaries currently receiving benefits, 13,880 inactive plan members entitled to but not yet receiving benefits, for a total of 62,590.

As of June 30, 2020, there were 130,806 active plan members, 6,940 retired plan members or their beneficiaries currently receiving benefits, 6,281 inactive plan members entitled to but not yet receiving benefits, and 16,439 inactive plan members not eligible for refund or retirements, for a total of 160,466 OPSRP Pension Program members.

Plan Benefits

Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A, and Internal Revenue Code Section 401(a).

Tier One/Tier Two Retirement Benefit (Chapter 238) - OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living-adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. This defined benefit pension plan is closed to new members hired on or after August 29, 2003.

Pension Benefits

The OPERS retirement allowance is payable monthly for life. It may be selected 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 (2.0 percent for police and fire employees, 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.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. Police and Fire members may purchase increased benefits that are payable between the date of retirement and age 65.

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June 30, 2021

Death Benefits

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

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

Disability Benefits

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

Benefit Changes after Retirement

Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations caused by 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. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision. The COLA is capped at 2.0 percent.

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

Pension Benefits

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

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

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June 30, 2021

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

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

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

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.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision. The COLA is capped at 2.0 percent.

OPSRP Individual Account Program (OPSRP IAP) - Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS and is administered by the OPERS Board.

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

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Death Benefits

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

Contributions

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

Employer contribution rates during the period were based on the December 31, 2018 actuarial valuation, which became effective July 1, 2019. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced.

Member contributions are set by statute at six percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf. As permitted, the District has opted to pick-up the contributions on behalf of its employees.

Employer contributions for the year ended June 30, 2021 were \$891,061.

Pension Plan Comprehensive Annual Financial Report (CAFR)

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

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

Actuarial Valuations

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study	2018, published July 24, 2019
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.50 percent
Long-term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent
Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Health 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.</p> <p>Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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	Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.
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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are on the 2018 Experience Study, which reviewed experience for the four-year period ended December 31, 2018. There were no differences between the assumptions and plan provisions used for June 30, 2020 measurement date calculations compared to those shown above.

Actuarial Methods and Assumptions

Assets are valued at their market value. Gains and losses between odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 years from the odd-year valuation in which they are first recognized.

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

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent. 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Depletion Date Projection

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method).

LOWELL SCHOOL DISTRICT NO. 71
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NOTES TO BASIC FINANCIAL STATEMENTS

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The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. 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 GASB 67 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS 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 assumption.
- GASB 67 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 our independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors.

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.

For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

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

LOWELL SCHOOL DISTRICT NO. 71
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

OIC Target and Actual Investment Allocation as of June 30, 2020

<u>Asset Class/Strategy</u>	<u>OIC Policy Low Range</u>	<u>OIC Policy High Range</u>	<u>OIC Target Allocation</u>	<u>Actual Allocation³</u>
Debt Securities	15.0%	25.0%	20.0%	20.0%
Public Equity	27.5%	37.5%	32.5%	31.8%
Real Estate	9.5%	15.5%	12.5%	11.4%
Private Equity	14.0%	21.0%	17.5%	22.9%
Alternatives Portfolio	7.5%	17.5%	15.0%	10.5%
Opportunity Portfolio ¹	0.0%	3.0%	0.0%	2.1%
Risk Parity ²	0.0%	2.5%	2.5%	1.3%
Total			100.0%	100.0%

¹Opportunity Portfolio is an investment strategy, and it may be invested up to 3% of total plan net position.

² Risk Parity is a new investment strategy added to the asset allocation mix in 2019.

³ Based on the actual investment value at 6/30/2020.

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

At June 30, 2021, the District reported a liability of \$6,850,609 for its proportionate share of the net pension liability.

The net pension liability was measured at June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2021, the District's proportion was 0.0313906%. For the year ended June 30, 2021, the District recognized pension expense of \$1,747,800.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ 301,510	\$ -
Changes in assumptions	367,651	(12,882)
Net difference between projected and actual earnings on investments	805,543	-
Changes in proportionate share	656,769	(39,638)
Differences between employer contributions and employer's proportionate share of system contributions	162,866	(33,844)
Total (prior to post-MD contributions)	2,294,339	(86,364)
Contributions subsequent to the MD	647,531	-
Total (subsequent to post-MD contributions)	\$ 2,941,870	\$ (86,364)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in subsequent years as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st fiscal year	\$ 530,186
2nd fiscal year	646,105
3rd fiscal year	593,224
4th fiscal year	401,639
5th fiscal year	36,820

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

District's proportionate share of the net pension liability (asset):

1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
\$ 10,172,589	\$ 6,850,609	\$ 4,064,975

Changes Subsequent to the Measurement Date

The legislation held a second special session, August 10, 2020, and passed two budget bills that pertain to PERS. House Bill (HB) 4304 contained the policy updates needed to complete the budget reductions passed in Senate Bill (SB) 5723, reducing the Employer Incentive Fund (EIF) by \$35,248,198 with the money going back to the general fund. Additionally, all current and future revenue streams for the EIF were eliminated. The School District Unfunded Liability Fund (SDULF) was reduced by \$11,539,471 with that money also going back into the general fund.

Governor Brown line-item vetoed parts of HB 4304 restoring funding to the EIF and the SDULF. The SDULF receives an annual transfer from the proceeds on unclaimed property from the Common School Fund and will receive a transfer in January 2021. While these funding streams currently have no revenue, this does raise the possibility of both of these programs begin funded again in the future.

Starting July 1, 2020, SB 1049 required member contributions to their IAP accounts to be redirected to the Defined Benefit fund.

If the member earns more than \$2,500 per month, 0.75% for OPSRP members and 2.5% for Tier One and Tier Two members' salaries that were previously contributed to the member's IAP began funding the new Employee Pension Stability Accounts to help fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. PERS estimated that approximately \$125 million in member contributions will be redirected in fiscal year 2020-2021.

C. Other Post-Employment Benefits (GASB 75) RHIA - Oregon PERS Plan

1. Oregon Public Employees Retirement System (PERS) Retirement Health Insurance Account (RHIA) Other Post-Employment Benefit (OPEB) Plan (the Plan)

General Information about the OPEB Plan

The Oregon PERS RHIA consists of a single cost-sharing multiple-employer defined benefit OPEB plan for units of state governmental, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2020, there were 811 participating employers.

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Lane County, Oregon

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June 30, 2021

Plan Benefits – PERS RHIA (Chapter 238)

Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A, and the Internal Revenue Code Section 401(a).

OPEB Membership

RHIA was established by ORS 238.420 and authorizes a payment of up to \$60 from RHIA toward the monthly costs of health insurance. The Plan is closed to new members hired on or after August 29, 2003. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (C) enroll in a PERS-sponsored health plan.

As of June 30, 2020, the inactive RHIA plan participants currently receiving benefits totaled 43,797, and there were 47,611 active and 13,044 inactive members who meet the requirements to receive RHIA benefits when they retire.

Basis of Accounting

Contributions for employers are recognized on the accrual basis of accounting. Employer contributions to PERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements. These are amounts normally included in the employer statements cut off as of the fifth of the following month. The schedules of OPEB amounts by Employer does not reflect deferred outflows of resources related to contributions made by employers after the measurement date.

Consistent with GASB Statement No. 75, paragraph 59(a), employer proportions are determined as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined.

Contributions

Employer contributions for the year ended June 30, 2020 were \$95.

OPEB RHIA Plan Comprehensive Annual Financial Report (CAFR)

All assumptions, methods, and plan provisions used in these calculations are described in the Oregon PERS RHIA Cost-Sharing Multiple-Employer OPEB Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the year ended June 30, 2020. That independently audited report was dated March 5, 2021 and can be found at:

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

LOWELL SCHOOL DISTRICT NO. 71
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June 30, 2021

Proportionate Share Allocation Methodology

The basis for the employer’s proportion is determined by comparing the employer’s actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers.

If the employer did not make contributions during the fiscal year, their proportionate share will be set to zero and the employer will be allocated no proportionate share of the OPEB amounts.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study	2018, published July 24, 2019
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.50 percent
Long-term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent
Retiree healthcare participation	Healthy retirees: 35%; disabled retirees: 20%
Mortality	<p>Health 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.</p> <p>Active members: Pub-2010 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retirees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are on the 2018 Experience Study, which reviewed experience for the four-year period ended December 31, 2018. There were no differences between the assumptions and plan provisions used for June 30, 2020 measurement date calculations compared to those shown above, except as follows:

- The H.R. 1865 Further Consolidated Appropriations Act, which was signed into law on December 20, 2019, repealed the Cadillac tax on high-cost health plans. The RHIPA Total OPEB asset as of the June 30, 2020 measurement date shown reflects the repeal of the Cadillac tax.

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2020 was 7.20. 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 RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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.

For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

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

Depletion Date Projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method).

LOWELL SCHOOL DISTRICT NO. 71
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NOTES TO BASIC FINANCIAL STATEMENTS

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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 GASB 75 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 75 (paragraph 82) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPEB Plan:

- OPERS 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 assumption.
- GASB 75 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 our independent actuary's opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

There remains substantial uncertainty regarding the impact of COVID-19 on plan costs, including whether the pandemic will increase or decrease costs in the near and longer term. For example, health care expenditures unrelated to COVID-19 have decreased substantially since stay-at-home orders have been in place on account of physician practices closing for most visits and nonemergency surgeries being postponed.

Some services will be postponed until a later date while others may never occur, and the drop in utilization for services unrelated to COVID-19 may offset potential increases in health costs related to COVID-19. Therefore, we have deferred making an adjustment to expected plan costs until more information is known. It is possible that the COVID-19 pandemic could have a material impact on the projected costs.

LOWELL SCHOOL DISTRICT NO. 71
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

At June 30, 2021, the District reported an asset of \$58,293 for its proportionate share of the OPEB asset. The OPEB asset was measured at June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date.

The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019 the District's proportion was 0.02738488%. For the year ended June 30, 2021, the District recognized OPEB credit of \$13,071.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ -	\$ (5,959)
Changes in assumptions	-	(3,099)
Differences between projected and actual earnings on investments	6,483	-
Changes in proportionate share	-	(5,959)
Total (prior to post-MD contributions)	6,483	(15,017)
Contributions subsequent to the MD	95	-
Total Deferred Outflow/(Inflow) of Resources	\$ 6,578	\$ (15,017)

Differences between expected and actual experience, changes in assumptions, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period.

Employers are required to recognize OPEB expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service life determined as of the beginning of the June 30, 2020 measurement period is 2.9 years.

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ended June 30, 2021.

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Other amounts reported by the District as deferred outflows or inflows of resources related to OPEB will be recognized in OPEB expense in subsequent years as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources
1st fiscal year	\$ (9,414)
2nd fiscal year	(3,561)
3rd fiscal year	2,396
4th fiscal year	2,045
5th fiscal year	-

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 7.20 percent, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a higher discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

District's proportionate share of the net OPEB (asset) liability:

1% Decrease (6.2%)	Discount Rate (7.2%)	1% Increase (8.2%)
\$ (47,062)	\$ (58,293)	\$ (67,896)

Changes Subsequent to the Measurement Date

We are not aware of any changes subsequent to the June 30, 2020 measurement date that meet the requirement requiring a brief description under the GASB standard.

D. Other Post-Employment Benefits (GASB 75) - District Medical Benefit Plan

1. Other Post-Employment Benefit (OPEB) District Medical Benefit Plan (the Plan)

General Information about the OPEB Plan

Name of OPEB Plan

The District provides a post-retirement health benefits program for employees who have retired from the District. The plan is a single employer, defined benefit healthcare plan. Covered employees under the plan are eligible to receive District-paid benefits for up to 120 months or until reaching the age of 65, whichever comes first. The program was established under separate collective bargaining agreements with certified and classified employees and by precedent for all other District employees.

Description of Benefit Terms

LOWELL SCHOOL DISTRICT NO. 71
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Plan Benefits – Implicit Medical Benefit

Plan benefits are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapter 243. ORS stipulated that for the purpose of establishing health care premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contributions.

The calculated OPEB liability is derived using the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members at that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective.

Medical Benefit Membership and Eligibility

Benefits and eligibility for members are established through the collective bargaining agreements. All classes of employee are eligible to continue coverage upon retirement. Qualified spouses, domestic partners, and children may qualify for coverage.

Medical Benefit Duration and Amount

Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible).

Participant Statistics

As of June 30, 2021, there were 63 active participants and 5 inactive participants in the Medical Benefit plan. The average age of active and inactive participants is 45.8 and 60.4, respectively.

The District did not establish an irrevocable trust (or equivalent arrangement) to account for this plan.

Funding Policy

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

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Actuarial Methods and Assumptions:

The District engaged an actuary to perform an evaluation as of June 30, 2020 using age entry normal, level percent of salary Actuarial Cost Method.

The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Valuation Date	June 30, 2020
Measurement Dates/Fiscal Year Ends	June 30, 2020 through June 30, 2021
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Interest Rate for Discounting Future Liabilities	2.21 percent per year, based on all years discounted at municipal bond rate
General Inflation	2.50 percent per year
Salary Scale	3.50 percent per year

Rates of mortality, retirement, and withdrawal are generally the same rates that were used in the June 30, 2020 actuarial report of the Oregon Public Employees Retirement System. Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service.

Disability rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by employee age.

Assumed 100% of retirees eligible for a direct District subsidy will enter the plan upon retirement. 35% of retirees only eligible for self-pay coverage are assumed to continue District health insurance coverage upon retirement. 35% of future retirees are assumed to cover a spouse. Each year, 7% of the retiree self-paying for health insurance will voluntarily drop their coverage.

Future health care premiums for current employees are based on blended rates for current plans with the assumption that their election patterns will follow those for current retirees. Future premiums are projected assuming annual increases due to health care benefit cost inflation.

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

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Changes in Medical Benefit OPEB Liability

Total OPEB Liability at June 30, 2020	\$	338,980
Changes for the year:		
Service cost		5,086
Interest		6,835
Benefit payments		<u>(59,396)</u>
Net changes		<u>(47,475)</u>
Total OPEB Liability at June 30, 2021	\$	<u>291,505</u>

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB medical benefit from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 53,696	\$ (8,078)
Experience (gain)/loss	<u>93,666</u>	<u>(42,435)</u>
Total	<u>\$ 147,362</u>	<u>\$ (50,513)</u>

Amounts reported as deferred outflows of resources related to the OPEB medical benefit resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability - OPEB medical benefit in the year ended June 30, 2021.

Other amounts reported by the District as deferred outflows or inflows of resources related to the OPEB medical benefit will be recognized in expense in subsequent years as follows:

Employer subsequent fiscal years		Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st fiscal year	\$	8,786
2nd fiscal year		8,786
3rd fiscal year		8,786
4th fiscal year		8,786
5th fiscal year		8,786
Thereafter		52,919

LOWELL SCHOOL DISTRICT NO. 71
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Sensitivity of the Net OPEB Liability to Changes in Discount and Trend Rates

The following presents the net OPEB liability, calculated using the discount rate of 3.87%, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30 Disclosure	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 305,378	\$ 291,505	\$ 278,626

The following presents the net OPEB liability, calculated using the trend rate, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30 Disclosure	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 274,670	\$ 291,505	\$ 310,603

E. Single-Employer Pension Plan (GASB 73) Termination Benefits

1. Early Retirement Benefits

Plan Description

The District provides a single employer defined benefit early retirement program for its employees, which was established under separate collective bargaining agreements with certified and classified employees.

Employees with a minimum of 10 consecutive years of service, who are at least 55 years of age, or at any age with 30 years of service, are eligible for the early retirement benefits. Eligible employees are entitled to a monthly benefit based on their individual contract.

Benefits are payable up to the earlier of attaining the age of 62 or receiving 84 monthly payments. At June 30, 2021, the plan covered 6 members (4 active members receiving benefits).

Actuarial Methods and Assumptions:

The District engaged an actuary to perform an evaluation as of June 30, 2020 using age entry normal, level percent of salary Actuarial Cost Method.

LOWELL SCHOOL DISTRICT NO. 71
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Valuation Date	June 30, 2020
Measurement Dates/Fiscal Year Ends	June 30, 2020 through June 30, 2021
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Interest Rate for Discounting Future Liabilities	2.21 percent per year, based on all years discounted at municipal bond rate
General Inflation	2.50 percent per year
Salary Scale	3.50 percent per year

Rates of mortality, retirement, and withdrawal are generally the same rates that were used in the June 30, 2020 actuarial report of the Oregon Public Employees Retirement System. Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service. Disability rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by employee age. Assumed 100% of retirees eligible for a direct District subsidy will enter the plan upon retirement. 35% of retirees only eligible for self-pay coverage are assumed to continue District health insurance coverage upon retirement. 35% of future retirees are assumed to cover a spouse. Each year, 7% of the retiree self-paying for health insurance will voluntarily drop their coverage.

Future health care premiums for current employees are based on blended rates for current plans with the assumption that their election patterns will follow those for current retirees. Future premiums are projected assuming annual increases due to health care benefit cost inflation. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Changes in Stipend Benefit Pension Liability

Total Stipend Liability at June 30, 2020	\$ 47,137
Changes for the year:	
Interest	970
Benefit payments	<u>(6,459)</u>
Net changes	<u>(5,489)</u>
Total Stipend Liability at June 30, 2021	<u>\$ 41,648</u>

LOWELL SCHOOL DISTRICT NO. 71
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB early retirement benefit from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ -	\$ (284)
Changes in assumptions	73	-
Total	\$ 73	\$ (284)

Amounts reported as deferred outflows of resources related to the OPEB early retirement benefit resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability - OPEB early retirement benefit in the year ended June 30, 2021.

Other amounts reported by the District as deferred outflows or inflows of resources related to the OPEB early retirement benefit will be recognized in expense in subsequent years as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st fiscal year	\$ (69)
2nd fiscal year	(69)
3rd fiscal year	(69)
4th fiscal year	(4)
5th fiscal year	-
Thereafter	-

Sensitivity of the Net Stipend Liability to Changes in Discount and Trend Rates

The following presents the net Stipend liability, calculated using the discount rate of 2.21%, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30 Disclosure	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total Stipend Liability	\$ 43,075	\$ 41,648	\$ 40,298

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

F. New Pronouncements

For the fiscal year ended June 30, 2021, the District implemented the following new accounting standards:

GASB Statement No. 84, *Fiduciary Activities* – This statement established criteria and guidance for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes, as well as the reporting requirements for these fiduciary funds.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.*

The District will implement applicable new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements for implementing any of the following pronouncements:

GASB Statement No. 83, *Certain Asset Retirement Obligations* – This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The statement is effective for fiscal years beginning after June 15, 2020 (as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*).

GASB Statement No. 87, *Leases* – This statement addresses the accounting and financial reporting for leases by governments, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. The statement is effective for fiscal years beginning after June 15, 2022 (as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*).

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The statement is effective for fiscal years beginning after December 15, 2021 (as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*).

G. Concentrations

At June 30, 2021, the District had approximately 75 employees who were accounted for under the governmental activities of the District. Of this total, 32 are represented by either a union contract or a collective bargaining agreement. The existing contracts and agreements expire on June 30, 2021.

LOWELL SCHOOL DISTRICT NO. 71
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

H. Restatement

The District’s previously issued financial statements have been restated as follows:

Government-wide	Governmental Activities
Beginning net position, as originally reported	\$ 6,748,103
Land not reported in prior year	91,500
Beginning net position, as restated	\$ 6,839,603

I. Contingency

The District’s student nutrition program is subject to a compliance review by the Oregon Department of Education. If the District is found to be negligent in their grant compliance procedures and internal controls, the Department could require repayment of funds provided, and also has the option of no longer allowing the District to run the school breakfast, lunch and snack programs.

J. Subsequent Events

1. Dinner Program Termination

Subsequent to year end, the District’s agreement with the Oregon Department of Education to run the dinner program was terminated by the Department upon findings of serious deficiencies within the program. The District staff with oversight of the program have been placed on the National Disqualified List, and the District lost \$93,935 in revenue.

Management has evaluated subsequent events through December 23, 2021, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND DISTRICT CONTRIBUTIONS

OREGON PERS SYSTEM

Schedule of the District's Proportionate Share of the Net Pension Liability

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.0313906%	0.0273849%	0.0249860%	0.0247105%	0.0262443%	0.0284372%	0.0265313%
District's proportionate share of the net pension liability (asset)	\$ 6,850,609	\$ 4,736,928	\$ 3,785,056	\$ 7,125,469	\$ 3,939,871	\$ 1,632,710	\$ (601,388)
District's covered-employee payroll	\$ 2,675,997	\$ 2,043,063	\$ 1,822,996	\$ 1,656,472	\$ 1,538,827	\$ 1,404,570	\$ 1,266,227
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	256%	232%	208%	430%	256%	116%	-47%
Plan fiduciary net position as a percentage of the total pension liability	76%	80%	82%	83%	81%	92%	103%

Schedule of District Contributions

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 891,061	\$ 887,583	\$ 778,128	\$ 642,074	\$ 432,375	\$ 279,745	\$ 290,610
Contributions in relation to the contractually required contribution	<u>(891,061)</u>	<u>(887,583)</u>	<u>(778,128)</u>	<u>(642,074)</u>	<u>(432,375)</u>	<u>(279,745)</u>	<u>(290,610)</u>
Contribution deficiency (excess)	<u>\$ -</u>						
District's covered-employee payroll	\$ 2,540,250	\$ 2,518,900	\$ 2,944,093	\$ 2,617,295	\$ 1,865,455	\$ 1,915,857	\$ 1,266,227
Contributions as a percentage of covered-employee payroll	35%	35%	26%	25%	23%	15%	23%

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND DISTRICT CONTRIBUTIONS

OREGON PERS SYSTEM RHIA

Schedule of the District's Proportionate Share of the Other Post Employment Benefits

	2021	2020	2019
District's proportion of the OPEB liability (asset)	0.02738488%	0.02393832%	0.01997655%
District's proportionate share of the OPEB liability (asset)	\$ (58,293)	\$ (46,257)	\$ (22,299)
District's covered-employee payroll	\$ 2,675,997	\$ 2,043,063	\$ 1,822,996
District's proportionate share of the OPEB liability (asset) as a percentage of its covered-employee payroll	-2.18%	-2.05%	-1.25%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	150.07%	144.40%	123.99%

Schedule of District Contributions

	2021	2020	2019
Contractually required contribution	\$ 95	\$ 2,043	\$ 14,720
Contributions in relation to the contractually required contribution	(95)	(2,043)	(14,720)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,540,250	\$ 2,518,900	\$ 2,944,093
Contributions as a percentage of covered-employee payroll	0.00%	0.08%	0.50%

LOWELL SCHOOL DISTRICT NO. 71
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SCHEDULES OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS (OPEB)
LIABILITY AND RELATED RATIOS - MEDICAL BENEFIT

DISTRICT MEDICAL BENEFIT PLAN

Schedule of Changes	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Medical Benefit Pension Liability, beginning	\$ <u>338,980</u>	\$ <u>209,513</u>	\$ <u>244,131</u>	\$ <u>367,433</u>
Changes for the year:				
Service cost	\$ 5,086	\$ 4,914	\$ 7,052	\$ 6,814
Interest	6,835	3,991	8,478	12,949
Benefit payments	(59,396)	(57,826)	(50,148)	(65,644)
Change in assumptions	-	65,002	-	(12,382)
Experience (gain)/loss	<u>-</u>	<u>113,386</u>	<u>-</u>	<u>(65,039)</u>
Net changes for the year	<u>(47,475)</u>	<u>129,467</u>	<u>(34,618)</u>	<u>(123,302)</u>
Total Medical Benefit Pension Liability, ending	\$ <u>291,505</u>	\$ <u>338,980</u>	\$ <u>209,513</u>	\$ <u>244,131</u>
District's covered-employee payroll	\$ 2,453,815	\$ 2,370,836	\$ 2,503,838	\$ 2,419,167
Net Medical Benefit Pension Liability as a Percentage of Covered Payroll	11.88%	14.30%	8.37%	10.09%

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

SCHEDULES OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS (OPEB)
LIABILITY AND RELATED RATIOS - STIPEND BENEFIT

DISTRICT STIPEND BENEFIT PLAN

Schedule of Changes	2021	2020	2019	2018
Total Stipend Benefit Pension Liability, beginning	\$ <u>47,137</u>	\$ <u>7,117</u>	\$ <u>6,993</u>	\$ <u>9,120</u>
Changes for the year:				
Service cost	\$ -	\$ -	\$ 183	\$ 177
Interest	970	130	264	312
Benefit payments	(6,459)	(2,500)	(323)	(2,129)
Change in assumptions	-	3,006	-	169
Experience (gain)/loss	-	<u>39,384</u>	-	<u>(656)</u>
Net changes for the year	<u>(5,489)</u>	<u>40,020</u>	<u>124</u>	<u>(2,127)</u>
Total Stipend Benefit Pension Liability, ending	\$ <u>41,648</u>	\$ <u>47,137</u>	\$ <u>7,117</u>	\$ <u>6,993</u>
District's covered-employee payroll	\$ -	\$ -	\$ 123,193	\$ 119,027
Net Stipend Benefit Pension Liability as a Percentage of Covered Payroll	N/A	N/A	5.78%	5.88%

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

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

GENERAL FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES				
Local revenue	\$ 1,469,300	\$ 1,469,300	\$ (15,764)	\$ 1,453,536
Intermediate revenue	9,000	9,000	18,183	27,183
State revenue	8,478,000	11,583,000	452,772	12,035,772
Federal revenue	-	-	37,676	37,676
	9,956,300	13,061,300	492,867	13,554,167
EXPENDITURES				
Current				
Instruction	5,923,307	8,623,307	(361,029)	8,262,278
Support services	3,320,392	3,320,392	9,376	3,329,768
Enterprise and community services	-	15,000	(4,431)	10,569
Contingency	797,979	797,979	(797,979)	-
	10,041,678	12,756,678	(1,154,063)	11,602,615
Excess (deficiency) of revenues over (under) expenditures	(85,378)	304,622	1,646,930	1,951,552
OTHER FINANCING SOURCES (USES)				
Transfers out	(836,622)	(1,226,622)	(1)	(1,226,621)
Net change in fund balance	(922,000)	(922,000)	1,646,931	724,931
Fund balance - beginning	922,000	922,000	170,075	1,092,075
Fund balance - ending	\$ -	\$ -	\$ 1,817,006	\$ 1,817,006

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

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

SPECIAL REVENUE FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES				
Local revenue	\$ 315,985	\$ 315,985	\$ (121,856)	\$ 194,129
State revenue	1,004,500	1,004,500	(454,874)	549,626
Federal revenue	<u>620,000</u>	<u>1,120,000</u>	<u>324,104</u>	<u>1,444,104</u>
Total revenues	<u>1,940,485</u>	<u>2,440,485</u>	<u>(252,626)</u>	<u>2,187,859</u>
EXPENDITURES				
Current				
Instruction	1,271,289	1,271,289	(318,907)	952,382
Support services	726,431	876,431	(141,486)	734,945
Enterprise and community	431,883	781,883	(105,215)	676,668
Debt service	117,090	117,090	(307)	116,783
Contingency	<u>21,814</u>	<u>21,814</u>	<u>(21,814)</u>	<u>-</u>
Total expenditures	<u>2,568,507</u>	<u>3,068,507</u>	<u>(587,729)</u>	<u>2,480,778</u>
Excess (deficiency) of revenues over (under) expenditures	(628,022)	(628,022)	335,103	(292,919)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>349,022</u>	<u>349,022</u>	<u>(94,340)</u>	<u>254,682</u>
Change in net position	(279,000)	(279,000)	240,763	(38,237)
Fund balance - beginning	<u>279,000</u>	<u>279,000</u>	<u>15,980</u>	<u>294,980</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,743</u>	<u>\$ 256,743</u>

OTHER SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND STATEMENTS

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 297,000	\$ 26,070	\$ 323,070
EXPENDITURES			
Debt service	798,600	(5,950)	792,650
Excess (deficiency) of revenues over (under) expenditures	(501,600)	32,020	(469,580)
OTHER FINANCING SOURCES (USES)			
Transfers in	487,600	(5,550)	482,050
Change in net position	(14,000)	26,470	12,470
Net position - beginning	14,000	54	14,054
Net position - ending	\$ -	\$ 26,524	\$ 26,524

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL

CAPITAL PROJECTS FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES				
Local revenue	\$ 2,000	\$ 2,000	\$ 3,949	\$ 5,949
EXPENDITURES				
Current				
Facilities acquisition and construction	1,378,000	1,768,000	(892,150)	875,850
Excess (deficiency) of revenues over (under) expenditures	(1,376,000)	(1,766,000)	896,099	(869,901)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	390,000	99,889	489,889
Change in net position	(1,376,000)	(1,376,000)	995,988	(380,012)
Net position - beginning	1,376,000	1,376,000	(995,988)	380,012
Net position - ending	\$ -	\$ -	\$ -	\$ -

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL

FOOD SERVICE FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES				
Local revenue	\$ 31,000	\$ 41,000	\$ 10,654	\$ 51,654
EXPENDITURES				
Current				
Enterprise and community	<u>31,000</u>	<u>51,000</u>	<u>(1)</u>	<u>50,999</u>
Excess (deficiency) of revenues over (under) expenses	-	(10,000)	10,655	655
Net position - beginning	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,655</u>	<u>\$ 10,655</u>

OTHER FINANCIAL SCHEDULES

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

REVENUE SUMMARY - ALL FUNDS

For the Year Ended June 30, 2021

Revenue from Local Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500
1110 Ad Valorem Taxes Levied by District	\$ 1,237,032.44	\$ -	\$ 276,861.33	\$ -	\$ -
1130 Construction Excise Tax	-	34,463.09	-	-	-
1190 Penalties and Interest on Taxes	4,514.83	-	580.51	-	-
1510 Interest on Investments	19,022.89	18.36	628.50	-	-
1610 Daily Sales - Reimbursable Programs	-	6.30	-	-	-
1760 Extracurricular Club Fund Raising	-	12,822.50	-	-	-
1910 Rentals	57,904.85	46,985.02	45,000.00	-	-
1920 Contributions and Donations From Private Sources	1,061.00	25,837.64	-	-	-
1940 Services Provided Other Local Education Agencies	61,892.16	-	-	-	51,654.24
1960 Recovery of Prior Years Expenditures	-	-	-	5,948.54	-
1980 Fees Charged to Grants	21,360.40	-	-	-	-
1990 Miscellaneous	50,736.20	73,995.72	-	-	-
Total Revenue from Local Sources	\$ 1,453,524.77	\$ 194,128.63	\$ 323,070.34	\$ 5,948.54	\$ 51,654.24

Revenue from Intermediate Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500
2101 County School Funds	\$ 27,182.54	\$ -	\$ -	\$ -	\$ -
Total Revenue from Intermediate Sources	\$ 27,182.54	\$ -	\$ -	\$ -	\$ -

Revenue from State Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500
3101 State School Fund - General Support	\$ 11,859,245.50	\$ -	\$ -	\$ -	\$ -
3103 Common School Fund	88,056.30	-	-	-	-
3199 Other Unrestricted Grants-in-Aid	25,603.85	-	-	-	-
3222 State School Fund (SSF) Transportation Equipment	-	92,645.00	-	-	-
3299 Other Restricted Grants-in-Aid	62,865.99	456,976.23	-	-	-
Total Revenue from State Sources	\$ 12,035,771.64	\$ 549,621.23	\$ -	\$ -	\$ -

(continued)

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

REVENUE SUMMARY - ALL FUNDS

June 30, 2021

(continued)

Revenue from Federal Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500
4300 Restricted Revenue Direct From the Federal Government	\$ -	\$ -	\$ -	\$ -	\$ -
4500 Restricted Revenue From the Federal Government Through the State	11,120.35	1,297,828.45	-	-	-
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies	-	109,384.02	-	-	-
4800 Federal Forest Fees	26,556.17	-	-	-	-
4900 Revenue for/on Behalf of the District	-	36,891.03	-	-	-
Total Revenue from Federal Sources	\$ 37,676.52	\$ 1,444,103.50	\$ -	\$ -	\$ -
Revenue from Other Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500
5100 Long-term Debt Financing Sources	\$ -	\$ -	\$ -	\$ -	\$ -
5200 Interfund Transfers	-	254,682.41	482,050.46	489,889.00	-
5400 Resources - Beginning Fund Balance	1,092,075.73	294,980.00	14,054.30	380,012.25	10,000.12
Total Revenue from Other Sources	\$ 1,092,075.73	\$ 549,662.41	\$ 496,104.76	\$ 869,901.25	\$ 10,000.12
Grand Totals	\$ 14,646,231.20	\$ 2,737,515.77	\$ 819,175.10	\$ 875,849.79	\$ 61,654.36

LOWELL SCHOOL DISTRICT NO. 71

Lane County, Oregon

EXPENDITURE SUMMARY - GENERAL FUND

For the Year Ended June 30, 2021

Instruction Expenditures	Totals	Object 100	Object 200
1111 Elementary, K-5 or K-6	\$ 677,032.71	\$ 421,443.21	\$ 241,135.29
1121 Middle/Junior High Programs	255,372.28	159,904.97	93,852.96
1131 High School Programs	525,859.44	315,420.89	176,328.44
1140 Pre-kindergarten Programs	2,582.00	-	-
1210 Programs for the Talented and Gifted	1,405.49	1,000.00	405.49
1250 Less Restrictive Programs for Students with Disabilities	337,183.19	145,912.54	79,487.61
1281 Public Alternative Programs	40,931.48	-	-
1283 District Alternative Programs	15,013.23	8,740.08	6,273.15
1288 Charter Schools	6,403,155.19	-	-
1291 English Second Language Programs	3,734.90	2,112.06	1,622.84
Total Instruction Expenditures	\$ 8,262,269.91	\$ 1,054,533.75	\$ 599,105.78
Support Services Expenditures	Totals	Object 100	Object 200
2120 Guidance Services	\$ 40,145.51	\$ 23,425.58	\$ 15,318.58
2129 Other Guidance Services	23,481.28	14,144.62	9,307.71
2130 Health Services	4,158.71	1,681.18	1,307.67
2150 Speech Pathology and Audiology Services	53,035.41	-	-
2190 Service Direction, Student Support Services	37,599.29	22,306.81	11,693.19
2222 Library/Media Center	37,671.15	24,722.89	9,723.92
2230 Assessment and Testing	2,786.00	-	-
2240 Instructional Staff Development	1,856.00	-	-
2310 Board of Education Services	36,949.08	-	-
2321 Office and Superintendent Services	309,822.05	175,001.74	85,557.51
2410 Office of the Principal Services	401,447.40	235,608.27	147,147.68
2520 Fiscal Services	214,231.31	99,040.03	71,782.21
2525 Financial Accounting Services	62,352.85	30,853.09	12,375.43
2542 Care and Upkeep of Building Services	1,093,661.71	304,600.87	160,419.33
2543 Care and Upkeep of Grounds Services	102,895.95	50,816.38	17,527.90
2552 Vehicle Operation Services	237,480.31	131,174.66	82,072.21
2554 Vehicle Operation Services	365,632.25	138,238.25	70,665.53
2574 Printing, Publishing, Duplicating Services	44,844.38	-	-
2661 Service Area Direction	216,263.98	81,582.40	47,359.69
2700 Supplemental Retirement Program	43,448.85	6,800.00	36,648.85
Total Support Services Expenditures	\$ 3,329,763.47	\$ 1,339,996.77	\$ 778,907.41
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200
3500 Custody and Care of Children Services	\$ 10,569.02	\$ 9,744.84	\$ 824.18
Total Other Uses Expenditures	\$ 10,569.02	\$ 9,744.84	\$ 824.18
Other Uses Expenditures	Totals	Object 100	Object 200
5200 Transfers of Funds	\$ 1,226,621.87	\$ -	\$ -
Total Other Uses Expenditures	\$ 1,226,621.87	\$ -	\$ -
Grand Total	\$ 12,829,224.27	\$ 2,404,275.36	\$ 1,378,837.37

Object 300	Object 400	Object 500	Object 600	Object 700
\$ -	\$ 14,454.21	\$ -	\$ -	\$ -
-	1,614.35	-	-	-
10,973.46	23,136.65	-	-	-
-	-	-	2,582.00	-
-	-	-	-	-
110,860.59	892.50	-	29.95	-
40,931.48	-	-	-	-
-	-	-	-	-
6,403,155.19	-	-	-	-
-	-	-	-	-
\$ 6,565,920.72	\$ 40,097.71	\$ -	\$ 2,611.95	\$ -

Object 300	Object 400	Object 500	Object 600	Object 700
\$ 450.00	\$ 951.35	\$ -	\$ -	\$ -
-	28.95	-	-	-
256.00	613.86	-	300.00	-
53,035.41	-	-	-	-
766.72	2,832.57	-	-	-
-	1,699.00	-	1,525.34	-
1,197.00	1,589.00	-	-	-
1,856.00	-	-	-	-
14,827.45	233.22	-	21,888.41	-
15,558.86	30,550.67	-	3,153.27	-
5,178.06	7,831.39	-	5,682.00	-
31,894.76	2,630.64	-	8,883.67	-
16,500.00	61.33	-	2,563.00	-
289,272.99	139,885.97	136,784.66	62,697.89	-
10,250.27	23,757.01	-	544.39	-
1,497.58	-	-	22,735.86	-
54,201.90	92,125.57	-	10,401.00	-
14,668.47	10,059.27	19,680.00	436.64	-
1,559.33	68,723.78	-	17,038.78	-
-	-	-	-	-
\$ 512,970.80	\$ 383,573.58	\$ 156,464.66	\$ 157,850.25	\$ -

Object 300	Object 400	Object 500	Object 600	Object 700
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -

Object 300	Object 400	Object 500	Object 600	Object 700
\$ -	\$ -	\$ -	\$ -	\$ 1,226,621.87
\$ -	\$ -	\$ -	\$ -	\$ 1,226,621.87
\$ 7,078,891.52	\$ 423,671.29	\$ 156,464.66	\$ 160,462.20	\$ 1,226,621.87

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

EXPENDITURE SUMMARY - SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2021

Instruction Expenditures

	Totals	Object 100	Object 200
1111 Elementary, K-5 or K-6	\$ 93,001.56	\$ 13,878.17	\$ 1,111.15
1121 Middle/Junior High Programs	8,893.36	-	-
1122 Middle/Junior High School Extracurricular	3,462.46	2,500.00	521.96
1131 High School Programs	147,989.95	36,319.55	22,788.46
1132 High School Extracurricular	137,523.16	49,015.01	15,329.38
1140 Pre-kindergarten Programs	7,000.00	-	-
1250 Less Restrictive Programs for Students with Disabilities	3,863.28	-	-
1272 Title I	49,264.56	28,253.02	18,095.64
1288 Charter Schools	401,685.68	-	-
1400 Summer Programs	99,690.50	-	-
Total Instruction Expenditures	\$ 952,374.51	\$ 129,965.75	\$ 57,846.59

Support Services Expenditures

	Totals	Object 100	Object 200
2120 Guidance Services	\$ 191,090.10	\$ 77,984.40	\$ 47,766.20
2129 Other Guidance Services	24,073.24	12,012.75	7,294.26
2130 Health Services	230.40	-	-
2190 Service Direction, Student Support Services	34,165.66	19,976.99	10,471.90
2210 Improvement of Instruction Services	10,912.34	7,230.57	591.97
2240 Instructional Staff Development	7,548.30	4,335.21	1,717.87
2540 Operations and Maintenance of Plant Services	100,424.33	1,439.74	1,016.61
2550 Student Transportation Services	316,550.49	11,803.05	6,602.30
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	44,363.57	27,193.86	15,192.72
2661 Service Area Direction	5,588.87	1,402.62	1,197.38
Total Support Services Expenditures	\$ 734,947.30	\$ 163,379.19	\$ 91,851.21

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200
3100 Food Services	\$ 676,667.66	\$ 153,212.75	\$ 87,109.56
Total Enterprise and Community Services Expenditures	\$ 676,667.66	\$ 153,212.75	\$ 87,109.56

Other Uses

	Totals	Object 100	Object 200
5100 Debt Service	\$ 116,782.86	\$ -	\$ -
Total Other Uses	\$ 116,782.86	\$ -	\$ -

Grand Total

\$ 2,480,772.33 \$ 446,557.69 \$ 236,807.36

Object 300	Object 400	Object 500	Object 600
\$ -	\$ 46,039.23	\$ 16,041.04	\$ 15,931.97
-	8,255.01	-	638.35
440.50	-	-	-
-	52,437.43	7,539.23	28,905.28
18,795.51	41,352.90	-	13,030.36
6,422.90	-	-	577.10
3,863.28	-	-	-
-	695.42	-	2,220.48
401,685.68	-	-	-
-	19,274.57	78,280.02	2,135.91
\$ 431,207.87	\$ 168,054.56	\$ 101,860.29	\$ 63,439.45

Object 300	Object 400	Object 500	Object 600
\$ 1,672.00	\$ 57,398.20	\$ -	\$ 6,269.30
297.85	4,468.38	-	-
230.40	-	-	-
-	-	-	3,716.77
-	3,089.80	-	-
1,155.00	-	-	340.22
40,112.98	42,370.00	15,485.00	-
-	-	296,569.00	1,576.14
-	-	-	1,976.99
-	-	-	2,988.87
\$ 43,468.23	\$ 107,326.38	\$ 312,054.00	\$ 16,868.29

Object 300	Object 400	Object 500	Object 600
\$ 7,213.25	\$ 422,944.89	\$ -	\$ 6,187.21
\$ 7,213.25	\$ 422,944.89	\$ -	\$ 6,187.21

Object 300	Object 400	Object 500	Object 600
\$ -	\$ -	\$ -	\$ 116,782.86
\$ -	\$ -	\$ -	\$ 116,782.86
\$ 481,889.35	\$ 698,325.83	\$ 413,914.29	\$ 203,277.81

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

EXPENDITURE SUMMARY - DEBT SERVICE FUND

For the Year Ended June 30, 2021

Other Uses Expenditures	Totals	Object 600
5100 Debt Service	\$ 792,650.46	\$ 792,650.46
Total Other Uses Expenditures	\$ 792,650.46	\$ 792,650.46
Grand Total	\$ 792,650.46	\$ 792,650.46

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

EXPENDITURE SUMMARY - CAPITAL PROJECTS FUND

For the Year Ended June 30, 2021

Facility Acquisition and Construction	Totals	Object 300	Object 500
4150 Building Acquisition, Construction, and Improvement Services	\$ 875,849.79	\$ 51,566.88	\$ 824,282.91
Total Facility Acquisition and Construction	\$ 875,849.79	\$ 51,566.88	\$ 824,282.91
Grand Total	\$ 875,849.79	\$ 51,566.88	\$ 824,282.91

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

EXPENDITURE SUMMARY - ENTERPRISE FUND

For the Year Ended June 30, 2021

Enterprise and Community Services	Totals	Object 100	Object 200	Object 300
3100 Food Services	\$ 50,999.36	\$ 28,558.69	\$ 11,499.76	\$ 10,940.91
Total Enterprise and Community Services Expenditures	\$ 50,999.36	\$ 28,558.69	\$ 11,499.76	\$ 10,940.91
Grand Total	\$ 50,999.36	\$ 28,558.69	\$ 11,499.76	\$ 10,940.91

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS**



**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

Board of Directors
Lowell School District No. 71
Lowell, Oregon 97452

We have audited the basic financial statements of Lowell School District No. 71 as of and for the year ended June 30, 2021 and have issued our report thereon dated December 23, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

Compliance

As part of obtaining reasonable assurance about whether Lowell School District No. 71's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

Deposit of public funds with financial institutions (ORS Chapter 295)

Indebtedness limitations, restrictions, and repayment

Budgets legally required (ORS Chapter 294)

Insurance and fidelity bonds in force or required by law

Programs funded from outside sources

Student Success Act's Student Investment Account (SIA) Funding

Authorized investment of surplus funds (ORS Chapter 294)

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

State school fund factors and calculation

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

1. Lack of Adequate Documentation – Student Nutrition Grant Program

The District was unable to produce documentation so that audit staff could verify the number of meals claimed for reimbursement by the Federal program.

2. Excess of Expenditures Over Appropriations

The District expended funds in excess of appropriations as follows:

<u>Fund</u>	<u>Function</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	Support services	\$ 3,320,392	\$ 3,329,768	\$ 9,376

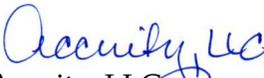
OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered Lowell School District No. 71’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lowell School District No. 71’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lowell School District No. 71’s internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses, and therefore material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, noted above as Item 1, that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors and management of Lowell School District No. 71, the Oregon Secretary of State, the Oregon Division of Audits, and the Oregon Department of Education, and is not intended to be, and should not be used by anyone other than these parties.


 Accuity, LLC
 December 23, 2021

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

SUPPLEMENTAL INFORMATION REQUIRED BY OREGON DEPARTMENT OF EDUCATION

For the Year Ended June 30, 2021

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

A. Energy Bill for Heating – **All Funds:**
 Please enter your expenditures for electricity and heating fuel for these Functions and Objects.

	Objects 325 and 326
Function 2540	\$ 70,758.40
Function 2550	\$ 2,630.99

B. Replacement of Equipment – **General Fund:**
 Include all General Fund expenditures in object 542, except for the following exclusions:

\$	-
----	---

Exclude these functions:

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

Exclude these functions:

- 4150 Construction
- 2550 Pupil Transportation
- 3100 Food Service
- 3300 Community Services

SINGLE AUDIT SECTION

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

Federal Grantor, Pass-Through Grantor, Program Title	Pass-through Entity ID	CFDA	Expenditures
<u>U.S. Department of Education</u>			
Passed through Oregon State Department of Education			
Title IA Grants to Local Educational Agencies Special Education (IDEA) Cluster	2092	84.010	\$ 93,628
IDEA Part B611	2092	84.027	36,556
IDEA Part B619	2092	84.173	1,473
Total Special Education (IDEA) Cluster			38,029
Title IIA Improving Teaching Quality State Grants	2092	84.367	7,548
Student Support and Academic Enrichment	2092	84.424	19,685
COVID-19 Education Stabilization Fund	2092	84.425	449,599
Passed through Oregon State Department of Education			608,489
Passed through Lane Education Service District			
Perkins	NA	84.048	3,006
Youth Transition Program	NA	84.126A	24,073
Passed through Lane Education Service District			27,079
Passed through Oregon State University			
Gear Up	NA	84.334S	82,305
Total U.S. Department of Education			717,873
<u>U.S. Department of Agriculture</u>			
Passed through Lane County			
Federal Forest Fees	NA	10.665	26,556
Passed through Oregon Department of Education			
Child Nutrition Cluster			
National School Lunch Program - Breakfast	2092	10.553	156,037
National School Lunch Program - Lunch	2092	10.555	412,455
National School Lunch Program - Lunch - Commodities	2092	10.555	36,891
CNP Block - Summer Food	2092	10.559	23,922
Total Child Nutrition Cluster			629,305
CNP CACFP	2092	10.558	89,926
Passed through Oregon Department of Education			719,231
Total U.S. Department of Agriculture			745,787
<u>Department of Homeland Security</u>			
Passed through Oregon Department of Education			
Disaster Grants - Public Assistance		97.036	11,120
<u>Department of the Treasury</u>			
Passed through Oregon Department of Education			
Coronavirus Relief Fund	2092	21.019	7,000
Total federal expenditures			\$ 1,481,780

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

I. PURPOSE OF SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Lowell School District No. 71 under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200; Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the activities of the District, it is not intended to and does not present the financial position, changes in net position, nor the operating funds' revenues and expenses.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR FEDERAL AWARD EXPENDITURES

A. Basis of Presentation

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

B. Federal Financial Assistance

Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, non-monetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the schedule of expenditures of federal awards, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

C. Major Programs

The Uniform Guidance establishes criteria to be used in defining major federal financial assistance programs. Major programs of the District are those programs selected for testing by the auditor using a risk assessment model, as well as certain minimum expenditure requirements, as outlined in the Uniform Guidance.

LOWELL SCHOOL DISTRICT NO. 71
Lane County, Oregon

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

D. Reporting Entity

The reporting entity is fully described in the notes to the District's basic financial statements. Additionally, the Schedule of Expenditures of Federal Awards includes all federal programs administered by the District for the year ended June 30, 2021.

E. Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded as received in cash or on the accrual basis where measurable and available. Expenditures are recorded when the liability is incurred.



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

Board of Directors
Lowell School District No. 71
Lowell, Oregon 97452

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component units, and each major fund of Lowell School District No. 71, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 23, 2021.

The financial statements of Bridge Charter and Mountain View Academies were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Bridge Charter and Mountain View Academies.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lowell School District No. 71's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lowell School District No. 71's internal control. Accordingly, we do not express an opinion on the effectiveness of Lowell School District No. 71's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control



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

Board of Directors
Lowell School District No. 71
Lowell, Oregon 97452

Report on Compliance for Each Major Federal Program

We have audited Lowell School District No. 71's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Adverse Opinion on the Child Nutrition Cluster 10.55X

As described in the accompanying schedule of findings and questioned costs, Lowell School District No. 71 did not comply with requirements regarding the Child Nutrition Cluster 10.55X as described in finding number 2021-001 for reporting. Compliance with such requirements is necessary, in our opinion, for Lowell School District No. 71 to comply with the requirements applicable to that program.

Adverse Opinion on the Child Nutrition Cluster 10.55X

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, Lowell School District No. 71 did not comply, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Lowell School District No. 71 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

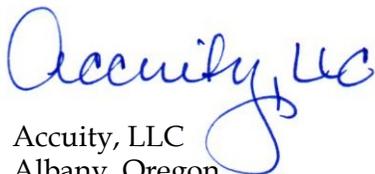
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item (2021-001) to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency.

Lowell School District No. 71's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lowell School District No. 71's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

A handwritten signature in blue ink that reads "Accuity, LLC". The signature is written in a cursive, flowing style.

Accuity, LLC
Albany, Oregon
December 23, 2021

LOWELL SCHOOL DISTRICT NO. 71
Sheridan, Oregon

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	Yes
• Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	Yes
• Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Adverse
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Identification of major programs:	

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
10.55X	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

SECTION II - FEDERAL AWARDS FINDINGS

Finding Number	Finding
2021-001	The District was unable to produce documentation so that audit staff could verify the number of meals claimed for reimbursement by the Federal Program.
Condition:	District management did not maintain accurate meal counts of reimbursable meals served to students at each meal service.
Prevalence:	Entity-wide
Criteria:	United States Department of Agriculture (USDA) guidance requires any institution participating in Federal school meal programs to take accurate counts of reimbursable meals served to each student at each meal service.
Questioned Costs:	None
Effect:	Noncompliance with OMB Uniform Guidance, Subpart F
Recommendations:	We recommend that management review and strictly adhere to OMB Uniform Guidance requirements related to USDA Programs in order to avoid future noncompliance.
Management's response:	The District has replaced staff in charge of student nutrition programs and is currently updating procedures to prevent future issues.

SECTION III - CORRECTIVE ACTION PLAN

Finding Number	Finding Status
2021-001	The District has replaced staff in charge of student nutrition programs and is currently updating procedures to prevent future issues.