



NEWBERG

PUBLIC SCHOOLS

INSPIRE. INNOVATE. SUCCEED.

Annual Financial Report

For the Fiscal Year Ended June 30, 2021

Newberg School District No. 29
Yamhill County, Oregon

**Newberg School District No. 29J
Yamhill County, Oregon**

Financial Report

Year Ended June 30, 2021

Prepared by the
Business Office

Dr. Joe Morelock
Superintendent

Nikki Fowler
Director of Finance

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NEWBERG SCHOOL DISTRICT NO.29J

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INTRODUCTORY SECTION

NEWBERG SCHOOL DISTRICT NO. 29J
YAMHILL COUNTY, OREGON

BOARD OF DIRECTORS AS OF JUNE 30, 2021

	<u>Term Expires</u>
Brandy Penner, Chair	June 30, 2023
Ron Mock, Vice Chair	June 30, 2021
Rebecca Piros, Director	June 30, 2023
Ines Piña, Director	June 30, 2021
Bob Woodruff, Director	June 30, 2021
Dave Brown, Director	June 30, 2023
Brian Shannon, Director	June 30, 2023

The Board of Directors receive mail at the address below:

DISTRICT ADMINISTRATION

Dr. Joe Morelock, Superintendent

DISTRICT ADDRESS
714 East Sixth Street
Newberg, Oregon 97132

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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To the School Board
Newberg School District No. 29J
Yamhill County, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Newberg School District No. 29J, Newberg, Oregon (District), 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, 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.



Other Matters

Required Supplementary Information

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

Additionally, accounting principles generally accepted in the United States of America require that the General Fund and Federal and State Grants Fund budgetary comparisons be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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. 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 General Fund and Federal and State Grants Fund budgetary comparisons are 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 the District's basic financial statements. The supplementary information and schedule of expenditures of federal awards, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations 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 supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as



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

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021, on our consideration of the District's internal control over financial reporting and on 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 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 the District's internal control over financial reporting and compliance.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 30, 2021, on our consideration of the District's internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
December 30, 2021

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MANAGEMENT'S DISCUSSION AND **ANALYSIS**



NEWBERG SCHOOL DISTRICT 29J MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2021

As management of Newberg School District 29J (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2021.

Financial Highlights

In the government-wide statements, the assets and deferred outflow of resources of the District exceeded its liabilities and deferred inflows of resources on June 30, 2021 by \$27,464,842. Of this amount, \$70,109,436 represents the District's net investment in capital assets; \$171,089,451 is restricted for grant programs, debt service, and capital projects, and the District's total net position decreased by \$588,676. Reporting of other post-employment benefits, land acquisition, general obligation bonds and notes payable are reflected in the unrestricted net position of (\$213,734,045).

The District's governmental funds report displays a combined ending fund balance of \$180,507,499 an increase of \$165,726,420 when compared to the prior year.

At the end of the fiscal year, the unassigned fund balance for the General Fund was \$9,335,586 (17.29% of the General Fund Revenues).

Overview of the Financial Statements

The Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements. This report also contains 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 private-sector businesses. The statements include:

The Statement of Net Position - The Statement of Net Position presents information on all of the assets and liabilities of the District at year-end. Net position is what remains after the liabilities have been paid or otherwise satisfied. Overtime, 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 - The Statement of Activities presents information showing how the net position of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce the net position. 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.)

In the government-wide financial statements, the District's activities are shown in one category:

Governmental Activities - Most of the District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration and facilities acquisition and construction. The activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues.

**NEWBERG SCHOOL DISTRICT 29J
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2021**

The government-wide financial statements can be found on pages 16 and 17 of this report.

Fund Financial Statements - The fund financial statements provide information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. A **fund** is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, all of the funds of the District are Governmental 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 government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements

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, Federal and State Grants, Debt Services and Capital Projects Funds.

The basic governmental fund financial statements are listed on pages 18 and 19 of this report.

Notes to the Basic Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements, the notes to the basic financial statements are listed on pages 22 to 47 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 50 to 55 of this report.

Government-Wide Financial Analysis

The net position may serve over time as a useful indicator of the District's financial position. In the case of the District, as of June 30, 2021, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$27,464,842.

Capital assets consist of the District's land, buildings and building improvements, construction in progress, vehicles and equipment and represent about 27% of total assets. The remaining assets consist mainly of cash, investments and receivables.

The District's largest liabilities are for the repayment of General Obligation and Pension Bonds (78%) and the Net Pension Liability (18%). The remaining liabilities (4%) consist primarily of payables on account, salaries and benefits, unearned revenue and accrued interest payable.

The District's Deferred Inflows of Resources consist of net deferred pension costs of \$9,220,052, a gain on the bond refunding of \$23,887 and OPEB of \$557,774.

A portion (\$70,109,436) of the District's Net position reflects its net investment in capital assets (e.g. land, buildings, vehicles and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students and other District residents. Consequently, these assets

**NEWBERG SCHOOL DISTRICT 29J
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2021**

are not available for future spending. Although the District's investment in its 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 (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Statement of Net Position

	Governmental Activities June 30, 2021	Governmental Activities June 30, 2020	Increase (Decrease)
Assets			
Current and other assets	\$ 187,017,888	\$ 19,312,923	\$ 167,704,965
Net capital assets	70,590,184	71,343,725	(753,541)
Total assets	<u>257,608,072</u>	<u>90,656,648</u>	<u>166,951,424</u>
Deferred Outflows of Resources	<u>15,258,277</u>	<u>14,364,452</u>	<u>893,825</u>
Liabilities			
Long-term obligations	229,411,632	65,886,357	163,525,275
Other liabilities	6,188,162	3,323,110	2,865,052
Total liabilities	<u>235,599,794</u>	<u>69,209,467</u>	<u>166,390,327</u>
Deferred Inflows of Resources	<u>9,801,713</u>	<u>7,758,115</u>	<u>2,043,598</u>
Net Position			
Net Invested in capital assets,	70,109,436	67,980,280	2,129,156
Restricted	171,089,451	3,648,323	167,441,128
Unrestricted	<u>(213,734,045)</u>	<u>(43,575,085)</u>	<u>(170,158,960)</u>
Total Net Position	<u>\$ 27,464,842</u>	<u>\$ 28,053,518</u>	<u>\$ (588,676)</u>

During the current fiscal year, the District's net position decreased by \$588,676. Net investment in capital assets increased by \$2,129,156 while restricted and unrestricted by increased by \$167,441,128 and decreased by (\$170,033,053) respectively. The overall increase in Net position is due to a net increase in current and other assets of \$166,951,424 an increase of net capital assets of \$2,129,156, an increase in Long Term Debt \$163,525,275 as related to the annual payment obligations, and a increase of liabilities of \$2,865,052.

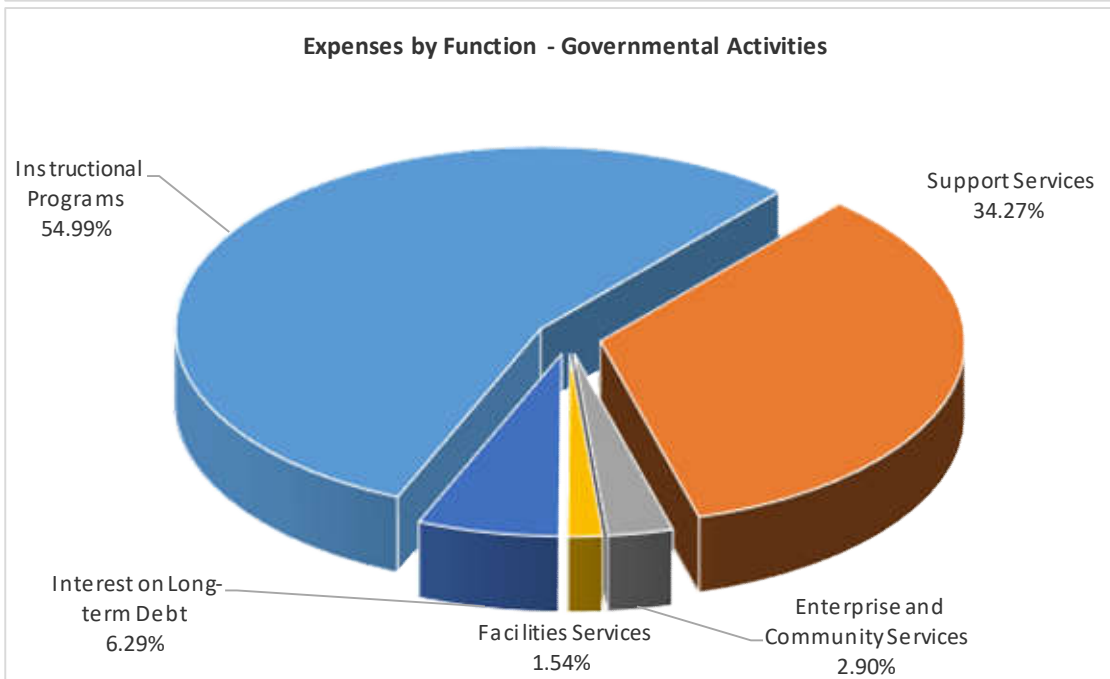
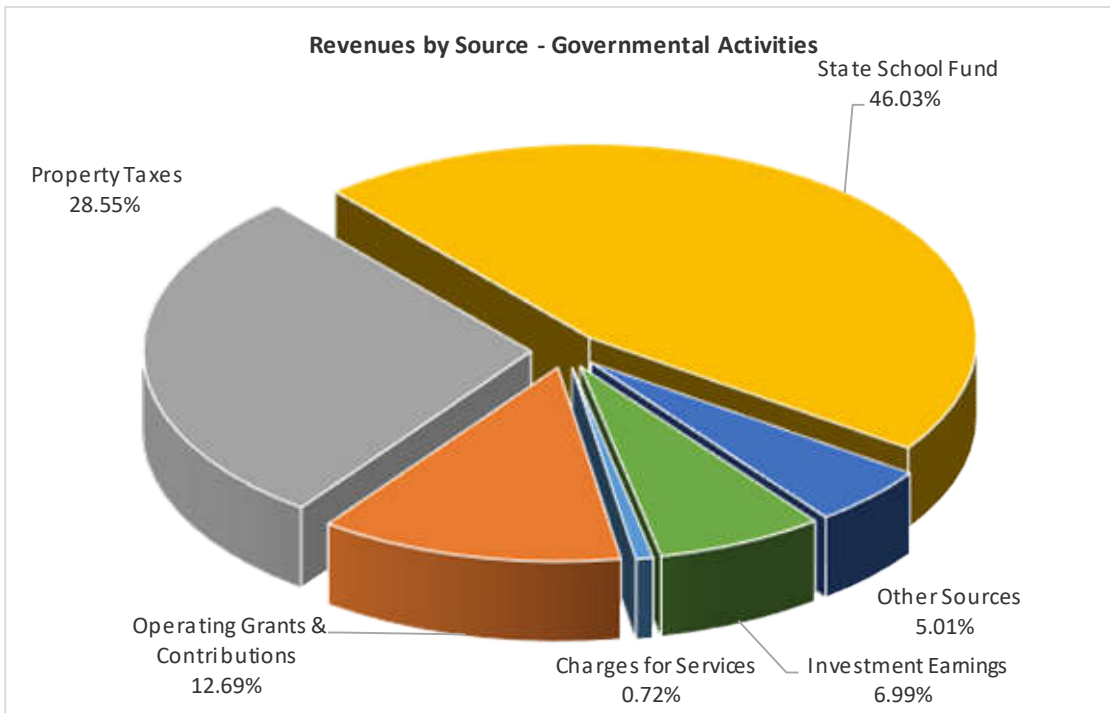
**NEWBERG SCHOOL DISTRICT 29J
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2021**

Changes in Net Position			
	Governmental Activities <u>June 30, 2021</u>	Governmental Activities <u>June 30, 2020</u>	Increase (Decrease)
Revenues			
Program Revenues			
Charges for Services	\$ 508,697	\$ 1,813,427	\$ (1,304,730)
Operating Grants & Contributions	<u>8,932,161</u>	<u>5,221,432</u>	<u>3,710,729</u>
Total Program Revenues	<u>9,440,858</u>	<u>7,034,859</u>	<u>2,405,999</u>
General Revenues			
Property Taxes	20,095,223	20,334,296	(239,073)
State School Fund	32,402,359	33,971,547	(1,569,188)
Other State and Other Sources	3,528,638	2,661,377	867,261
Earnings on Investments	<u>4,922,323</u>	<u>335,747</u>	<u>4,586,576</u>
Total General Revenues	<u>60,948,543</u>	<u>57,302,967</u>	<u>3,645,576</u>
Total Revenues	<u>70,389,401</u>	<u>64,337,826</u>	<u>6,051,575</u>
Expenses			
Instructional Programs	39,032,134	39,608,938	(576,804)
Support Services	24,323,294	21,648,376	2,674,918
Enterprise and Community Services	2,060,573	2,050,973	9,600
Facilities Acquisition and Construction	1,094,070	-	1,094,070
Interest on Long-term Debt	<u>4,468,006</u>	<u>3,066,904</u>	<u>1,401,102</u>
Total Expenses	<u>70,978,077</u>	<u>66,375,191</u>	<u>4,602,886</u>
Change in Net Position	(588,676)	(2,037,365)	1,448,689
Net Position, July 1	<u>28,053,518</u>	<u>30,090,883</u>	<u>(2,037,365)</u>
Net Position, End of Year	<u>\$ 27,464,842</u>	<u>\$ 28,053,518</u>	<u>\$ (588,676)</u>

During the current fiscal year, the District's net position showed a decrease of \$588,676. Key elements of the change in net position for the year ended June 30, 2021, are as follows:

- Total revenues increased by \$6,051,575 or 34.2% over the prior year, mainly due to an decrease in property tax revenue of \$239,073, a decrease in state school fund revenue of \$1,569,188, an increase in other state and other sources revenue of \$867,261, and an increase of earnings on investments of \$4,586,576.
- Governmental program revenues increased by \$2,405,999.
- Governmental program expenses increased by about \$3,508,816.

**NEWBERG SCHOOL DISTRICT 29J
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2021**



**NEWBERG SCHOOL DISTRICT 29J
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2021**

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 relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

As of June 30, 2021, the District's governmental funds reported combined ending fund balances of \$180,507,499 an increase of \$165,779,296 in comparison with the prior year. \$9,335,586 (5.2%) of which constitutes *unassigned ending fund balance* that is available for spending at the District's discretion. An additional \$1,502,451 (.8%) of fund balance is specifically identified for debt service obligations, \$167,001,057 (92.5%) for Construction related activities (Constriction Excise Tax and Bond Funds), \$2,668,405 (1.5%) related to grant programs.

General Fund - The General Fund is the chief operating fund of the District. As of June 30, 2021, the unassigned fund balance was \$9,335,586. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The fund balance represents 17% of the total General Fund expenditures. The total fund balance decreased by \$5,864 during the current fiscal year as compared to the prior fiscal year 2019-20. The slight decrease was due to consistency with the prior year due to pandemic closures.

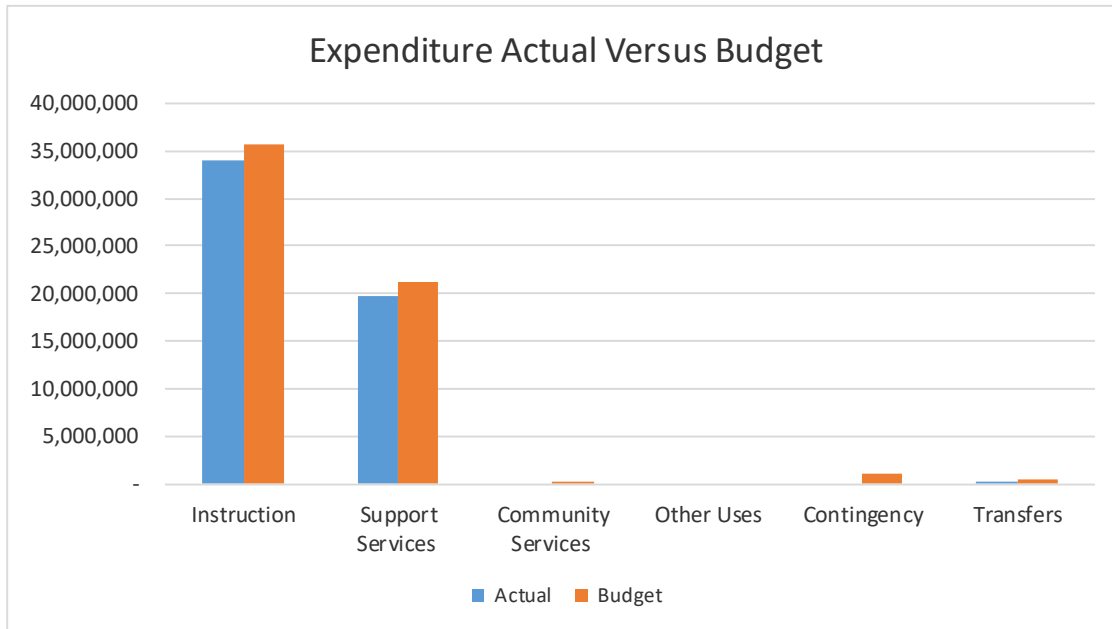
Federal and State Grants Fund – The fund has a total fund balance of \$2,668,405 all of which is restricted. The increase was due state and intermediate grants received during the year.

Debt Service Fund - The Debt Service Fund has a total fund balance of \$1,502,451 all of which is for the payment of debt service. The increase in the fund balance during the current year was due to property tax collections.

Capital Projects Fund - The Capital projects Fund has a total fund balance of \$167,001,057. The increase was due to bonds issued during the current year.

**NEWBERG SCHOOL DISTRICT 29J
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2021**

General Fund Budgetary Highlights - During the year, as shown in the chart, all Fund expenditures were within budget.



Capital Assets - The District's investment in capital assets includes land, buildings, building improvements and equipment. As of June 30, 2021 the District invested in \$70,590,184 in capital assets net of depreciation. This decreased by \$753,541 during the year as shown in the following table:

Capital Assets (Net of Depreciation)

	Governmental Activities June 30, 2021	Governmental Activities June 30, 2020	Increase (Decrease)
Construction in Progress	\$ 1,476,036	\$ -	\$ 1,476,036
Land	3,862,820	3,862,820	-
Improvements	1,223,562	1,223,562	-
Buildings Improvements	120,624,521	120,624,521	-
Equipment	2,524,675	2,392,636	132,039
Accumulated Depreciation	<u>(59,121,430)</u>	<u>(56,759,814)</u>	<u>(2,361,616)</u>
Total assets	<u>\$ 70,590,184</u>	<u>\$ 71,343,725</u>	<u>\$ (753,541)</u>

Long Term Debt - At the end of the year, the District's total debt outstanding was \$184,701,271, consisting of general obligation debt, limited tax pension bonds, small scale energy loan and capital lease payments.

During the current fiscal year, the District's total debt increased by \$160,079,315 as a result of bond issuance and scheduled payments made during the year. Please see note 5, Long Term Debt in the *Notes to the Basic Financial Statements* for further information.

**NEWBERG SCHOOL DISTRICT 29J
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2021**

Economic Factors and Next Year's Budget

The most significant economic factors for the District are the State of Oregon's State School Fund and the assessed value growth of Property Taxes. For the year ended June 30, 2022, the State School Fund - General Support provided 50.6% of the District's general fund resources. This is consistent with the prior year. While the State school fund has increased over the last several years, the district expects a downturn due to the economy, reduction of enrollment and future PERS increases.

The 2021-2022 budget relies on K-12 funding level of \$9.1 billion for the 2021-2023 biennium, a projected average daily membership weighted (ADMw) of approximately 5310 and a beginning fund balance of \$9,900,000. The enrollment projections were based on the District's historical growth experience rates over the past couple of years and the District's OSU population study both are critical to our revenue projections. The battle with COVID-19 has impacted our growth and has changed the trajectory of our enrollment estimates.

With the District's 2020-2021 ending fund balance rolled forward to 2021-2022 taking an upturn due the significant cost reductions taken in 2017-18 and conservative budgeting in years following, the District has reached their ending fund balance goals developed in the 2017-18 school year.

The education of students is labor intensive, as reflected in the allocation of the financial resources of the district. For the 2021-22 budget, salaries and fringe benefits represent approximately 80% of the General Fund operating budget. The expenditures for salaries and fringe benefits are determined by contractual agreements and staffing policies and guidelines of the board, on the basis of projected enrollment, special student needs, and the conditions of employment established by collective bargaining agreements. The budget anticipates an ending fund balance of nearly \$4,000,000.

The District continues to monitor local, state and federal economic factors and resources along with continual increases in salary and benefits costs (as associated benefit costs are expected to increase again in the next biennium). In addition, the district continues to analyze the ever-changing enrollment numbers to prepare and plan for the next biennium.

The District's Budget Committee and School Board will consider these factors while preparing the District's budget for the 2022-2023 fiscal year budget.

Requests for Information

The financial report is designed to present the user (citizens, taxpayers, investors and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Director of Finance at 714 E. Sixth Street, Newberg, Oregon, 97132.

Nikki Fowler
Director of Finance
Newberg Public Schools

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BASIC FINANCIAL STATEMENTS

NEWBERG SCHOOL DISTRICT NO. 29J
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>
Assets	
Cash and Investments	\$ 182,693,143
Receivables	
Accounts	2,408,089
Property Taxes	877,680
OPEB Net Asset - RHIA	956,514
Inventory, at Cost	82,462
Capital Assets:	
Construction in Progress	3,862,820
Land - Nondepreciable	1,476,036
Capital Assets, Net of Depreciation	<u>65,251,328</u>
Total Assets	<u>257,608,072</u>
Deferred Outflows of Resources	
Pension Plan	14,592,225
OPEB	<u>666,052</u>
Total Deferred Outflows of Resources	<u>15,258,277</u>
Liabilities	
Accounts Payable	1,122,520
Accrued Payroll and Payroll Liabilities	3,225,776
Accrued Interest Payable	1,255,341
Accrued Compensated Absences Payable	159,876
Unearned Revenue	424,649
Noncurrent Liabilities	
Obligations Due Within One Year:	
Long-term Debt	2,443,594
Obligations Due in More Than One Year:	
Long-term Debt	182,257,677
Net Pension Liability	41,899,289
Other Postemployment Benefit Obligation	<u>2,811,072</u>
Total Liabilities	<u>235,599,794</u>
Deferred Inflows of Resources	
Gain on Refunding	23,887
Pension Plan	9,220,052
OPEB	<u>557,774</u>
Total Deferred Inflows of Resources	<u>9,801,713</u>
Net Position	
Net Investment in Capital Assets	70,109,436
Restricted for:	
Grant Programs	2,585,943
Debt Service	1,502,451
Capital Projects	167,001,057
Unrestricted	<u>(213,734,045)</u>
Total Net Position	<u>\$ 27,464,842</u>

See notes to the basic financial statements.

NEWBERG SCHOOL DISTRICT NO. 29J
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

		Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position		
Functions/Programs					
Governmental Activities:					
Instructional Programs	\$ 39,032,134	\$ 469,744	\$ 3,447,130	\$	(35,115,260)
Support Services	24,323,294	28,360	2,991,753		(21,303,181)
Enterprise and Community Services	2,060,573	10,593	2,493,278		443,298
Facilities Acquisition and Construction	1,094,070	-	-		(1,094,070)
Interest on Long-term Debt	4,468,006	-	-		(4,468,006)
Total Governmental Activities	\$ 70,978,077	\$ 508,697	\$ 8,932,161		(61,537,219)
General Revenues					
Property Taxes Levied for General Purposes					18,219,372
Property Taxes Levied for Debt Service					1,875,851
Other Local and Intermediate Sources					2,601,583
State School Fund - General Support					32,402,359
Other State Support					824,589
Miscellaneous					102,466
Earnings on Investments					4,922,323
Total General Revenues					60,948,543
Change in Net Position					(588,676)
Net Position					
Beginning of Year					28,053,518
End of Year					\$ 27,464,842

See notes to the basic financial statements.

NEWBERG SCHOOL DISTRICT NO. 29J
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

ASSETS	General Fund	Federal and State Grants Fund	Debt Service Fund	Capital Projects Funds	Totals
Cash and Investments	\$ 11,794,733	\$ 1,508,919	\$ 1,406,057	\$ 167,983,434	\$ 182,693,143
Receivables					
Accounts	765,432	1,634,408	8,249	-	2,408,089
Property Taxes	714,425	-	163,255	-	877,680
Due from Other Funds	-	-	68,225	-	68,225
Inventory, at Cost	-	82,462	-	-	82,462
Total Assets	<u>\$ 13,274,590</u>	<u>\$ 3,225,789</u>	<u>\$ 1,645,786</u>	<u>\$ 167,983,434</u>	<u>\$ 186,129,599</u>
LIABILITIES					
Accounts Payable	\$ 7,408	\$ 132,735	\$ -	\$ 982,377	\$ 1,122,520
Accrued Payroll and Payroll Liabilities	3,225,776	-	-	-	3,225,776
Due to Other Funds	68,225	-	-	-	68,225
Unearned Revenue	-	424,649	-	-	424,649
Total Liabilities	<u>3,301,409</u>	<u>557,384</u>	<u>-</u>	<u>982,377</u>	<u>4,841,170</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue from Property Taxes	637,595	-	143,335	-	780,930
Total Deferred Inflows of Resources	<u>637,595</u>	<u>-</u>	<u>143,335</u>	<u>-</u>	<u>780,930</u>
FUND BALANCES					
Nonspendable	-	82,462	-	-	82,462
Restricted for:					
Grant Programs	-	2,585,943	-	-	2,585,943
Debt Service	-	-	1,502,451	-	1,502,451
Capital Projects	-	-	-	167,001,057	167,001,057
Unassigned	9,335,586	-	-	-	9,335,586
Total Fund Balances	<u>9,335,586</u>	<u>2,668,405</u>	<u>1,502,451</u>	<u>167,001,057</u>	<u>180,507,499</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,274,590</u>	<u>\$ 3,225,789</u>	<u>\$ 1,645,786</u>	<u>\$ 167,983,434</u>	<u>\$ 186,129,599</u>

See notes to the basic financial statements.

NEWBERG SCHOOL DISTRICT NO. 29J
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2021

Total Fund Balances		\$ 180,507,499
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 129,711,614	
Accumulated depreciation	<u>(59,121,430)</u>	70,590,184
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current years' operations, and therefore are not reported as revenue in the governmental funds.		
		780,930
The OPEB Asset - RHIA is not available to pay for current period expenditures, and therefore, is not reported in the governmental funds.		
		956,514
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows of resources related to pensions	14,592,225	
Deferred outflows of resources related to OPEB	666,052	
Deferred inflows of resources related to refunding	(23,887)	
Deferred inflows or resources related to pensions	(9,220,052)	
Deferred inflows or resources related to OPEB	<u>(557,774)</u>	5,456,564
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 payable	(1,255,341)	
Accrued compensated absences payable	(159,876)	
Long-term debt	(184,701,271)	
Net pension liability	(41,899,289)	
Net OPEB obligations	<u>(2,811,072)</u>	<u>(230,826,849)</u>
Total Net Position		<u>\$ 27,464,842</u>

See notes to the basic financial statements.

NEWBERG SCHOOL DISTRICT NO. 29J
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

Revenues	General Fund	Federal and State Grants Fund	Debt Services Fund	Capital Projects Funds	Totals
Local Sources					
Property and Excise Taxes	\$ 18,238,994	\$ -	\$ 1,956,557	\$ 445,358	\$ 20,640,909
Services Provided to Other Funds	-	-	4,122,240	-	4,122,240
Other Local Sources	582,840	594,257	102,466	-	1,279,563
Intermediate Sources	1,794,273	115,315	65	-	1,909,653
State Sources	33,226,948	2,925,359	-	-	36,152,307
Federal Sources	-	5,584,974	-	-	5,584,974
Earnings on Investments	136,247	1,259	25,936	4,758,881	4,922,323
Total Revenues	<u>53,979,302</u>	<u>9,221,164</u>	<u>6,207,264</u>	<u>5,204,239</u>	<u>74,611,969</u>
Expenditures					
Current					
Instruction	34,020,807	3,586,691	-	-	37,607,498
Support Services	19,655,359	3,138,504	-	644,426	23,438,289
Enterprise and Community Services	-	1,895,053	-	-	1,895,053
Facilities Acquisition and Construction	-	-	-	1,763,715	1,763,715
Debt Service					
Redemption of Principal	-	-	3,809,720	-	3,809,720
Interest	-	-	3,116,994	-	3,116,994
Bond Issuance Costs	-	-	-	806,416	806,416
Capital Outlay					
Enterprise and Community Services	9,000	149,118	-	-	158,118
Total Expenditures	<u>53,685,166</u>	<u>8,769,366</u>	<u>6,926,714</u>	<u>3,214,557</u>	<u>72,595,803</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>294,136</u>	<u>451,798</u>	<u>(719,450)</u>	<u>1,989,682</u>	<u>2,016,166</u>
Other Financing Sources (Uses)					
Issuance of Bonds	-	-	-	140,997,978	140,997,978
Premium on Issuance of Bonds	-	-	-	22,765,152	22,765,152
Transfers In	-	300,000	-	-	300,000
Transfers (Out)	(300,000)	-	-	-	(300,000)
Total Other Financing Sources (Uses)	<u>(300,000)</u>	<u>300,000</u>	<u>-</u>	<u>163,763,130</u>	<u>163,763,130</u>
Net Changes in Fund Balances	(5,864)	751,798	(719,450)	165,752,812	165,779,296
Change in Inventory Reserve	-	(70,876)	-	-	(70,876)
Fund Balances					
Beginning of Year, as Restated	<u>9,341,450</u>	<u>1,987,483</u>	<u>2,221,901</u>	<u>1,248,245</u>	<u>14,799,079</u>
End of Year	<u>\$ 9,335,586</u>	<u>\$ 2,668,405</u>	<u>\$ 1,502,451</u>	<u>\$ 167,001,057</u>	<u>\$ 180,507,499</u>

See notes to the basic financial statements.

NEWBERG SCHOOL DISTRICT NO. 29J
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Net Change in Fund Balance		\$ 165,779,296
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Expenditures for capital assets	1,634,179	
Less current year depreciation	<u>(2,387,720)</u>	(753,541)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the net effect of these differences in the treatment of long-term debt.		
Issuance of bonds	(140,997,978)	
Bond premium	(22,409,446)	
Amortization of deep discount bond interest	(481,613)	
Less principal repaid	<u>3,809,722</u>	(160,079,315)
Governmental funds report the effect of issuance costs, premiums, and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences:		
Amortization of Deferred Gain on Refunding		23,889
(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
		(4,340,432)
In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expenditure when due.		
		(1,248,996)
Property taxes that do not meet the measurable and available criteria are not recognized as revenues in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.		
		(100,328)
Inventory in the Statement of Activities differs from the amount reported in the governmental funds because inventory is recognized as an expenditure in the funds when it is purchased and thus requires the use of current financial resources. In the Statement of Activities inventory is recognized when actually used.		
		(70,876)
In the Statement of Activities, contributions for other postemployment benefits less than the actuarially determined contribution amount increase the other postemployment benefit obligation. In the governmental funds the entire contribution is recognized as an expenditure. This is the amount by which the obligation increased:		
		199,095
Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities, compensated absences are recognized as an expense when earned.		
		<u>2,532</u>
Change in Net Position		<u>\$ (588,676)</u>

See notes to the basic financial statements.

NEWBERG SCHOOL DISTRICT NO. 29J
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Newberg School District No.29J (the District), a municipal corporation governed under the laws of the State of Oregon, is governed by a separately elected seven-member board authorized to transact all business on the District's behalf. The District is the special-purpose primary government exercising financial accountability for all public education within its boundaries. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

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

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District. Governmental activities are financed primarily through property taxes, income taxes, state support, intergovernmental revenues and charges for services.

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

General Fund - This fund accounts for all revenues and expenditures of the District except for those required to be accounted for in another fund. The principal revenue sources are property taxes and state school support.

Federal and State Grants Fund - This fund accounts for the revenues and expenditures of grants restricted for specific educational projects. Principal sources of revenue are federal and State grants.

Debt Service Fund - This fund accounts for the debt service payments on bonded debt. The primary revenue source is property taxes.

Capital Projects Fund - This fund accounts for activities related to the acquisition, construction, and equipping of facilities. The principal revenue sources are proceeds from the sale of bonds, excise taxes, and interest earnings.

NEWBERG SCHOOL DISTRICT NO. 29J
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

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

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

Budget

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America basis for the governmental fund types, except that capital outlay expenditures, including items below the District's capitalization level, are budgeted by function in the governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

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

Supplemental budgets less than 10% of fund's budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires a hearing before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. The District's appropriations lapse at year-end. For budget purposes in conformance with Oregon Local Budget Law, outstanding encumbrances at year end are recorded as expenditures. The District had no outstanding encumbrances at June 30, 2021.

Cash and Investments

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

NEWBERG SCHOOL DISTRICT NO. 29J
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

Fair Value Inputs and Methodologies and Hierarchy

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

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

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

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

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

Property Taxes Receivable

Property taxes are levied and become a lien on all taxable property as of July 1. Collections dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

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

NEWBERG SCHOOL DISTRICT NO. 29J
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

Receivables represent amounts due for unreimbursed expenditures from grantor agencies, interest, and property taxes. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as unearned income. All receivables are due within the next fiscal year and are considered by management to be collectible therefore no allowance for doubtful accounts has been established.

Retirement Plans

Substantially all of the District's employees are participants in the State of Oregon Public Employees retirement system (OPERS). 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 OPERS and additions to/deductions from OPERS fiduciary net position have been determined on the same basis as they are reported by OPERS. 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.

Supply Inventories

Inventories are stated at average cost. Donated commodities are stated at fair value. Commodities on hand at year end are recorded as unearned revenues. Inventory is charged as an expense when used in the government wide financial reporting. In the governmental funds inventory is charged as an expense when purchased

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed, or estimated historical cost when original cost is not available. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of three years. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives.

Land improvements	20 to 30 years
Building and improvements	5 to 50 years
Equipment	5 to 15 years

Compensated Absences

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

NEWBERG SCHOOL DISTRICT NO. 29J
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Debt

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

Bonds payable are reported net of applicable bond premiums, discounts and gain on refunding.

In the fund financial statements bond premiums, discounts and gain on refunding are recognized when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Interfund Transactions

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. This includes interfund transfers occurring within governmental activities and interfund receivables and payables.

Interfund Receivables/Payables

The District maintains a cash pool that is available for use by all funds. The cash pool account is maintained in the General Fund, while activity between funds utilizing this cash is referred to as Due to/from Other Funds in each fund at the end of the fiscal year in the fund basis financial statements. All interfund loan balances are considered current and are eliminated in the government-wide financial statements

Net Position

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

Net Investment in Capital Assets – This amount consist of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – This amount is restricted when constraints placed on the net position use are either externally restricted, imposed by creditors (such as grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

Unrestricted net position – This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

Fund Balances

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

Governmental fund balances are classified as nonspendable, restricted, committed, assigned or unassigned. The Board authorizes the Superintendent or his/her designee as the official who is authorized to assign amounts. Following are descriptions of fund classifications used by the district:

NEWBERG SCHOOL DISTRICT NO. 29J
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (Continued)

Nonspendable fund balance includes items not immediately converted to cash, such as prepaid items and inventory.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the District board. Formal action is represented by board resolution.

Assigned fund balance includes amounts that are constrained by the District's intent to use them for a specific purpose but are neither restricted nor committed. Intent is expressed when the Board approves which resources should be "reserved" during the adoption of the annual budget. The District's Director of Finance uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the District's Annual Financial Report.

Unassigned fund balance is the residual classification for balances not assigned to another category.

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. There is a deferred outflow on the Statement of Net Position for the pension and OPEB related deferrals

In addition to liabilities, the district-wide statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government has two types of items, which arise under full accrual accounting in the Statement of Net Position. The Statement of Net Position reports unavailable revenue from a Gain on Refunding resulting from the refunding of long term debt as well as a Net deferred Pension Asset resulting from pension plan and OPEB actuarial valuations and contributions subsequent to the measurement date.

NEWBERG SCHOOL DISTRICT NO. 29J
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

2. POOLED CASH AND INVESTMENTS

A common cash, cash equivalents and investment pool is maintained for all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Investments" or as "Deficit in pooled cash." Investment types are restricted by State of Oregon statutes. Authorized investments include general obligations of the United States Government and its agencies, obligations of the State of Oregon, California, Washington, and Idaho that have a rating of AA or better, A-1 commercial paper and bankers' acceptance, AA corporate bonds, time deposits, repurchase agreements, and the State of Oregon Treasurer's Local Government Investment Pool.

Pooled cash and investments on June 30, 2021 are comprised of the following:

Cash on Hand	\$	147
Deposits with Financial Institutions		11,003,102
Investments		171,689,894
		182,693,143
Total	\$	182,693,143

Deposits with Financial Institutions

Custodial credit risk – Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Insurance and collateral requirements for the deposits are established by federal banking regulations and Oregon law. State statutes require that the District's deposits be covered by the Federal Deposit Insurance Corporation (FDIC) or by a multiple financial institution collateral pool under ORS 295.015 which is administered by the State of Oregon Office of the Treasury.

Deposits with financial institutions include primarily bank demand and money market deposits. The balances in these accounts according to the District's records total \$11,003,102 on June 30, 2021. The bank statement records reflect a balance of \$11,896,176 at year end. Of this amount, \$500,000 is covered by the FDIC's general deposit insurance rules. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of State Treasurer. As a result, the District has no exposure to custodial credit risk for deposits with financial institutions.

Investments

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

NEWBERG SCHOOL DISTRICT NO. 29J
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021

2. POOLED CASH AND INVESTMENTS (Continued)

Investments (Continued)

The District's investments as of June 30, 2021 were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>	<u>% of Investment Portfolio</u>
U.S. Treasury Notes and Bonds	\$ 89,830,823	1.59	52.32%
U.S. Obligations.	16,737,823	0.52	9.75%
Government Agency Securities	40,193,821	1.47	23.41%
Local Government Investment Pool	24,927,427	0.61	14.52%
	<u>\$ 171,689,894</u>	<u>1.21</u>	<u>100.00%</u>

As mentioned above, Oregon Revised Statutes limit the type of investments. There was compliance with these statutes at June 30, 2021. There is no investment policy that would further limit investment choices.

The State of Oregon Treasurer's Local Government Investment Pool is unrated.

	<u>Average Maturities</u>	<u>Fair Value</u>
Oregon State Treasury Local Government Investment Pool	three month average	<u>\$ 24,927,427</u>

Concentration of credit risk – investments. The Oregon State Treasurer's Local Government Investment Pool (LGIP) is subject to regulatory oversight by the Oregon Secretary of State and is not required to be categorized by risk. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares. The Oregon State Treasurer maintains the Oregon Short-Term Fund, of which the LGIP is a part. It is not registered with the U.S. Securities and Exchange Commission. The Fund currently has no credit rating as assigned by the credit rating agencies. On June 30, 2021 the fund's composite weighted rating was equivalent to S&P's AA ratings. The State's investment policies are governed by statute and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB) and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

NEWBERG SCHOOL DISTRICT NO. 29J
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021

2. POOLED CASH AND INVESTMENTS (Continued)

Investments (Continued)

As a means of limiting exposure to fair value losses arising from rising interest rates, no more than the stated percentages of the overall portfolio will be invested in each of the following categories of securities:

<u>Investment Type</u>	<u>Maximum % of Portfolio</u>
U.S. Treasury Obligations	100%
Federal Instrumentality Securities	100%
State of Oregon Investment Pool	100%
Commercial Paper / Corporate Indebtedness	25%
Repurchase Agreements	25%
State and Local Government Obligations	25%
Banker's Acceptances	25%
Time Certificates of Deposit	25%

3. RECEIVABLES

Receivables are comprised of the following:

Property taxes	\$ 877,680
Trade and other	<u>2,408,089</u>
	<u>\$ 3,285,769</u>

The receivables are considered fully collectible by management so no allowance for doubtful accounts has been made.

NEWBERG SCHOOL DISTRICT NO. 29J
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

4. CAPITAL ASSETS

Capital assets activity for the year was as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital Assets not being Depreciated				
Land	\$ 3,862,820	\$ -	\$ -	\$ 3,862,820
Construction In Progress	-	1,476,036	-	1,476,036
Total	3,862,820	1,476,036	-	5,338,856
Capital Assets being Depreciated				
Land Improvements	1,223,562	-	-	1,223,562
Buildings and Improvements	120,624,521	-	-	120,624,521
Equipment	2,392,636	158,143	(26,104)	2,524,675
Total	124,240,719	158,143	(26,104)	124,372,758
Less Accumulated Depreciation for:				
Land Improvements	(1,134,392)	(27,311)	-	(1,161,703)
Buildings and Improvements	(53,623,917)	(2,294,732)	-	(55,918,649)
Equipment	(2,001,505)	(65,677)	26,104	(2,041,078)
Total	(56,759,814)	(2,387,720)	26,104	(59,121,430)
Total Capital Assets being Depreciated	67,480,905	(2,229,577)	-	65,251,328
Total Capital Assets, Net	\$ 71,343,725	\$ (753,541)	\$ -	\$ 70,590,184

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

Instruction	\$ 1,432,631
Support Services	859,580
Enterprise and Community Services	95,509
Total	\$ 2,387,720

NEWBERG SCHOOL DISTRICT NO. 29J
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

5. LONG-TERM DEBT

General Obligation Bonds – General obligation bonds are direct obligations and pledge the full faith and credit of the District. The District issues general obligation bonds to provide funds for the acquisition and construction of school facilities.

In March 2021, the District issued Series 2021A and 2021B Bonds for \$140,997,978 (plus 22,765,152 premiums) in general obligation bonds to finance capital construction and improvements. Interest rates of 2.54% – 4%, payable semiannual in June and December, beginning December 2021. The bonds mature on June 15, 2051 with principal payments semi-annually December 15 and June 15.

Bonded debt has been issued for the construction of facilities and payment of unfunded pension costs. Also there is a loan payable for energy conservation. General obligation bonds are payable from ad valorem property taxes, limited tax pension bonds from State sources, and loans payable from local resources.

Changes in long-term debt for the year are as follows:

Issue Date	Issue Amount	Outstanding July 1, 2020	Additions	Reductions	Outstanding June 30, 2021	Due Within One Year	Interest Rates
General Obligation Bonds:							
03/17/05	\$ 33,645,000	\$ 2,815,000	\$ -	\$ 2,815,000	\$ -	\$ -	3.00% - 5.35%
03/04/21	43,547,978	-	43,547,978	-	43,547,978	-	2.54% - 2.71%
03/04/21	97,450,000	-	97,450,000	-	97,450,000	1,450,000	4.00%
		<u>2,815,000</u>	<u>140,997,978</u>	<u>2,815,000</u>	<u>140,997,978</u>	<u>1,450,000</u>	
Limited Tax Pension Obligation Bonds:							
03/01/03	34,639,019	21,258,509	-	927,024	20,331,485	923,675	4.12%
		<u>21,258,509</u>	<u>-</u>	<u>927,024</u>	<u>20,331,485</u>	<u>923,675</u>	
Other Loans							
02/01/12	1,001,591	548,447	-	67,698	480,749	69,919	3.25%
		<u>548,447</u>	<u>-</u>	<u>67,698</u>	<u>480,749</u>	<u>69,919</u>	
Total G.O, Pension and Other		<u>24,621,956</u>	<u>140,997,978</u>	<u>3,809,722</u>	<u>161,810,212</u>	<u>2,443,594</u>	
Unamortized Premium		-	22,765,152	355,706	22,409,446		
Bond Interest Accreditation		-	481,613	-	481,613		
Total Bonds and Loans Payable		<u>24,621,956</u>	<u>164,244,743</u>	<u>4,165,428</u>	<u>184,701,271</u>		
Net Pension Liability		38,643,277	3,256,012	-	41,899,289		
Net OPEB Obligation		2,621,124	189,948	-	2,811,072		
Total long-term debt		<u>\$ 65,886,357</u>	<u>\$ 167,690,703</u>	<u>\$ 4,165,428</u>	<u>\$ 229,411,632</u>		

Future debt service requirements are as follows:

Year Ending June 30,	General Obligation Bonds 2021A	General Obligation Bonds 2021B	Limited Tax Pension Bonds	Small Scale Energy Loan	Total	Interest
2022	\$ -	\$ 1,450,000	\$ 923,675	\$ 69,919	\$ 2,443,594	\$ 8,144,902
2023	-	2,315,000	922,810	72,073	3,309,883	7,186,867
2024	-	2,745,000	3,415,000	74,451	6,234,451	4,804,717
2025	-	3,030,000	3,825,000	76,907	6,931,907	4,500,845
2026	-	3,335,000	4,265,000	79,443	7,679,443	4,159,852
2027-2031	-	20,305,000	6,980,000	107,956	27,392,956	15,838,921
2032-2036	-	97,450,000	-	-	97,450,000	11,165,400
2037-2041	-	33,225,000	-	-	33,225,000	5,801,000
2042-2046	19,670,247	8,135,000	-	-	27,805,247	16,870,153
2047-2051	23,877,731	-	-	-	23,877,731	27,282,054
	<u>\$ 43,547,978</u>	<u>\$ 171,990,000</u>	<u>\$ 20,331,485</u>	<u>\$ 480,749</u>	<u>\$ 236,350,212</u>	<u>\$ 105,754,711</u>

NEWBERG SCHOOL DISTRICT NO. 29J
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021

6. INTERFUND RECEIVABLES/PAYABLES

The interfund balances between funds represent cash advanced to pay current obligations.

	Due from Other Funds	Due to Other Funds
General Fund	\$ -	\$ 68,225
Debt Service	68,225	-
Total	\$ 68,225	\$ 68,225

7. OPERATING LEASES

Various copy machines are leased. The District also has a lease agreement for a tractor with equipment attachments. Approximate future minimum rental commitments under these agreements are as follows:

Fiscal Year Ending June 30,	Amount
2022	75,297
2023	75,297
2024	75,297
2025	75,297
2026	15,776
Total	\$ 316,962

The total rental expense under these or similar leases was approximately \$66,825 for the year ended June 30, 2021.

8. PENSION PLAN

Plan Description

The District participates in the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit plan. OPERS provides retirement, disability, and death benefits to plan members and their beneficiaries.

All benefits of OPERS are established by the Oregon Legislature pursuant to Oregon Revised Statutes (ORS) Chapters 238 and 238A. The plan complies with Internal Revenue Service rules prescribed in 401(a). The Oregon Legislature has delegated the authority to the Public Employees Retirement Board (PERB) to administer and manage the system. OPERS issues a publicly available financial report that can be obtained at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx. OPERS prepares their financial statements in accordance with GASB statements and generally accepted accounting principles. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefits are recognized in the month they are earned and withdrawals are recognized in the month they are due and payable. Investments are recognized at fair value, the amount at which financial instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

NEWBERG SCHOOL DISTRICT NO. 29J
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

8. PENSION PLAN (Continued)

There are currently two programs within OPERS, with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are OPERS Program members, and benefits are provided based on whether a member qualifies for Tier One or Tier Two described below. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members. OPERS is a hybrid retirement plan with two components: 1) the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan), and 2) the Individual Account Program (IAP) (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan).

The 1995 Legislature created a second tier of benefits for those who became OPERS Program members after 1995 but before August 29, 2003. The second tier does not have the Tier One assumed earnings rate guarantee.

Beginning January 1, 2004, all employees who were active members of OPERS became members of the OPSRP IAP Program. OPERS plan member contributions (the employee contribution, whether made by the employee or "picked-up" by the employer) go into the IAP portion of OPSRP. OPERS plan members retain their existing OPERS accounts; however, member contributions after January 1, 2004 are deposited in the member's IAP, not into the member's OPERS account.

a. Tier One/Tier Two Retirement Benefit Plan (Chapter 238).

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from thirteen retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater 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. General Service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60.

The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

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

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

NEWBERG SCHOOL DISTRICT NO. 29J
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

8. PENSION PLAN (Continued)

Disability Benefits

A member with ten 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 disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes after Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

b. OPSRP Pension Program (Chapter 238A).

Pension Benefits.

The OPSRP Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. For general service employees benefits are calculated with the following formula: 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 ten 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. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

NEWBERG SCHOOL DISTRICT NO. 29J
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021

8. PENSION PLAN (Continued)

Contributions

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

Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. The District made lump sum payments to establish side accounts in 2003, which reduces the District rates below the standard School District Pool rates. The District's contractually required contribution rate for the year ended June 30, 2021 was 15.88% of eligible payroll for Tier 1/Tier 2 members and 10.43% of eligible payroll for OPSRP members. Employer contributions for the year ended June 30, 2021 were \$3,837,146 excluding amounts to fund employer specific liabilities. \$4,168,043 was charged for the year ended June 30, 2021 as PERS benefit expenditures to be used for bond payments as they become due. In addition, \$1,842,401 in employee contributions were paid by the district for the year ended June 30, 2021.

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 net pension liability of \$41,899,289 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on the District's projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers, actuarially determined. At June 30, 2020 the District's proportion was .1920%. 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 projected and actual experience	\$ 1,844,076	\$ -
Changes in assumptions	2,248,602	78,786
Net difference between projected and actual earnings on pension plan investments	4,926,812	-
Changes in proportion	1,854,222	6,053,038
Changes between employer Contributions and proportionate share of contributions	-	3,088,228
District contributions subsequent to the measurement date	3,718,513	-
Total	\$ 14,592,225	\$ 9,220,052

NEWBERG SCHOOL DISTRICT NO. 29J
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021

8. PENSION PLAN (Continued)

\$3,718,513 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an addition of the net pension liability in the year ended June 30, 2021. Other amounts reported by the District as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in subsequent years as follows:

		Pension Expense
June 30, 2022	\$	343,133
June 30, 2023		784,840
June 30, 2024		375,258
June 30, 2025		438,098
June 30, 2026		(287,669)

Actuarial Methods and Assumptions:

Actuarial Valuations

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the projected unit credit 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.

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 amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study Report	2018, published July 24, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation rate	2.50 percent

NEWBERG SCHOOL DISTRICT NO. 29J
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021

8. PENSION PLAN (Continued)

Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50
Cost of living adjustments (COLA)	Blend of 2% COLA and graded COLA (1.25%/0.15% in accordance with <i>Moro</i> decision; blend based on service).
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Sex-distinct, generational with Unisex, Social Security Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled retiree, Sex-distinct, generational with Unisex, Social Security Scale, with collar Scale as described in the valuation.</p>

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 based on the 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

Discount Rate

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

Assumed Asset Allocation

Asset Class/Strategy			OIC Target
Cash			0.0
Debt Securities			20.0
Public Equity			32.5
Private Equity			17.5
Real Estate			12.5
Alternative Equity			15.0
Risk Parity			2.5
Total			100.0

NEWBERG SCHOOL DISTRICT NO. 29J
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021

8. PENSION PLAN (Continued)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 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/2018-CAFR.pdf>

<u>Long-Term Expected Rate of Return</u> ¹				
Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
Core Fixed Income	9.60 %	4.14 %	4.07 %	3.90 %
Short-Term Bonds	9.60	3.70	3.68	2.10
Bank/Leveraged Loans	3.60	5.40	5.19	6.85
High Yield Bonds	1.20	6.13	5.74	9.35
Large/Mid Cap US Equities	16.17	7.35	6.30	15.50
Small Cap US Equities	1.35	8.35	6.68	19.75
Micro Cap US Equities	1.35	8.86	6.79	22.10
Developed Foreign Equities	13.48	8.30	6.91	17.95
Emerging Market Equities	4.24	10.35	7.69	25.35
Non-US Small Cap Equities	1.93	8.81	7.25	19.10
Private Equity	17.50	11.95	8.33	30.00
Real Estate (Property)	10.00	6.19	5.55	12.00
Real Estate (REITS)	2.50	8.29	6.69	21.00
Hedge Fund of Funds - Diversified	1.50	4.28	4.06	6.90
Hedge Fund - Event-driven	0.38	5.89	5.59	8.10
Timber	1.13	6.36	5.61	13.00
Farmland	1.13	6.87	6.12	13.00
Infrastructure	2.25	7.51	6.67	13.85
Commodities	1.13	5.34	3.79	18.70
Assumed Inflation - Mean			2.50 %	1.65 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of April 24, 2019.

² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

NEWBERG SCHOOL DISTRICT NO. 29J
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021

8. PENSION PLAN (Continued)

Long-Term Expected Rate of Return (Continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

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

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability (asset)	\$ 62,216,983	\$ 41,899,289	\$ 24,861,960

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report. The effect of OPERS on the District's net position has been determined on the same basis used by OPERS.

Changes in Plan Provisions Effecting the Roll Forward

Changes in actuarial methods, allocation, and assumption from December 31, 2017 to the December 31, 2018 actuarial valuation are listed in the Actuarial Valuation Report pages 108.

9. OTHER POSTEMPLOYMENT BENEFITS

The District offers a postemployment health insurance subsidy and tax shelter annuity and contributes to a retirement health insurance account through Oregon Public Employees Retirement System. The breakdown of the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB are:

	Postemployment Health Insurance Subsidy	Postemployment Health Insurance Account	Net
Total OPEB Liability	\$ 2,811,072	\$ -	\$ 2,811,072
Total OPEB Asset	-	956,514	956,514
OPEB Deferred Outflows of Resources	544,868	121,184	666,052
OPEB Deferred Inflows of Resources	182,845	374,929	557,774

Postemployment Health Care Benefits

Plan Description – The District operates a single-employer retiree benefit plan that provides postemployment health, dental and vision benefit to eligible employees and their dependents. There are active and retired members in the plan. Benefits for members are established through the respective collective bargaining agreements.

NEWBERG SCHOOL DISTRICT NO. 29J
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The District follows ORS 243.303 which stipulates that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claim costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of the retiree healthcare premiums represents the District's implicit employer contribution also referred to as an "implicit rate subsidy."

The District has not established an irrevocable trust or equivalent arrangement to account for the plan.

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

Total OPEB Liability – The District's total OPEB liability of \$2,811,072 was measured as of July 1, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry Age Actual Cost Method
Actuarial assumptions:	
Discount rate	2.21% per year, based on all years discounted at municipal bond rate.
Inflation rate	2.50% per year
Salary increases	3.50% per year
Healthcare cost trend rates	Decrease from 5.5% in 2021 to 4.00% in 2072 and beyond depending on plan selected by employees to an unlimited rate range of 4.25% to 5.75% beginning in 2020.
Mortality rates	As developed for the valuation of benefits under Oregon PERS and vary by years of service.
Turnover rates	As developed for the valuation of benefits under Oregon PERS and vary by years of service.
Disability rates	Not Used
Retirement rates	As developed for the valuation of benefits under Oregon PERS and vary by employee age.

NEWBERG SCHOOL DISTRICT NO. 29J
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Total OPEB Liability:

Balance at June 30, 2020	\$	2,621,124
Service cost		221,152
Interest		94,379
Change in assumptions		168,406
Benefit payments		<u>(293,989)</u>
Balance at June 30, 2021	\$	<u>2,811,072</u>

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
Differences between expected and actual experience	\$ -	\$ 102,108
Changes in assumptions	290,221	80,737
Benefit payments	<u>254,647</u>	<u>-</u>
Total	<u>\$ 544,868</u>	<u>\$ 182,845</u>

Amounts reported by the District as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense in subsequent years as follows:

	Expense
June 30, 2022	\$ 7,994
June 30, 2023	7,994
June 30, 2024	7,994
June 30, 2025	21,174
June 30, 2026	29,807
Thereafter	32,413

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what that the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21 percent) or one percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 2,982,439	\$ 2,811,072	\$ 2,647,646

NEWBERG SCHOOL DISTRICT NO. 29J
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate - The following presents the total OPEB liability of the District, as well as what that the District's total OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Health Care Trend Rates	1% Increase
Total OPEB Liability	\$ 2,559,165	\$ 2,811,072	\$ 3,105,857

Retirement Health Insurance Account (RHIA)

Plan description - As a member of Oregon Public Employees Retirement System (OPERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHJOA resides with the Oregon Legislature. The plan is closed to new entrants hired on or after August 29, 2003. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard 97281-3700.

Benefits - RHIA Pays \$60 monthly contribution towards the cost of Medicare companion health insurance premiums of eligible retirees.

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

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.50% of Tier 1 and Tier 2 payroll and 0.43% of OPSRP of annual covered payroll. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution (ARC) of the employers, an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2021, 2020, and 2019, were approximately \$6,361, \$35,523, and \$122,658 which equaled the required contributions each year.

At June 30, 2021, the District reported an asset of \$956,514 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date. The District's proportion of the net OPEB liability was based on the District's actual, legally required contributions made during the fiscal year being compared to the total actual contributions made in the fiscal year by all employers. The District's proportionate share as of the measurement date is .46943122%.

NEWBERG SCHOOL DISTRICT NO. 29J
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the year ended June 30, 2021, the District recognized OPEB expense increase of \$267,973 related to the RHIA OPEB. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to the RHIA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual experience	\$ -	\$ 97,784
Changes in assumptions		50,843
Net difference between projected and actual earnings on pension plan investments	106,372	-
Changes in proportion	8,451	226,302
District contributions subsequent to the measurement date	6,361	-
Total	\$ 121,184	\$ 374,929

\$36,361 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an addition of the net pension liability in the year ended June 30, 2021. Other amounts reported by the District as deferred outflows of resources and deferred inflows of resources related to the RHIA OPEB will be recognized in OPEB expense follows:

	Expense
June 30, 2022	\$ (206,790)
June 30, 2023	(126,192)
June 30, 2024	39,321
June 30, 2025	33,554
June 30, 2026	-
Thereafter	-

Actuarial assumptions and other inputs

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report as of and for the year ended June 30, 2020. The independently audited report was dated March 4, 2021 and can be found at: <https://www.oregon.gov/pers/EMP/Pages/GASB.aspx>.

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study Report	2018, published July 24, 2019
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent

NEWBERG SCHOOL DISTRICT NO. 29J
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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: 32% Disable Retirees: 20%
Health Cost Trend rate	Not Applicable. Statute stipulates \$60 monthly payment for healthcare insurance.

Discount Rate

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

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 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 long-term expected rate of return for each major asset class, calculated using both the arithmetic and geometric means, see the breakdown in note 7.

Sensitivity Analysis

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District for the Retirement Health Insurance Account, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current discount rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Total OPEB Liability	\$ (772,224)	\$ (956,514)	\$ (1,114,090)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The total OPEB asset of the District for the Postemployment Health Insurance Subsidy is \$956,514. The ORS stipulates a \$60 monthly payment, so there would be no change to the total OPEB liability if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates.

NEWBERG SCHOOL DISTRICT NO. 29J
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Tax Sheltered Annuity

The District also offers its employees a tax-sheltered annuity program established pursuant to Section 403(b) of the Internal Revenue Code (the Code). Contributions are made through salary reductions from participating employees up to the amounts specified in the Code. No contributions are required from the District. As of June 30, 2021, 155 employees were participating in the plan.

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is insured with Property & Casualty Coverage for Education, a property and liability risk pool for school entities in Oregon and pays an annual premium for its property, crime, public liability, boiler and machinery, difference in conditions, excess earthquake, foreign liability, errors and omission coverage, builders risk coverage and Oregon contractor's license bonds. The District also carries worker's compensation coverage through SAIF. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The District's coverage in all areas remains consistent with prior years.

11. PROPERTY TAX LIMITATIONS

The State of Oregon imposes a constitutional limit on property taxes for schools and nonschool government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for school operations are limited to \$5 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt or local option taxes.

The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit. This reduction limits future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and bond issues.

12. CONTINGENT LIABILITIES

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

The District is dependent on the State of Oregon for a substantial portion of its operating funds. Due to funding uncertainties at the State level, future funding for school district may be reduced. The ultimate effect of this possible reduction in funding on the District's future operations is not yet determinable.

13. PROPERTY TAX ABATEMENTS

The District's property tax revenues were reduced by \$32,349 under historic property and housing for low income rental agreements by other municipalities within the District's boundaries.

NEWBERG SCHOOL DISTRICT NO. 29J
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021

14. FUND RECLASSIFICATIONS

Certain funds have been reclassified to confirm with current year budget reporting. The reclassification had the following effect on the fund balances:

Beginning Balance from General Fund	\$ 9,902,511
Less Special Revenue Fund	(161,061)
Less PERS Reserve Fund	(400,000)
Beginning Balance as Restated	9,341,450
Beginning Balance from Federal and State Grants Fund	21,030
Add Special Revenue Fund	161,061
Add PERS Reserve Fund	400,000
Add Food Service Fund	29,207
Add Scholarship Fund	159,386
Add Private Donations Fund	219,941
Add Student Body Fund	843,520
Beginning Balance as Restated	1,834,145
Beginning Balance from Debt Service Fund	1,698,000
Add PERS Bond Debt Service Fund	345,220
Add Small Scale Energy Loan Debt Service Fund	178,681
Beginning Balance as Restated	2,221,901
Beginning Balance from Nonmajor Funds	3,177,538
Less Food Service Fund	(29,207)
Less Scholarship Fund	(159,386)
Less Private Donations Fund	(219,941)
Less Student Body Fund	(843,520)
Less PERS Bond Debt Service Fund	(345,220)
Less Small Scale Energy Loan Debt Service Fund	(178,681)
Less Construction Excise Tax Fund	(1,248,245)
Less Inventory Reserve	(153,338)
Beginning Balance as Restated	-
Beginning Balance from Capital Projects Fund	-
Add Construction Excise Tax Fund	1,248,245
Beginning Balance as Restated	1,248,245

15. COVID-19

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

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REQUIRED
SUPPLEMENTARY INFORMATION

NEWBERG SCHOOL DISTRICT NO. 29J
SCHEDULE OF CHANGES IN TOTAL OTHER
POST EMPLOYMENT BENEFITS AND RELATED RATIOS
June 30, 2021

	June 30, 2021	June 30, 2020
OPEB Liability - Medical Benefit		
Total OPEB Liability - Beginning	\$ 2,621,125	\$ 2,514,707
Service Cost	221,152	204,404
Interest	94,379	100,300
Changes in economic/demographic gains/losses	-	(140,638)
Changes in Assumptions	168,406	199,556
Benefit Payments	(293,990)	(257,204)
Net Change in Total OPEB Liability	189,947	106,418
Total Liability - End of Year	\$ 2,811,072	\$ 2,621,125
Covered Payroll	\$ 31,764,334	\$ 29,981,030
Total OPEB Liability as Percentage of Covered Payroll	8.85%	8.74%

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

NEWBERG SCHOOL DISTRICT NO. 29J
 REQUIRED SUPPLEMENTARY INFORMATION
 OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
 JUNE 30, 2021

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Fiscal Year Ended	(a) District's Proportion of the net pension Liability (NPL)	(b) District's Proportionate Share of the Net Pension Liability (NPL)	(c) District's Covered Payroll	(b/c) NPL as a Percentage of covered Payroll	Plan Fiduciary net position as a percentage of the total pension liability
June 30, 2014	0.1600%	\$ 8,060,204	\$ 24,424,906	33.00%	91.97%
June 30, 2015	0.1600%	(3,580,180)	24,424,906	(14.70)%	103.60%
June 30, 2016	0.1700%	10,004,093	25,226,359	39.66%	91.88%
June 30, 2017	0.2000%	29,584,266	28,122,605	105.20%	80.53%
June 30, 2018	0.2300%	31,179,701	28,611,077	108.98%	83.12%
June 30, 2019	0.2600%	38,774,786	29,387,985	131.94%	82.10%
June 30, 2020	0.2234%	38,643,277	27,363,476	141.22%	80.20%
June 30, 2021	0.1920%	41,899,289	29,981,030	139.75%	75.80%

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

SCHEDULE OF DISTRICT CONTRIBUTIONS

Fiscal Year Ended	Statutorily required contribution	Contributions in relation to the statutorily required Contribution	Contribuiton deficiency (excess)	District's Covered payroll	Contributions as a percent of covered payroll
June 30, 2014	\$ 1,838,786	\$ 1,838,786	\$ -	\$ 24,424,906	7.53%
June 30, 2015	1,869,367	1,869,367	-	25,226,359	7.41%
June 30, 2016	904,981	904,981	-	28,122,605	3.22%
June 30, 2017	784,807	784,807	-	28,611,077	2.74%
June 30, 2018	2,506,331	2,506,331	-	29,387,985	8.53%
June 30, 2019	2,288,536	2,288,536	-	27,363,476	8.36%
June 30, 2020	3,547,512	3,547,512	-	29,981,030	11.83%
June 30, 2021	3,778,493	3,778,493	-	31,764,334	11.90%

NEWBERG SCHOOL DISTRICT NO. 29J
 REQUIRED SUPPLEMENTARY INFORMATION
 OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
 JUNE 30, 2021

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) FOR RHIA

Fiscal Year Ended	(a) District's Proportion of the net pension Liability (NPL)	(b) District's Proportionate Share of the Net Pension (ASSET) (NPL)	(c) District's Covered Payroll	(b/c) NPL as a Percentage of covered Payroll	Plan Fiduciary net position as a percentage of the total pension liability
June 30, 2018	0.2765%	\$ (114,464)	\$ 28,611,077	-0.400%	108.90%
June 30, 2019	0.2766%	(308,739)	29,387,985	-1.051%	124.00%
June 30, 2020	0.2474%	(478,229)	27,363,476	-1.748%	144.40%
June 30, 2021	0.4694%	(956,514)	29,981,030	-3.190%	150.10%

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

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR RHIA

Fiscal Year Ended	Statutorily required contribution	Contributions in relation to the statutorily required Contribution	Contribuiton deficiency (excess)	District's Covered payroll	Contributions as a percent of covered payroll
June 30, 2018	\$ 133,921	\$ 133,921	\$ -	\$ 29,387,985	0.46%
June 30, 2019	122,658	122,658	-	27,363,476	0.45%
June 30, 2020	33,523	33,523	-	29,981,030	0.11%
June 30, 2021	6,361	6,361	-	31,764,334	0.02%

NEWBERG SCHOOL DISTRICT NO. 29J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2021

Revenues	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Local Sources				
Property Taxes	\$ 17,055,000	\$ 17,055,000	\$ 18,238,994	\$ 1,183,994
Other Local Sources	486,000	486,000	582,840	96,840
Intermediate Sources	1,770,000	1,770,000	1,794,273	24,273
State Sources	34,148,000	34,148,000	33,226,948	(921,052)
Earnings on Investments	250,000	250,000	136,247	(113,753)
Total Revenues	<u>53,709,000</u>	<u>53,709,000</u>	<u>53,979,302</u>	<u>270,302</u>
Expenditures				
Instruction *	35,689,590	35,689,590	34,020,807	1,668,783
Support Services *	21,243,760	21,243,760	19,664,359	1,579,401
Community Services *	2,500	2,500	-	2,500
Contingency *	1,074,200	1,074,200	-	1,074,200
Total Expenditures	<u>58,010,050</u>	<u>58,010,050</u>	<u>53,685,166</u>	<u>4,324,884</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,301,050)	(4,301,050)	294,136	4,595,186
Other Financing Sources (Uses)				
Transfers (Out) *	(513,500)	(513,500)	(300,000)	213,500
Total Other Financing Sources (Uses)	<u>(513,500)</u>	<u>(513,500)</u>	<u>(300,000)</u>	<u>213,500</u>
Net Change in Fund Balance	(4,814,550)	(4,814,550)	(5,864)	4,808,686
Fund Balance				
Beginning of Year, as Restated	<u>7,500,000</u>	<u>7,500,000</u>	<u>9,341,450</u>	<u>1,841,450</u>
End of Year	<u>\$ 2,685,450</u>	<u>\$ 2,685,450</u>	<u>9,335,586</u>	<u>\$ 6,650,136</u>

* Legally adopted appropriation level

NEWBERG SCHOOL DISTRICT NO. 29J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - FEDERAL AND STATE GRANTS FUND
YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues				
Local Sources	\$ 2,587,350	\$ 2,587,350	\$ 594,257	\$ 1,993,093
Intermedite Sources	253,243	253,243	115,315	137,928
State Sources	5,370,424	5,370,424	2,925,359	2,445,065
Federal Sources	3,450,159	3,379,659	5,584,974	(2,205,315)
Earnings on Investments	-	-	1,259	(1,259)
Total Revenues	<u>11,661,176</u>	<u>11,590,676</u>	<u>9,221,164</u>	<u>2,369,512</u>
Expenditures				
Instruction *	7,293,949	6,643,949	3,586,691	3,057,258
Support Services *	2,677,739	3,327,739	3,138,504	189,235
Enterprise and Community Services *	2,264,888	2,335,388	2,044,171	291,217
Total Expenditures	<u>12,236,576</u>	<u>12,307,076</u>	<u>8,769,366</u>	<u>3,537,710</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(575,400)</u>	<u>(716,400)</u>	<u>451,798</u>	<u>1,168,198</u>
Other Financing Sources				
Transfers In	<u>500,000</u>	<u>500,000</u>	<u>300,000</u>	<u>(200,000)</u>
Total Other Financing Sources (Uses)	<u>500,000</u>	<u>500,000</u>	<u>300,000</u>	<u>(200,000)</u>
Net Change in Fund Balance	<u>(75,400)</u>	<u>(216,400)</u>	<u>751,798</u>	<u>968,198</u>
Fund Balance				
Beginning of Year, as Restated	<u>1,412,000</u>	<u>1,412,000</u>	<u>1,834,145</u>	<u>422,145</u>
End of Year	<u>\$ 1,336,600</u>	<u>\$ 1,195,600</u>	<u>2,585,943</u>	<u>\$ 1,390,343</u>
Reserved for Inventory			<u>82,462</u>	
Fund Balance, Ending			<u>\$ 2,668,405</u>	

* Legally adopted appropriation level

NEWBERG SCHOOL DISTRICT NO. 29J
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021

1. OTHER POSTEMPLOYMENT BENEFITS – PHIS and RHIA

The schedule of changes in total other postemployment benefits and related ratios will eventually present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

2. EMPLOYEE RETIREMENT PENSION BENEFITS.

Changes in Plan Provisions

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB information found at:

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

Changes in Assumptions

A summary of key changes implemented since the December 31, 2018 valuation are described in the Oregon Public Retirement System's GASB 68 disclosure information which can be found at:

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

Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2018 Experience Study for the System, which was published on July 24, 2019 and can be found at:

<https://www.oregon.gov/pers/Pages/Financials/Actuarial-Presentations-and-Reports.aspx>

3. BUDGET

A budget is prepared and legally adopted for the General Fund, and Special Projects Fund on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America basis for the governmental fund types, proprietary fund type and private purpose trust fund type. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

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

Supplemental budgets less than 10% of fund's budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearing before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. During the year, there were two amendments to the budget in the Federal & State Grants Fund and two amendments in the Capital Projects Fund. Appropriations lapse at the end of each fiscal year.

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SUPPLEMENTARY INFORMATION

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DEBT SERVICE FUND

NEWBERG SCHOOL DISTRICT NO. 29J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2021

Revenues	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Local Sources				
Property Taxes	\$ 1,854,825	\$ 1,854,825	\$ 1,956,557	\$ 101,732
Charges for Services	3,852,575	3,852,575	4,122,240	269,665
Other Local Sources	100,000	100,000	102,466	2,466
Intermediate Sources	-	-	65	65
Earnings on Investments	35,000	35,000	25,936	(9,064)
Total Revenues	<u>5,842,400</u>	<u>5,842,400</u>	<u>6,207,264</u>	<u>364,864</u>
Expenditures				
Debt Service				
Redemption of Principal	3,809,725	3,809,725	3,809,720	5
Interest	3,117,015	3,117,015	3,116,994	21
Total Debt Service*	<u>6,926,740</u>	<u>6,926,740</u>	<u>6,926,714</u>	<u>26</u>
Total Expenditures	<u>6,926,740</u>	<u>6,926,740</u>	<u>6,926,714</u>	<u>47</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Net Change in Fund Balance	<u>(1,084,340)</u>	<u>(1,084,340)</u>	<u>(719,450)</u>	<u>364,890</u>
Fund Balance				
Beginning of Year, as Restated	<u>1,260,000</u>	<u>1,260,000</u>	<u>2,221,901</u>	<u>961,901</u>
End of Year	<u>\$ 175,660</u>	<u>\$ 175,660</u>	<u>\$ 1,502,451</u>	<u>\$ 1,326,791</u>

* Legally adopted appropriation level

CAPITAL PROJECTS FUND

NEWBERG SCHOOL DISTRICT NO. 29J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues				
Revenues from Local Sources				
Construction Excise Taxes	\$ 275,000	\$ 275,000	\$ 445,358	\$ 170,358
Earnings on Investments	22,000	22,000	4,758,881	4,736,881
Total Revenues	<u>297,000</u>	<u>297,000</u>	<u>5,204,239</u>	<u>4,907,239</u>
Expenditures				
Support Services *	495,000	1,995,000	644,426	1,350,574
Facilities Acquisition and Construction *	-	161,263,132	1,763,715	159,499,417
Debt Service *				
Bond Issuance Costs	-	1,000,000	806,416	193,584
Total Expenditures	<u>495,000</u>	<u>164,258,132</u>	<u>3,214,557</u>	<u>161,043,575</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(198,000)</u>	<u>(163,961,132)</u>	<u>1,989,682</u>	<u>165,950,814</u>
Other Financing Sources				
Issuance of Bonds	-	140,997,978	140,997,978	-
Premium on Issuance of Bonds	-	22,765,154	22,765,152	(2)
Total Other Financing Sources (Uses)	<u>-</u>	<u>163,763,132</u>	<u>163,763,130</u>	<u>(2)</u>
Net Change in Fund Balance	(198,000)	(198,000)	165,752,812	165,950,812
Fund Balance				
Beginning of Year, as Restated	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,248,245</u>	<u>48,245</u>
End of Year	<u>\$ 1,002,000</u>	<u>\$ 1,002,000</u>	<u>\$ 167,001,057</u>	<u>\$ 165,999,057</u>

* Legally adopted appropriation level

OTHER FINANCIAL SCHEDULES

NEWBERG SCHOOL DISTRICT NO. 29J
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2021

GENERAL FUND

Tax Roll Year	Beginning Balance and 2020-2021 Levy	Less Discounts	Net Adjustments	Add Interest	Collections	Balance June 30, 2021
2020-2021	\$ 18,715,104	\$ 482,108	\$ (50,278)	\$ 10,183	\$ 17,812,521	\$ 370,197
2019-2020	391,928	(43)	(7,476)	15,090	233,919	150,576
2018-2019	148,395	(31)	(4,068)	11,495	62,596	81,762
2017-2018	93,499	(29)	(3,689)	14,696	50,344	39,495
2016-2017	39,956	(4)	(1,840)	7,514	21,366	16,754
and prior	63,021	(3)	(1,265)	4,621	6,118	55,641
	<u>\$ 19,451,903</u>	<u>\$ 481,998</u>	<u>\$ (68,616)</u>	<u>\$ 63,599</u>	<u>18,186,864</u>	<u>\$ 714,425</u>
Undistributed tax collections, June 30, 2021					76,831	
Undistributed tax collections, June 30, 2020					(79,581)	
Interest and other taxes in lieu					54,880	
Revenue turned over to the General Fund					<u>\$ 18,238,994</u>	

DEBT SERVICE FUND

Tax Roll Year	Beginning Balance and 2020-2021 Levy	Less Discounts	Net Adjustments	Interest	Collections	Balance June 30, 2021
2020-2021	\$ 1,899,901	\$ 48,405	\$ (7,539)	\$ 1,032	\$ 1,806,541	\$ 37,416
2019-2020	67,967	(7)	(2,594)	2,617	40,565	24,815
2018-2019	44,358	(9)	(1,056)	3,437	18,717	24,594
2017-2018	63,167	(20)	(2,264)	9,928	34,009	26,914
2016-2017	27,514	(3)	(1,092)	5,174	14,713	11,712
and prior	43,167	(2)	(1,156)	3,199	4,209	37,804
	<u>\$ 2,146,074</u>	<u>\$ 48,364</u>	<u>\$ (15,701)</u>	<u>\$ 25,387</u>	<u>1,918,754</u>	<u>\$ 163,255</u>
Undistributed tax collections, June 30, 2021					19,921	
Undistributed tax collections, June 30, 2020					(22,133)	
Interest and other taxes in lieu					40,015	
Revenue turned over to the Debt Service Fund					<u>\$ 1,956,557</u>	

2020 - 21 DISTRICT AUDIT REVENUE SUMMARY
Newberg School District

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
Revenue from Local Sources							
1110 Ad Valorem Taxes Levied by District	\$18,175,822		\$1,916,542				
1120 Local Option Ad Valorem Taxes Levied by District							
1130 Construction Excise Tax				\$445,358			
1190 Penalties and Interest on Taxes							
1200 Revenue from Local Governmental Units Other Than Districts							
1311 Regular Day School Tuition - From Individuals							
1312 Regular Day School Tuition - Other Dist Within State							
1313 Regular Day School Tuition - Other Districts Outside							
1320 Adult/Continuing Education Tuition							
1330 Summer School Tuition							
1411 Transportation Fees - From Individuals							
1412 Transportation Fees - Other Dist Within State							
1413 Transportation Fees - Other Districts Outside							
1420 Summer School Transportation Fees							
1500 Earnings on Investments	\$199,420	\$1,259	\$65,951	\$4,758,880			
1600 Food Service		\$5,348					
1700 Extracurricular Activities		\$202,617					
1800 Community Services Activities	\$11,232						
1910 Rentals		\$58,172					
1920 Contributions and Donations From Private Sources		\$310,446					
1930 Rental or Lease Payments From Private Contractors							
1940 Services Provided Other Local Education Agencies	\$90,777						
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure	\$46,031						
1970 Services Provided Other Funds			\$4,122,240				
1980 Fees Charged to Grants	\$118,944						
1990 Miscellaneous	\$315,856	\$17,674	\$102,467				
Total Revenue from Local Sources	\$18,958,081	\$595,516	\$6,207,200	\$5,204,238	\$0	\$0	\$0
Revenue from Intermediate Sources							
2101 County School Funds	\$15,172						
2102 Education Service District Apportionment	\$1,775,759						
2103 Excess ESD Local Revenue							
2105 Natural Gas, Oil, and Mineral Receipts							
2110 Intermediate "I" Tax							
2199 Other Intermediate Sources	\$3,342	\$115,315	\$65				
2200 Restricted Revenue		\$0					
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District							
Total Revenue from Intermediate Sources	\$1,794,273	\$115,315	\$65	\$0	\$0	\$0	\$0
Revenue from State Sources							
3101 State School Fund - General Support	\$32,402,359						
3102 State School Fund - School Lunch Match		\$17,344					
3103 Common School Fund	\$553,630						
3104 State Managed County Timber							
3106 State School Fund - Accrual							
3199 Other Unrestricted Grants-in-Aid							
3204 Driver Education							
3222 State School Fund (SSF) Transportation Equipment							
3299 Other Restricted Grants-in-Aid	\$270,959	\$2,908,014					
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
Total Revenue from State Sources	\$33,226,947	\$2,925,359	\$0	\$0	\$0	\$0	\$0
Revenue from Federal Sources							
4100 Unrestricted Revenue Direct From the Federal Government							
4200 Unrestricted Revenue From the Federal Government Through the State							
4300 Restricted Revenue From the Federal Government							
4500 Restricted Revenue From the Federal Government Through the State		\$5,409,292					
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies							
4801 Federal Forest Fees							
4802 Impact Aid to School Districts for Operation (PL 874)							
4803 Coos Bay Wagon Road Funds							
4899 Other Revenue in Lieu of Taxes							
4900 Revenue for/on Behalf of the District		\$175,683					
Total Revenue from Federal Sources	\$0	\$5,584,975	\$0	\$0	\$0	\$0	\$0
Revenue from Other Sources							
5100 Long Term Debt Financing Sources				\$163,763,130			
5200 Interfund Transfers		\$300,000					
5300 Sale of or Compensation for Loss of Fixed Assets							
5400 Resources - Beginning Fund Balance	\$9,341,450	\$1,834,210	\$2,221,901	\$1,248,245			
Total Revenue from Other Sources	\$9,341,450	\$2,134,210	\$2,221,901	\$165,011,375	\$0	\$0	\$0
Grand Totals	\$63,320,752	\$11,355,374	\$8,429,166	\$170,215,613	\$0	\$0	\$0

2020 - 21 DISTRICT AUDIT EXPENDITURE SUMMARY
Newberg School District

Fund: 100

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Primary, K-3	\$12,756,798	\$7,608,011	\$4,611,811	\$262,328	\$274,649			
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$5,631,953	\$3,397,642	\$2,035,625	\$103,643	\$93,138		\$1,905	
1122 Middle/Junior High School Extracurricular	\$15,895	\$11,328	\$4,567					
1131 High School Programs	\$5,946,624	\$3,648,983	\$2,186,571	\$43,104	\$62,158		\$5,808	
1132 High School Extracurricular	\$641,698	\$381,466	\$134,859	\$44,255	\$67,548		\$13,569	
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$2,650				\$2,650			
1220 Restrictive Programs for Students with Disabilities	\$1,312,855	\$628,868	\$526,432	\$157,054	\$502			
1250 Less Restrictive Programs for Students with Disabilities	\$5,028,806	\$2,958,840	\$2,045,738	\$22,621	\$1,608			
1260 Early Intervention	\$450,698	\$229,466	\$182,787	\$37,932	\$513			
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$961,017	\$532,053	\$332,260	\$80,200	\$14,836		\$1,667	
1291 English Second Language Programs	\$1,271,811	\$748,635	\$521,750	\$1,426				
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$34,020,807	\$20,145,291	\$12,582,401	\$752,563	\$517,602	\$0	\$22,949	\$0
Support Services Expenditures								
2110 Attendance and Social Work Services	\$363,793	\$186,391	\$138,001	\$39,401				
2120 Guidance Services	\$1,847,931	\$1,165,792	\$681,334		\$806			
2130 Health Services	\$131,343	\$68,529	\$43,982	\$17,821	\$1,011			
2140 Psychological Services	\$132,344	\$69,300	\$22,461	\$40,584				
2150 Speech Pathology and Audiology Services	\$846,147	\$509,033	\$335,136	\$1,294	\$682			
2160 Other Student Treatment Services	\$132,534	\$83,369	\$49,165					
2190 Service Direction, Student Support Services	\$205,386	\$131,365	\$74,021					
2210 Improvement of Instruction Services	\$325,784	\$202,394	\$121,913	\$1,476				
2220 Educational Media Services	\$490,156	\$265,713	\$204,893	\$189	\$19,330		\$30	
2230 Assessment & Testing	\$244,417	\$118,484	\$76,983	\$48,950				
2240 Instructional Staff Development	\$191,731	\$13,850	\$128,613	\$49,209	\$59			
2310 Board of Education Services	\$440,441			\$94,242	\$45		\$346,154	
2320 Executive Administration Services	\$535,928	\$292,571	\$179,263	\$53,687	\$9,321		\$1,085	
2410 Office of the Principal Services	\$4,288,817	\$2,637,984	\$1,601,585	\$18,405	\$13,553		\$17,290	
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$505,047	\$267,067	\$184,591	\$8,988	\$2,754		\$41,647	
2540 Operation and Maintenance of Plant Services	\$4,825,341	\$1,711,764	\$1,310,948	\$1,554,858	\$234,012	\$9,000	\$4,758	
2550 Student Transportation Services	\$1,754,505	\$38,741	\$24,005	\$1,691,759				
2570 Internal Services	\$139,241	\$45,227	\$35,542	\$58,472				
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$107,686	\$69,891	\$37,795					
2630 Information Services	\$172,244	\$86,987	\$40,220	\$44,174	\$862			
2640 Staff Services	\$461,475	\$262,260	\$145,185	\$40,312	\$1,942		\$11,775	
2660 Technology Services	\$1,522,070	\$462,467	\$284,381	\$199,447	\$575,272		\$502	
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$19,664,359	\$8,689,180	\$5,720,021	\$3,963,268	\$859,649	\$9,000	\$423,242	\$0
Enterprise and Community Services Expenditures								
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures								
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures								
5100 Debt Service	\$0							
5200 Transfers of Funds	\$300,000							\$300,000
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$300,000
Grand Total	\$53,985,166	\$28,834,471	\$18,302,422	\$4,715,831	\$1,377,251	\$9,000	\$446,191	\$300,000

2020 - 21 DISTRICT AUDIT EXPENDITURE SUMMARY
Newberg School District

Fund: 200

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Primary, K-3	\$439,893	\$25,429	\$10,317	\$120,653	\$283,494			
1112 Intermediate Programs	\$0							
1113 Elementary Extracurricular	\$25,117			-\$12	\$25,128			
1121 Middle/Junior High Programs	\$105,301	\$49,773	\$31,548	\$4,771	\$19,209			
1122 Middle/Junior High School Extracurricular	\$44,114				\$44,114			
1131 High School Programs	\$949,671	\$431,903	\$240,228	\$31,112	\$184,977		\$61,451	
1132 High School Extracurricular	\$312,963	\$5,909	\$82	-\$2,769	\$309,741			
1140 Pre-Kindergarten Programs	\$118				\$118			
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$161,866	\$80,790	\$51,340	\$23,353	\$6,382			
1250 Less Restrictive Programs for Students with Disabilities	\$28,696	\$24,000	\$4,696					
1260 Early Intervention	\$3,057	\$2,459	\$598					
1271 Remediation	\$0							
1272 Title I	\$652,579	\$351,678	\$232,880	\$960	\$67,060			
1280 Alternative Education	\$527,212	\$319,283	\$205,686		\$2,243			
1291 English Second Language Programs	\$104,420	\$53,225	\$35,359	\$6,425	\$9,411			
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$231,866	\$122,214	\$84,785	\$221	\$24,646			
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$3,586,872	\$1,466,663	\$897,521	\$184,714	\$976,523	\$0	\$61,451	\$0
Support Services Expenditures								
2110 Attendance and Social Work Services	\$259,937	\$153,176	\$103,761	\$3,000				
2120 Guidance Services	\$190,985	\$142,123	\$48,862					
2130 Health Services	\$146,093	\$26,201	\$26,896	\$92,996				
2140 Psychological Services	\$356,379	\$225,817	\$130,562					
2150 Speech Pathology and Audiology Services	\$64,930	\$50,273	\$14,658					
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$166,282	\$93,174	\$61,242		\$11,867			
2210 Improvement of Instruction Services	\$179,413	\$116,288	\$63,125					
2220 Educational Media Services	\$86,757	\$575	\$228		\$85,955			
2230 Assessment & Testing	\$4,898				\$4,898			
2240 Instructional Staff Development	\$160,978	\$5,692	\$32,739	\$12,145	\$102,309		\$8,093	
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0	\$0	\$0					
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$73,258						\$73,258	
2540 Operation and Maintenance of Plant Services	\$19,683				\$19,683			
2550 Student Transportation Services	\$20,000			\$20,000				
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$1,408,909	\$57,271	\$31,288	\$154,125	\$1,166,224			
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$3,138,504	\$870,591	\$513,360	\$282,266	\$1,390,936	\$0	\$81,351	\$0
Enterprise and Community Services Expenditures								
3100 Food Services	\$2,044,171	\$537,619	\$425,896	\$15,163	\$903,368	\$149,118	\$13,006	
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$2,044,171	\$537,619	\$425,896	\$15,163	\$903,368	\$149,118	\$13,006	\$0
Facilities Acquisition and Construction Expenditures								
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures								
5100 Debt Service	\$0							
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$8,769,546	\$2,874,873	\$1,836,777	\$482,143	\$3,270,827	\$149,118	\$155,809	\$0

2020 - 21 DISTRICT AUDIT EXPENDITURE SUMMARY
Newberg School District

Fund: 300

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$0							
1112 Intermediate Programs	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Early Intervention	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$6,926,715						\$6,926,715	
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$6,926,715	\$0	\$0	\$0	\$0	\$0	\$6,926,715	\$0
Grand Total	\$6,926,715	\$0	\$0	\$0	\$0	\$0	\$6,926,715	\$0

2020 - 21 DISTRICT AUDIT EXPENDITURE SUMMARY
Newberg School District

Fund: 400

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$0							
1112 Intermediate Programs	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Early Intervention	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$102,375						\$102,375	
2540 Operation and Maintenance of Plant Services	\$418,271			\$418,271				
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$10,982	\$7,493	\$3,489					
2640 Staff Services	\$0							
2660 Technology Services	\$112,798			\$108,340	\$4,459			
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$644,426	\$7,493	\$3,489	\$526,610	\$4,459	\$0	\$102,375	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$1,763,715			\$1,710,619	\$53,077		\$20	
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$1,763,715	\$0	\$0	\$1,710,619	\$53,077	\$0	\$20	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$806,416						\$806,416	
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$806,416	\$0	\$0	\$0	\$0	\$0	\$806,416	\$0
Grand Total	\$3,214,557	\$7,493	\$3,489	\$2,237,229	\$57,535	\$0	\$908,811	\$0

SUPPLEMENTAL INFORMATION

School District Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included.

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

A. Energy Bill for Heating - All Funds:

Please enter your expenditures for electricity, heating fuel, and water & sewage for these Functions & Objects.

	Objects 325 & 326 & *327
Function 2540	\$1,060,171
Function 2550	\$0

B. Replacement of Equipment – General Fund:

Include all General Fund expenditures in object 542, except for the following exclusions:

Exclude these functions:

\$0

- 1113 Elementary Co-curricular Activities
- 1122 Middle School Co-curricular Activities
- 1132 High School Co-curricular Activities
- 1140 Pre-Kindergarten
- 1300 Continuing Education
- 1400 Summer School
- 2550 Pupil Transportation
- 3100 Food Service
- 3300 Community Services
- 4150 Construction

**Object code 327 (water and sewage) has been added to Part A to be included in the Function 2540 and 2550 totals.*

AUDIT COMMENTS AND
DISCLOSURES
REQUIRED BY STATE
REGULATIONS

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INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

We have audited the basic financial statements of Newberg School District No. 29J (the District) as of and for the year ended June 30, 2021 and have issued our report thereon dated December 30, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District'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 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures 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.
- 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, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except for the following:

OAR 162-10-0230 Internal Control

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



Purpose of this Report

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

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
December 30, 2021

GRANT COMPLIANCE SECTION

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To the School Board
Newberg School District No. 29J
Yamhill County, Oregon

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Newberg School District No. 29J (District), 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 30, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

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

Purpose of this Report

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

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
December 30, 2021



To the School Board
Newberg School District No. 29J
Yamhill County, Oregon

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

Report on Compliance for Each Major Federal Program

We have audited Newberg School District No. 29J's (District'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 opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.



Report on Internal Control over Compliance

Management of the District 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 to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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.

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
December 30, 2021

NEWBERG SCHOOL DISTRICT NO. 29J
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/ Program Title	Grant Period	Federal C.F.D.A. Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Education</u>				
Passed through Oregon State Department of Education				
Title IA - Part A - Grants to Local Educational Agencies	07/01/19-09/30/20	84.010	53322	\$ 147,475
Title IA - Part A - Grants to Local Educational Agencies	07/01/20-09/30/21	84.010	58318	578,967
				<u>726,442</u>
Title III - English Language Acquisition	07/01/20-09/30/21	84.365	53440	24,571
				<u>24,571</u>
Title IIA - Improving Teacher Quality	07/01/20-09/30/21	84.367	58810	146,844
				<u>146,844</u>
IDEA, Part B, Special Education	07/01/19-09/30/21	84.027	53873	14,558
IDEA, Part B, Special Education	07/01/19-09/30/21	84.027	56704	12,174
IDEA, Part B, Special Education	07/01/20-09/30/22	84.027	60706	746,381
				<u>773,113</u>
Special Education - Preschool Grants	07/01/19-09/30/21	84.173	54034	3,057
				<u>3,057</u>
Total Special Education Cluster				<u>776,170</u>
Title IV Student Support and Academic	07/01/19-06/30/20	84.424	58621	52,835
				<u>52,835</u>
COVID-19, Governor's Emergency Education Relief Fund CDL	07/01/20-05/30/21	84.425C	60993	154,354
COVID-19, Elementary and Secondary School Emergency Relief Fund I	03/13/20-09/30/22	84.425D	57865	601,832
COVID-19, Elementary and Secondary School Emergency Relief Fund II	03/13/20-09/30/23	84.425D	64635	224,161
				<u>980,347</u>
Passed through Willamette Education Service District				
Title IC, Migrant Education	07/01/20-06/30/21	84.011	N/A	103,120
Title IC, Migrant Education	09/01/20-06/30/21	84.011	N/A	235,277
				<u>338,397</u>
Total U.S. Department of Education				<u>3,818,719</u>
<u>U.S. Treasury Department</u>				
Passed through the City of Dundee				
Coronavirus Relief Funds	07/01/20-05/31/21	21.019	N/A	20,700
				<u>20,700</u>
Passed through the City of Newberg				
Coronavirus Relief Funds	07/01/20-05/31/21	21.019	N/A	90,500
				<u>90,500</u>
Total U.S. Treasury Department				<u>111,200</u>
<u>U.S. Department of Agriculture</u>				
Passed through Oregon State Department of Education				
Commodities	07/01/20-06/30/21	10.555	N/A	175,411
				<u>175,411</u>
Summer Food Program	07/01/20-09/30/21	10.559	N/A	2,140,536
COVID-19 Summer Food Program	07/01/20-09/30/21	10.559	N/A	107,534
Commodities	07/01/20-06/30/21	10.559	N/A	271
				<u>2,248,341</u>
Total Child Nutrition Cluster				<u>2,423,752</u>
Fresh Fruit and Vegetable Program	10/01/20-09/30/21	10.582	N/A	4,417
				<u>4,417</u>
Total U.S. Department of Agriculture				<u>2,428,169</u>
Total Federal Awards				<u>\$ 6,358,088</u>

NEWBERG SCHOOL DISTRICT NO. 29J
NOTES RELATIVE TO THE SCHEDULE OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Newberg School District No. 29J (District) programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

2. SUMMARY OF SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*) wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

The District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance due to the fact that the District has a negotiated indirect cost rate with Oregon Department of Education, and thus is not allowed to use the de minimis rate.

4. SUBRECIPIENTS

The District had no subrecipients.

NEWBERG SCHOOL DISTRICT NO. 29J
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	Yes	No ✓
Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes	None reported ✓
Noncompliance material to financial statements noted?	Yes	No ✓

Federal Awards:

Internal control over major programs:		
Material weakness(es) identified?	Yes	No ✓
Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes	None reported ✓
Type of auditor's report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 516(a)?	Yes	No ✓

Identification of major programs:

<u>NAME OF PROGRAM OR CLUSTER</u>	<u>CFDA NUMBER(S)</u>
Special Education Cluster	84.027, 84.173
Education Stabilization Fund	84.425C, 84.425D
Dollar threshold used to distinguish between type A and B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes ✓ No

NEWBERG SCHOOL DISTRICT NO. 29J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS - NONE

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS - NONE

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

Finding 2020-01

Audit Finding: The District is required to complete the Excess Cost Calculator to support that it only uses federal funds under this program for the excess costs of providing special education and related services to children with disabilities, and to ensure that it is submitted to the Oregon Department of Education in a timely manner by the deadline. The Excess Cost Calculator was not submitted to the Oregon Department of Education by the March 9, 2020 deadline.

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