



# **REEDSPORT SCHOOL DISTRICT NO. 105**

**Reedsport, Oregon**

## **Annual Financial Report**

**June 30, 2019**

## **REEDSPORT SCHOOL DISTRICT NO. 105**

100 Ranch Road  
Reedsport, Oregon 97467  
(541) 271-3656

### **DISTRICT OFFICIALS**

SHELLEY SWIFT 395 Ranch Road, Reedsport, OR 97467	Director
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GREG CARTER 281 Johanneson Creek Road, Reedsport, OR 97467	Director
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JENNIFER CLARK 3340 Fernwood Place, Reedsport, OR 97467	Director
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SANDRA DONNELLY PO Box 357, Reedsport, OR 97467	Ex-Director
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DUANE WISEHART 4501 S. Smith River Road, Reedsport, OR 97467	Ex-Vice Chair
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CAREY JONES 5159 S. Smith River Road, Reedsport, OR 97467	Vice Chair
--	------------

ERIC BRANDON 8130 Lower Smith River Road, Reedsport, OR 97467	Board Chair
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### **ADMINISTRATION**

RACHEL AMOS 1409 NE Diamond Lake Blvd., Roseburg, OR 97470	Business Manager
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JON ZWEMKE 100 Ranch Road, Reedsport, OR 97467	Superintendent
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AMANDA O'BRIEN 100 Ranch Road, Reedsport, OR 97467	HES Principal
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JERRY UHLING 100 Ranch Road, Reedsport, OR 97467	RCCS Principal
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**REEDSPORT SCHOOL DISTRICT NO. 105**

**AUDIT REPORT**

**June 30, 2019**

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## **AUDIT REPORT**

**June 30, 2019**

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**AUDIT REPORT**

**June 30, 2019**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Reedsport School District No. 105, Oregon

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Reedsport School District No. 105 as of and for the year ended June 30, 2019 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 standards 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**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions

### **Opinions**

In my 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 Reedsport School District No. 105 as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows 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 on pages 2-10, the schedules of revenues, expenditures and changes in fund balances – budget and actuals on pages 56-58, and the pension schedules on pages 59-62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

I have applied certain limited procedures to the management's discussion and analysis and the pension schedules in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on

the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals described above on pages 56-58 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. The schedules of revenues, expenditures and changes in fund balances – budget and actuals have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedules of revenues, expenditures and changes in fund balances – budget and actuals are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Reedsport School District No. 105's basic financial statements. The other supplementary information on pages 64-81 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Reedsport School District No. 105. The schedule of expenditures of federal awards on page 88 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information on pages 64-81 and the schedule of expenditures of federal awards on page 88 are the responsibility of management and was 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 other 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 my opinion, other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued our report dated October 30, 2019, on our consideration of the Reedsport School District No. 105'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 Reedsport School District No. 105's internal control over financial reporting and compliance.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, I have issued my report dated October 30, 2019, on my consideration of the Reedsport School District No. 105's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of my testing of compliance and the results of that testing and not to provide an opinion on the District's compliance.



Steve Tuchscherer, CPA  
October 30, 2019

**MANAGEMENT'S**  
**DISCUSSION**  
**AND ANALYSIS**



# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2019**

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The discussion and analysis of Reedsport School District No. 105's financial performance provides an overview of the District's financial activities for the fiscal year that ended June 30, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year ended June 30, 2019 are as follows:

- The District's net position increased \$1,361,147 which represents an 88.9% increase from the previous year primarily due to the increase in capital assets.
- General revenues accounted for \$8,307,862 or 68.5% of all revenues. Program specific revenues in the form of charges for services, and grants and donations, accounted for \$3,822,023, or 31.5% of total revenues of \$12,129,885.
- The District had \$10,768,736 in expenses, which was less than total revenues, resulting in an increase in total net position of \$1,361,147.
- Total assets of governmental activities increased by \$1,424,839, primarily due to an increase in capital assets from the prior year.
- Total liabilities increased by \$1,154,013 during the year, primarily due to an increase in the net pension liability.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes additional supplementary information to supplement the basic financial statements.

#### *Government-wide Financial Statements*

The first of the government-wide statements is the *Statement of Net Position*. This is the District-wide statement of financial position presenting information that includes all of the District's assets and liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other non-financial factors such as the condition of school buildings and other facilities and changes in the district's enrollment, which dictates the majority of revenue to be collected through the State Funding Formula.

# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2019**

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The second government-wide statement is the *Statement of Activities* which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the distinct activities or functions of the District that are primarily supported by intergovernmental revenues, principally state basic school support and property tax revenues. The governmental activities of the District include instruction, instructional support services, operation and maintenance of plant, student transportation, and non-instructional support services.

### *Fund Financial Statements*

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of individual budget versus actual statements and combining statements in a later section of this report.

*Governmental funds*, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Unlike the government-wide financial statements, these statements report short-term fiscal accountability focusing on use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to government-wide statements to assist in understanding the differences between these two perspectives.

*Fiduciary funds* such as private-purpose trust funds for scholarships are reported in the fiduciary fund financial statements but are excluded from government-wide reporting. Fiduciary fund financial statements report net position and changes in net position on a cash basis.

### *Notes to the Financial Statements*

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

### *Other Information*

In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information budgetary comparison statements for the General Fund, the Special Revenue Fund #200, and the Charter School Fund (A Component Unit). The required supplementary information immediately follows the notes to the financial statements. Other supplementary information includes combining statements, individual fund statements and schedules, and other schedules. These statements and schedules immediately follow the required supplementary information in this report.

## **REEDSPORT SCHOOL DISTRICT NO. 105**

### **Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2019**

#### **FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Recall that the Statement of Net Position provides the perspective of the District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's net position at fiscal year-end was \$2,892,109. This is a \$1,361,147 increase from last year's net position and represents a 88.9% increase from the previous year.

The following table provides a summary of the District's net position. Comparative information from the previous year is provided.

<b>Summary of Net Position</b>			
	Governmental Activities		Percentage Change
	June 30, 2019	June 30, 2018	
<b>Assets</b>			
Current and Other Assets	\$ 2,954,776	\$ 3,533,507	-16.4%
Capital Assets	13,425,257	11,421,687	17.5%
Total Assets	16,380,033	14,955,194	9.5%
<b>Deferred Outflow of Resources</b>	2,747,815	1,429,030	92.3%
<b>Liabilities</b>			
Long-Term Liabilities	14,792,429	13,455,961	9.9%
Other Liabilities	643,919	826,374	-22.1%
Total Liabilities	15,436,348	14,282,335	8.1%
<b>Deferred Inflow of Resources</b>	799,391	570,929	40.0%
<b>Net Position</b>			
Net Investment in Capital Assets	2,224,571	2,811,687	-20.9%
Restricted	621,036	-	N/A
Unrestricted	46,502	(1,280,725)	-103.6%
Total Net Position - Restated for Prior Year	\$ 2,892,109	\$ 1,530,962	88.9%

## **REEDSPORT SCHOOL DISTRICT NO. 105**

### **Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2019**

The following table shows the changes in net position. Prior-year information is provided for comparative analysis of government-wide revenue and expense information.

<b>Changes in Net Position</b>			
	Governmental Activities		
	2018-19	2017-18	Percentage Change
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$ 98,279	\$ 133,758	-26.5%
Operating Grants and Contributions	1,506,394	1,465,361	2.8%
Capital Grants and Contributions	2,217,350	886,343	150.2%
General Revenues			
Property Taxes	2,692,041	2,509,384	7.3%
State Basic School Support	5,194,248	5,223,524	-0.6%
Federal Forest Fees	71,574	-	N/A
Other	349,999	416,017	-15.9%
Total Revenues	12,129,885	10,634,386	14.1%
<b>Program Expenses</b>			
Instruction	5,134,080	5,367,395	-4.3%
Support Services	4,419,943	4,026,472	9.8%
Community Services	564,394	428,090	31.8%
Interest on Long-Term Debt	650,320	576,752	12.8%
Total Program Expenses	10,768,736	10,398,708	3.6%
<b>Change in Net Position</b>	<b>\$ 1,361,149</b>	<b>\$ 235,678</b>	

## **REEDSPORT SCHOOL DISTRICT NO. 105**

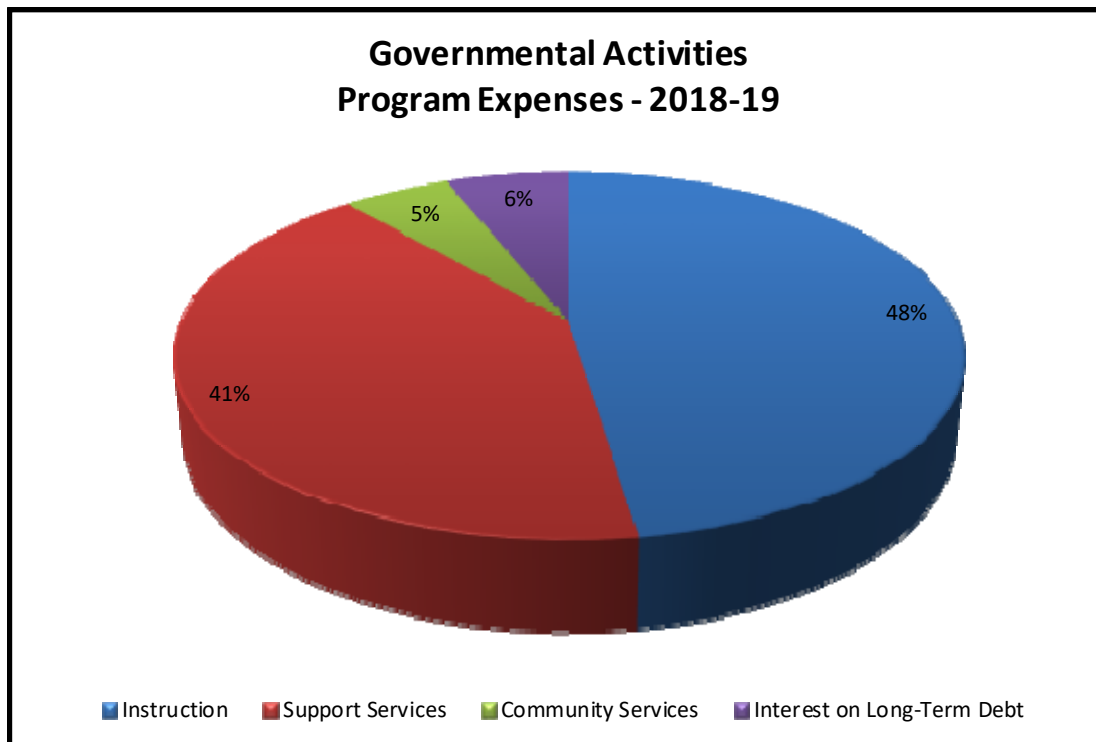
### **Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2019**

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the four major functional activities of the District. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions. Prior-year information is provided for comparative analysis.

	2018-19		2017-18	
	Total Cost of Services	Net Cost (Profit) of Services	Total Cost of Services	Net Cost (Profit) of Services
Instruction	\$ 5,134,080	\$ 4,373,522	\$ 5,367,395	\$ 4,485,098
Support Services	4,419,943	1,861,655	4,026,472	2,819,800
Community Services	564,394	61,217	428,090	31,596
Interest on Long-Term Debt	650,320	650,320	576,752	576,752
Total Program Expenses	<u>\$10,768,736</u>	<u>\$ 6,946,713</u>	<u>\$ 10,398,708</u>	<u>\$ 7,913,246</u>

The dependence on general revenues for general government activities is apparent. For the current year, 85% of general government activities are supported through general revenues.

This graph represents the cost of the District's Program expenses by governmental activities.

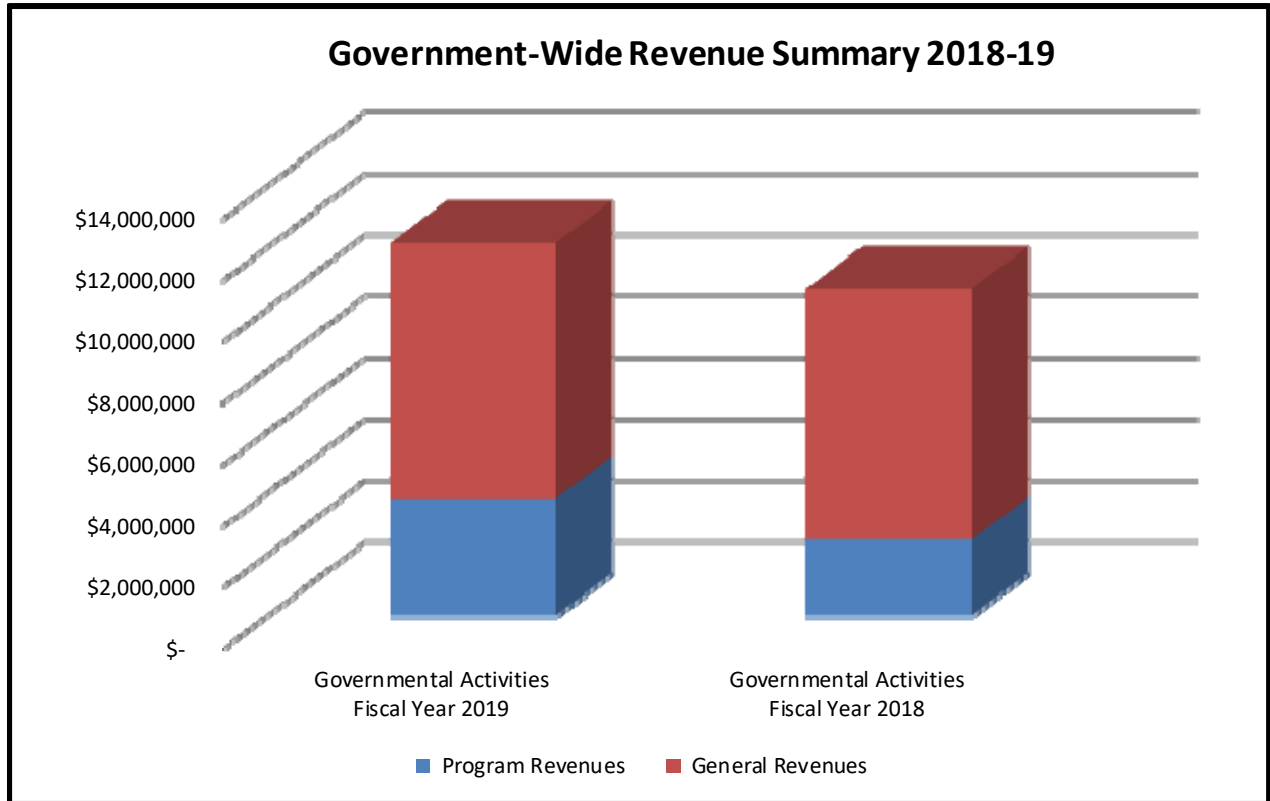


# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2019**

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The following chart analyzes the revenue between governmental activities from prior to current year.



# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2019**

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### **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

#### *Governmental Funds*

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$2,552,428, a decrease of \$324,951. The fund balance consists of restricted, committed, assigned and unassigned amounts. Of the current fund balances, \$621,036 is restricted, \$1,163,124 is committed and \$745,632 is unassigned and available for spending at the District's discretion.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$273,053.

# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2019**

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### **BUDGETARY HIGHLIGHTS**

Over the course of the year, the District made only minor changes to its various funds' budgets.

General Fund revenues were budgeted and anticipated to be collected in the amount of \$8,106,104 during the fiscal year. Actual revenues of \$8,331,720 were more than budgeted revenues by \$225,616. General Fund expenditures budget was under-spent by \$151,331. The actual ending fund balance was more than the budgeted ending fund balance by \$395,632.

The Special Revenue Fund #200 ending fund balance decreased by \$41,435. Actual revenues were less than budgeted revenues by \$202,828, and actual expenditures were \$581,436 under budgeted expenditures.

The PERS Bond Fund ending fund balance increased \$145,914. Actual revenues were more than budgeted revenues by \$79,288, while actual expenditures were less than budgeted expenditures by \$1,382.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### *Capital Assets*

As of June 30, 2019, the District had invested \$24,072,591 in capital assets, including school buildings, athletic facilities, land, vehicles, computers and other equipment and furnishings. This amount represents a net increase prior to depreciation of from last year due to additions of \$3,161,678 and deletions of \$749,632.

Total depreciation expense for the year was \$408,475. Additional information on the District's capital assets can be found in the Capital Asset Note in the notes to the basic financial statements section of this report.

#### *Long-Term Debt*

At June 30, 2019 the District had \$10,616,263 in long-term debt outstanding. The District paid \$8,800,400 toward the principal balance of the long-term debt. Of that amount, \$8,610,000 was paid into a refunding account with proceeds provided by a refunding bond, issued April 9, 2019 in the amount of \$8,518,000. The District paid \$447,964 in interest on total debt.

Additional information on the District's long-term debt can be found in the Long-Term Debt Note in the notes to the basic financial statements section of this report.



# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2019**

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### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The 2019-2020 school budget is designed to meet the overall needs of the students in the Reedsport School District. One of the main factors in establishing the 2019-2020 budget is the enrollment level of the District. For the 2019-2020 school year the District will budget on an enrollment of 670. This is the same enrollment level as the district budgeted on for the 2018-2019 school year. The enrollment level is monitored closely each year.

The District's adopted budget for the fiscal year ending June 30, 2020 represents an overall decrease of \$821,139 or 4.1% when compared with the current fiscal year. The total budget for the fiscal year ending June 30, 2020 is \$19,206,546. Budgeted expenditures in the General Fund increased 3.5 percent to \$9,065,681 for fiscal year 2019-2020. The Capital Projects Funds budgeted expenditures decreased over 37 percent to \$1,950,000 due to reduction of seismic grant revenues.

The District added a new contracted service effective 2019-20 for Adaptive Life Skills through South Coast ESD. The contract is just over \$500,000 and is based upon students enrolled in the program. There are student needs that do not fit the criteria of this program, so staffing and service needs will be assessed throughout the year.

The District continues to review the status of the various issues impacting our funding and continues to make expenditures conservatively in order to maintain reserves that will minimize fluctuations in program funding and availability.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives.

If you have any questions about this report or need additional information, contact the Reedsport School District No. 105 at 100 Ranch Road, Reedsport, Oregon 97467.

**BASIC FINANCIAL**  
**STATEMENTS**

**Government -Wide**  
**Financial Statements**

# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **STATEMENT OF NET POSITION**

**June 30, 2019**

		<b><u>Governmental Activities</u></b>
<b><u>ASSETS:</u></b>		
Current Assets:		
Cash and Cash Equivalents	\$ 2,057,140	
Property Taxes Receivable	240,661	
Accounts Receivable	570,880	
Prepaid Expenses	28,647	
Inventory-Food, Supplies & Commodities	22,636	
Other Current Assets	1,538	
Total Current Assets		\$ 2,921,502
Restricted Assets:		
Net OPEB Asset (RHIA)	33,274	
Total Restricted Assets		33,274
Capital Assets:		
Land	622,451	
Construction in Progress	117,747	
Land Improvement	120,535	
Building and Building Improvement	20,155,618	
Machinery and Equipment	3,056,240	
Less: Accumulated Depreciation	(10,647,334)	
Total Capital Assets, Net of Depreciation		13,425,257
<b>Total Assets</b>		<b><u>16,380,033</u></b>
<b><u>DEFERRED OUTFLOW OF RESOURCES</u></b>		
Pension Related Deferrals	2,732,345	
OPEB Related Deferrals - RHIA	15,470	
<b>Total Deferred Outflow of Resources</b>		<b><u>2,747,815</u></b>
<b><u>LIABILITIES:</u></b>		
Accounts Payable	\$ 111,582	
Accrued Interest Payable	9,170	
Payroll Liabilities	52,059	
Accrued Vacation Benefits	20,844	
Bonds Payable		
Due within one year	450,264	
Due in more than one year	10,165,999	
Net Pension Liability	4,626,430	
<b>Total Liabilities</b>		<b><u>15,436,348</u></b>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>		
Pension Related Deferrals	789,801	
OPEB Related Deferrals - RHIA	9,590	
<b>Total Deferred Inflow of Resources</b>		<b><u>799,391</u></b>
<b><u>NET POSITION:</u></b>		
Net Investment in Capital Assets	2,224,571	
Restricted for:		
Debt Service	621,036	
Unrestricted	46,502	
<b>Total Net Position</b>		<b><u>\$ 2,892,109</u></b>

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

# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **STATEMENT OF ACTIVITIES**

**For the Fiscal Year Ended June 30, 2019**

		<b>Program Revenues</b>			<b>Net (Expense) Revenue and Change in Net Position</b>
	<b>(Expenses)</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>					
Instruction	\$ 5,134,080	\$ 94,551	\$ 666,007	\$ -	\$ (4,373,522)
Support Services	4,419,943	-	340,938	2,217,350	(1,861,655)
Enterprise and Community Services	564,394	3,728	499,449	-	(61,217)
<b>Total Governmental Activities</b>	<b>\$ 10,768,736</b>	<b>\$ 98,279</b>	<b>\$ 1,506,394</b>	<b>\$ 2,217,350</b>	<b>\$ (6,946,713)</b>
<b><u>GENERAL REVENUES:</u></b>					
Local Sources:					
Property Taxes, Levied for General Purposes					\$ 2,042,524
Property Taxes, Levied for Debt Service					649,517
Earnings on Investments					81,390
Unrestricted State and Local Revenue					192,928
Intermediate Sources					
State School Fund for Education and Support Services					9,547
State Common School Fund					5,194,248
Federal Forest Fees for General Purposes					66,134
					71,574
Subtotal - General Revenues					8,307,862
Special Items:					
Change in Net Position					1,361,149
Net Position, July 1, 2018					1,530,960
<b>Net Position, June 30, 2019</b>					<b>\$ 2,892,109</b>

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

**BASIC FINANCIAL**  
**STATEMENTS**

**Governmental Fund**  
**Financial Statements**

# REEDSPORT SCHOOL DISTRICT NO. 105

## BALANCE SHEET GOVERNMENTAL FUNDS

June 30, 2019

	General Fund #100	Special Revenue Fund #200	PERS Bond Fund #315	2008 GO Bond Fund #320	Seismic Grant Fund #420	Capital Construction/ Improvement Project Fund #410	Total Governmental Funds
<b><u>ASSETS:</u></b>							
Cash and Cash Equivalents	\$ 736,521	\$ 450,271	\$559,692	\$ 52,707	\$ 1,359	\$ 256,590	\$ 2,057,140
Property Taxes Receivable	182,596	-	-	58,065	-	-	240,661
Accounts Receivable	37,510	533,370	-	-	-	-	570,880
Prepaid Expenses	28,647	-	-	-	-	-	28,647
Inventory-Food, Supplies & Commodities	-	22,636	-	-	-	-	22,636
Other Current Assets	1,538	-	-	-	-	-	1,538
<b>Total Assets</b>	<b>\$ 986,812</b>	<b>\$1,006,277</b>	<b>\$559,692</b>	<b>\$110,772</b>	<b>\$ 1,359</b>	<b>\$ 256,590</b>	<b>\$ 2,921,502</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u></b>							
LIABILITIES:							
Accounts Payable	\$ 33,116	\$ 1,511	\$ -	\$ -	\$ 76,955	\$ -	\$ 111,582
Payroll Liabilities	52,059	-	-	-	-	-	52,059
<b>Total Liabilities</b>	<b>85,175</b>	<b>1,511</b>	<b>-</b>	<b>-</b>	<b>76,955</b>	<b>-</b>	<b>163,641</b>
DEFERRED INFLOWS OF RESOURCES:							
Unavailable Revenue - Property Taxes	156,005	-	-	49,428	-	-	205,433
<b>Total Deferred Inflows of Resources</b>	<b>156,005</b>	<b>-</b>	<b>-</b>	<b>49,428</b>	<b>-</b>	<b>-</b>	<b>205,433</b>
FUND BALANCES:							
Unspendable	-	22,636	-	-	-	-	22,636
Restricted for:							
Debt Service	-	-	559,692	61,344	-	-	621,036
Committed for:							
Capital Construction & Building Maintenance	-	-	-	-	(75,596)	256,590	180,994
Special Programs	-	982,130	-	-	-	-	982,130
Unassigned	745,632	-	-	-	-	-	745,632
<b>Total Fund Balances</b>	<b>745,632</b>	<b>1,004,766</b>	<b>559,692</b>	<b>61,344</b>	<b>(75,596)</b>	<b>256,590</b>	<b>2,552,428</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 986,812</b>	<b>\$1,006,277</b>	<b>\$559,692</b>	<b>\$110,772</b>	<b>\$ 1,359</b>	<b>\$ 256,590</b>	<b>\$ 2,921,502</b>

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

# **REEDSPORT SCHOOL DISTRICT NO. 105**

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

**June 30, 2019**

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<b>Total Fund Balances - Governmental Funds</b>		<b>\$ 2,552,428</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Cost of assets	\$ 24,072,591	
Accumulated depreciation	<u>(10,647,334)</u>	
Net Value of Capital Assets		13,425,257
Property taxes receivable that will not be available to pay for current-period expenditures are deferred in the governmental funds.		
		205,433
Deferred inflows and outflows of pension and OPEB contributions and earnings are not reported in the governmental funds.		
Deferred Pension/OPEB Contributions	2,747,815	
Deferred Earnings on Pension/OPEB Assets	<u>(799,391)</u>	
Net Value of Deferrals		1,948,424
Some liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
These liabilities consist of :		
Accrued Interest Payable	9,170	
Bonds Payable	10,616,263	
Net Pension Liability	4,626,430	
Net OPEB Obligations	<u>(33,274)</u>	
Total		<u>(15,239,433)</u>
<b>Net Position of Governmental Activities</b>		<b><u><u>\$ 2,892,110</u></u></b>

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

# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS**

**For the Fiscal Year Ended June 30, 2019**

	General Fund #100	Special Revenue Fund #200	PERS Bond Fund #315	2008 GO Bond Fund #320	Seismic Grant Fund #420	A Component Unit - Charter School #700	Capital Construction/ Improvement Project Fund #410	Total Governmental Funds
<b><u>REVENUES:</u></b>								
Taxes	\$1,990,815	\$ -	\$ -	\$707,370	\$ -	\$ -	\$ -	\$ 2,698,185
Earnings on Investments	80,975	-	-	414	-	-	-	81,389
Fees and Charges	20,514	54,977	-	-	-	-	-	75,491
Miscellaneous Revenue	857,227	53,887	429,288	-	-	3,000	83,675	1,427,077
Intermediate Government Aid	9,546	-	-	-	-	3,313,654	-	3,323,200
State Aid	5,301,069	319,533	-	-	2,217,350	-	-	7,837,952
Federal Aid	71,574	1,137,832	-	-	-	-	-	1,209,406
<b>Total Revenues</b>	<b>8,331,720</b>	<b>1,566,229</b>	<b>429,288</b>	<b>707,784</b>	<b>2,217,350</b>	<b>3,316,654</b>	<b>83,675</b>	<b>16,652,700</b>
<b><u>EXPENDITURES:</u></b>								
Current:								
Instruction	6,226,595	706,007	-	-	-	1,667,918	-	8,600,520
Support Services	2,218,178	390,137	-	-	-	1,648,736	120,177	4,377,228
Enterprise and Community Services	-	571,520	-	-	-	-	-	571,520
Capital Outlay:								
Facilities Acquisition and Construction	-	-	-	-	2,429,657	-	60,138	2,489,795
Debt Service	-	-	283,374	664,990	-	-	-	948,364
<b>Total Expenditures</b>	<b>8,444,773</b>	<b>1,667,664</b>	<b>283,374</b>	<b>664,990</b>	<b>2,429,657</b>	<b>3,316,654</b>	<b>180,315</b>	<b>16,987,427</b>
Excess (Deficiency) of Revenues Over Expenditures	(113,053)	(101,435)	145,914	42,794	(212,307)	-	(96,640)	(334,727)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>								
Interfund Transfers In	-	60,000	-	-	-	-	100,000	160,000
Interfund Transfers Out	(160,000)	-	-	-	-	-	-	(160,000)
Long Term Debt Financing Sources	-	-	-	9,776	-	-	-	9,776
<b>Total Other Financing Sources (Uses)</b>	<b>(160,000)</b>	<b>60,000</b>	<b>-</b>	<b>9,776</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>9,776</b>
Net Change in Fund Balance	(273,053)	(41,435)	145,914	52,570	(212,307)	-	3,360	(324,951)
Beginning Fund Balance	1,018,685	1,046,201	413,778	8,774	136,711	-	253,230	2,877,379
<b>Ending Fund Balance</b>	<b>\$ 745,632</b>	<b>\$1,004,766</b>	<b>\$ 559,692</b>	<b>\$ 61,344</b>	<b>\$ (75,596)</b>	<b>\$ -</b>	<b>\$ 256,590</b>	<b>\$ 2,552,428</b>

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



# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

### **GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**For the Fiscal Year Ended June 30, 2019**

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**Net Changes in Fund Balances - Total Governmental Funds** \$ (324,951)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 2,412,046	
Less current year depreciation	<u>(408,475)</u>	
		2,003,571

Some property tax revenues will not be collected for several months after the District's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue.

Deferred revenues increased by this amount this year.	(6,143)
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Proceeds from loans are reported in the governmental funds as a source of financing.

The loan proceeds are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.	(8,518,000)
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Repayment of principal on long term debt and leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Retirement of principal is as follows:

Bonds	<u>8,800,400</u>	8,800,400
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Government funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense and changes in deferred inflows and outflows related to the net pension asset/(liability) are recorded based upon an actuarial valuation of such activity.

This is the net change in pension related items.	(799,275)
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

The activities consist of:

Net increase/(decrease) in accrued interest and fees expense	5,868	
Increase/(decrease) in accrued OPEB	213,834	
Increase/(decrease) in accrued vacation benefits	<u>(14,155)</u>	
		205,547

<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 1,361,149</u></b>
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The accompanying notes to the basic financial statements are an integral part of this statement.

**BASIC FINANCIAL**  
**STATEMENTS**

**Fund Financial Statements**  
**Fiduciary Funds**

# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **STATEMENT OF FIDUCIARY NET POSITION**

**at June 30, 2019**

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	<b>Private- Purpose Trusts</b>
<b><u>ASSETS:</u></b>	
Cash and Cash Equivalents	<u>\$ 179,057</u>
<b>Total Assets</b>	<b><u>\$ 179,057</u></b>
<b><u>NET POSITION:</u></b>	
Reserved for Scholarships and Grants	<u>\$ 179,057</u>
<b>Total Net Position</b>	<b><u>\$ 179,057</u></b>

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

# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**For the Fiscal Year Ended June 30, 2019**

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	<b>Private- Purpose Trusts</b>
<b><u>ADDITIONS:</u></b>	
Contributions and Donations	\$ 31,913
<b><u>DEDUCTIONS:</u></b>	
Supplies and Materials	<u>(6,219)</u>
Change in Net Position	25,694
Net Position, July 1, 2018	<u>153,363</u>
<b>Net Position, June 30, 2019</b>	<b><u><u>\$ 179,057</u></u></b>

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

# **BASIC FINANCIAL** **STATEMENTS**

## **Notes to the Basic** **Financial Statements**

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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Reedsport School District No. 105 was organized under the provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected five-member Board of Directors who approve the administrative officials. 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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The basic financial statements of Reedsport School District No. 105 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

**Reporting Entity**

In determining the financial reporting entity, Reedsport School District No. 105 complies with Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity." The criteria for including organizations as component units within the District's reporting entity, include whether 1) the District appoints a voting majority of the organization's board; 2) the District is able to impose its will on the organization; 3) the organization has the potential to impose a financial benefit or burden on the District; and 4) there is fiscal dependency by the organization on the District.

Based on the fiscal dependency criteria above, Reedsport School District No. 105 has included The Reedsport Community Charter School as a component unit.

*Blended Component Unit.* The Reedsport Community Charter School, a 501(c)(3) corporation, was incorporated as a non-profit corporation under ORS Chapter 338 and began operations in February 2010. The Charter School was formed for the purpose of creating a community-based, technology infused, problem-solving curriculum for students in grades seven through twelve and living within the Reedsport School District. Support comes from the State of Oregon, through the Reedsport School District. The School is governed by a nine-member board that is appointed by the District Board.

**Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District with most of the inter-fund activities removed to minimize the double counting of internal activities. Governmental activities include programs supported primarily by taxes, state school support payments, grants and other intergovernmental revenues. The District has no business type activities that rely, to a significant extent, on fees and charges for support. The District also reports no fiduciary activities.

The statement of activities demonstrates the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a program of function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):**

**Basis of Presentation (Cont.)**

*Fund Financial Statements:* During the fiscal year, the District segregates transactions related to school district functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds.

The fund financial statements provide reports on the financial condition and results of operations for governmental activities. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund - The General Fund is the main operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General Fund expenditures are categorized by "Instruction" which is the direct teaching of students or the interaction between teacher and students. "Support Services" covers all the support activities for students, teachers, and facilities. Major activities in support services are transportation, maintenance of facilities (i.e. heating, phones, electricity, cleaning,) administration, counseling for students, and technology support.

Special Revenue Fund - The Special Revenue Fund accounts for and reports revenue sources that are legally restricted to expenditure for specific purposes, as well as revenues received, and expenditures made for athletics, professional growth, food service, scholarships and student activities. Federal grants, fees, charges for service, transfers and interest earnings are the major sources of revenue.

Charter School Fund - This fund accounts for and reports the District's component unit Charter School. Activities include those related to the education of students in grades 7 through 12. Primary resources are Federal grants and State support.

Debt Service Fund - This fund accounts for and reports the payment of principal and interest on general obligation debt. Principal revenue sources are charges to other funds, property taxes and interest.

Capital Projects Fund - The Capital Projects Fund accounts for and reports the acquisition of capital assets or construction of major capital projects not being financed by the General Fund. The major sources of revenue are proceeds from the sale of bonds, capital assets and interest earnings.

Fiduciary Fund - The private-purpose trust fund is used to account for and report unemployment benefits and for donations provided to the District that are permanently restricted for student scholarships. The District operates this fund in a trustee capacity. Funds of this type are accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting.

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):**

**Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when transactions are recognized in the financial records and reported on the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized when the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within sixty days after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt which are reported when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

The revenues susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received, as they are deemed immaterial. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when the revenue recognition is met or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Budgeting**

The District budgets all funds as required by state law. The District budgets for all funds on a modified accrual basis. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total expenditures are controlled by annual appropriations at the following organizational levels: instruction, support services, community services, facilities acquisition and construction, and other expenditures. Appropriations lapse as of the fiscal year-end. A detailed budget document is required that contains more detailed information for the above-mentioned expenditure categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the District Board of Directors. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the District Board of Directors.



**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):**

**Cash and Investments**

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts and any short-term, highly liquid investments with initial maturity dates of three months or less.

The District has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the District to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

The District's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The District's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. 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 Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short Term Fund (OSTF) which was established by the State Treasurer. 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.

**Receivables**

Amounts due from individuals, organizations or other governmental units are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and material provided by the District. All receivables are expected to be collected. Accordingly, receivables are reported at the gross amount without an allowance for uncollectible accounts.

Receivables are also recognized for property taxes and intergovernmental grants. Property taxes receivable consist of uncollected taxes levied and payable at the end of the fiscal year. All taxes are considered collectible. Consequently, no allowance for uncollectible taxes has been established. In the governmental fund financial statements, property taxes not collected within sixty days of the end of the fiscal year are reported as a deferred inflow or resources.

Intergovernmental grant reimbursement and entitlement amounts for which all eligibility requirements imposed by the provider have been met, but which were not received by the fiscal year end, are reported as accounts receivable.

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):**

**Inventory**

Food & supplies inventories in the Food Service Fund are valued at cost determined on the FIFO method. Commodities inventory in the Food Service Fund is valued at estimated fair market value. Inventory is treated as being expended when used rather than when purchased. Inventories of non-food service supplies are not considered significant. The District records the cost of non-food service supplies as expenses and expenditures when purchased rather than when used.

**Restricted Assets and Liabilities**

Assets with use restricted to future bond payments and the related liability, are segregated in the statements of net position.

**Capital Assets**

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost, or estimated cost when original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Maintenance and repairs of capital assets are not capitalized, but rather are charged to expenditures in the governmental funds. The District does not possess any infrastructure. The capitalization threshold used by the District as recommended by the State of Oregon is \$5,000.

In the government-wide financial statements, all reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

<b><u>Asset Class</u></b>	<b><u>Estimated Years of Useful Lives</u></b>
Buildings	20-50
Building Improvements	20-50
Land Improvements	15-25
Vehicles	10
Equipment	5-10

In the governmental fund financial statements, fixed assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

**Compensated Absences and Accrued Liabilities:**

The liability for accrued vacation benefits reported in the government-wide statements consists of unpaid, accumulated annual vacation. The early retirement liability has been calculated using the accrual method for benefit amounts due to former employees who currently are receiving early-termination benefits. Early retirement benefits are available to a limited number of employees each year.

All payables and accrued liabilities are reported on the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full by current financial resources are reported as obligations of the funds.

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):**

**Deferred Inflows/Outflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred pension contributions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category, deferred earnings on pension assets. In the governmental funds balance sheet, a different category of deferred inflow of resources, delinquent property tax revenue not available, is reported. Property taxes levied and considered receivable at the end of the fiscal year, but not collected within sixty days of the end of the fiscal year are reported in this category. These amounts are recognized as an inflow of resources (revenue) in the period that the amounts become available.

**Long-Term Debt**

All bonds, notes and capital leases payable are recognized in the government-wide financial statements as liabilities of the District. Amounts of the long-term debt due within the following fiscal year are included in the current liabilities section of the Statement of Net Position.

In the governmental fund financial statements, proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources. Principal and interest payments on long-term debt are recorded as debt service in the expenditure section of the statement and schedules.

**Equity Classifications**

***Government-wide Statements***

Equity is classified as net position, which represents the difference between assets, liabilities, and deferred accounts. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantor, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):**

**Equity Classifications (Cont.)**

*Governmental Fund Financial Statements*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable**: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- **Restricted**: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Committed**: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision-making authority, the District Council, and does not lapse at year-end.
- **Assigned**: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the District Council or through the District Council delegating this responsibility to selected staff members or through the budgetary process.
- **Unassigned**: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The District's policy is to use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of the constrained fund balances.

**Property Taxes**

Real and personal property taxes attach as an enforceable lien on property as of January 1. All taxes are levied as of the lien date and are payable in three installments on November 15, February 15, and May 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 uncollectable taxes has been established. All property taxes receivable are due from property owners within the District.

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):**

**Inter-Fund Transactions**

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers in the fund financial statements. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. For the purposes of the Statement of Activities, all inter-fund transfers between individual governmental funds have been eliminated.

**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 amount of assets and liabilities as well as disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Pensions**

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

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**CASH AND INVESTMENTS:**

For discussion of deposit and investment policies and other related information, see Cash and Investments note on page 26.

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized at Cash and Investments note on page 26.

Investments, including amounts held in pool cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. ORS 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Oregon Public Funds Collateralization Program (PFCP). Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

*Custodial Credit Risk for Deposits* - Custodial credit risk for deposits exists when, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

As of June 30, 2019, the reported amount of the District's deposits was \$382,756, the bank balance was \$1,080,105 and \$102,104 in petty cash. Of the bank balance, the entire amount was insured by the FDIC or covered by the collateral held in a multiple financial institutions collateral pool administered by the Oregon State Treasurer.

Investments - Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The District has no credit risk policy or investment policy that would further limit its investment choices.

*Credit Risk* - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2019, the District's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**CASH AND INVESTMENTS (CONT.):**

At June 30, 2019, the District's investments in financial institutions are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	\$ 1,854,397	N/A
Total Investments	<u>\$ 1,854,397</u>	

*Concentration of Credit Risk* - An increased risk of loss occurs as more investments are acquired from one issuer. This results in a *concentration of credit risk*. The District places no limit on the amount that may be invested in any one issuer. More than 5 percent of the District's investments are in the Oregon State Treasurer's Local Government Investment Pool (LGIP). This investment is 100% of the District's total investments.

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

**CAPITAL ASSETS:**

The following is a summary of capital asset activity for the fiscal year ended June 30, 2019:

Governmental Activities	Beginning Balances	Additions	Deletions	Ending Balances
<b>Assets not being depreciated:</b>				
Land	\$ 622,451	\$ -	\$ -	\$ 622,451
Construction in Progress	749,632	117,747	749,632	117,747
Total assets not being depreciated	1,372,083	117,747	749,632	740,198
<b>Assets being depreciated:</b>				
Land Improvement	120,535	-	-	120,535
Building and Building Improvement	17,136,868	3,018,750	-	20,155,618
Machinery and Equipment	3,031,059	25,181	-	3,056,240
Total Depreciable Assets	20,288,462	3,043,931	-	23,332,393
<b>Less: Accumulated Depreciation</b>				
Land Improvement	63,281	6,027	-	69,308
Building and Building Improvement	7,377,310	374,384	-	7,751,694
Machinery and Equipment	2,798,268	28,064	-	2,826,332
Total Accumulated Depreciation	10,238,859	408,475	-	10,647,334
Net Value of Capital Assets Being Depreciated	10,049,603	2,635,456	-	12,685,059
Total Governmental Activities --				
Net Value of Capital Assets	<u>\$ 11,421,686</u>	<u>\$ 2,753,203</u>	<u>\$ 749,632</u>	<u>\$ 13,425,257</u>

**Depreciation expense was charged to governmental functions as follows:**

Instruction	\$ 298,594
Support Services	102,674
Enterprise and Community Services	7,208
Total Depreciation Expense	<u>\$ 408,475</u>



**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

**LONG-TERM DEBT:**

Reedsport School District General Obligation Bond Series A & B. On March 6, 2008, the District issued \$10,300,000 General Obligation Bonds Series A (\$9,760,000 tax exempt) and Series B (\$540,000 taxable) bearing interest rates ranging from 3.125 % to 5.0%. The bonds are payable in semi-annual interest installments and an annual principal retirement. Interest payments are due December 15 and June 15 of each year. Principal Payments are due June 15 of each year. The purpose of the bonds is for major capital improvements of District's facilities

During the year ended June 30, 2003, the District issued \$2,908,726 Limited Tax Pension Bonds Series 2002 (Federal-ly Taxable). The bonds are limited tax obligation debt and were issued October 2002. The bonds are payable annually through June 2028. The bonds consist of \$743,726 Serial Maturities, with interest accrued semiannually at yields ranging from 2.06% to 6.1% through June 2020, and \$2,1654,000 Term Bonds maturing from June 2021 through June 2008, with interest accrued semiannually at interest rates ranging from 4.48% 5.55%. These bonds were issued for the purpose of controlling the District's cost with respect to the PERS un-funded actuarial liabilities. The Serial Bonds are subject to optional redemption, as a whole or in part, on any date at a redemption price equal to the greater of the called principal plus accrued interest, or the discounted value plus accrued interest on the bond.

On April 9, 2019, the District entered into a Bond Purchase Agreement with JPMorgan Chase Bank to issue refunding bonds for the refunding of all or a portion of its outstanding General Obligation Bonds, Series 2008A (tax exempt). The amount of the Bond purchase is \$8,518,000 and bears interest at a rate of 2.66% per annum. Interest payments are due the 15th of June and December of each year with a principal payment due the 15th of June.

The following is a schedule of transactions during the year:

	Outstanding Balance July 1, 2018	New Issues	Principal Paid	Interest Paid	Outstanding Balance June 30, 2019	Due Within One Year
<b>Bonds Payable:</b>						
Reedsport School District General Obligation Bond Series A & B	\$ 8,610,000	\$ -	\$8,610,000	\$ 183,731	\$ -	\$ -
Reedsport School District Limited Tax Pension Bond, Series 2002	2,288,663	-	61,400	222,693	2,227,263	62,264
Reedsport School District General Obligation Refunding Bond, Series 2019	-	8,518,000	129,000	41,540	8,389,000	388,000
<b>Total Bonds Payable</b>	<u>10,898,663</u>	<u>8,518,000</u>	<u>8,800,400</u>	<u>447,964</u>	<u>10,616,263</u>	<u>450,264</u>
<b>Total Long-Term Debt</b>	<u>\$10,898,663</u>	<u>\$ 8,518,000</u>	<u>\$8,800,400</u>	<u>\$ 447,964</u>	<u>\$ 10,616,263</u>	<u>\$ 450,264</u>

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**LONG-TERM DEBT (Cont.):**

The future debt service requirements on the above debt are as follows:

<b>Bonds Payable:</b>	<b>Due Fiscal Year</b>			
	<b>Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
	<u>2020</u>	<u>\$ 450,264</u>	<u>\$ 460,639</u>	<u>\$ 910,903</u>
	2021	609,000	332,583	941,583
	2022	665,000	310,845	975,845
	2023	725,000	286,952	1,011,952
	2024	785,000	260,592	1,045,592
	2025 - 2029	4,256,000	826,956	5,082,956
	<b>Total</b>	<b><u>\$10,616,264</u></b>	<b><u>\$ 2,691,926</u></b>	<b><u>\$ 13,308,190</u></b>

For further detail on debt service, see the 'Schedule of Long-Term Debt Transactions' and 'Schedule of Future Requirements for Retirement of Long Term' in the Supplemental Data section of this report.

**OPERATING LEASE:**

On November 1, 2016 the District entered into a five year operating lease for copiers. Lease payments for the year ending June 30, 2019 totaled \$19,205 and were made from the General Fund.

Future requirements at June 30, 2019 are:

<b>Year Ending June</b>	
<b>30th</b>	
<u>2020</u>	<u>\$ 19,205</u>
2021	19,205
2022	6,402
<b>Present value of minimum lease payments</b>	<b><u>\$ 44,812</u></b>

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**PENSION PLAN:**

Name of Pension Plan

The Oregon Public Employees Retirement System (PERS) consists of a cost-sharing multiple-employer defined benefit pension plan.

Description of Benefit Terms

*Plan Benefits*

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

**1. Tier One/Tier Two Retirement Benefit (Chapter 238).** Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

*Pension Benefits*

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 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 (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. 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.

*Disability Benefits*

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

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**PENSION PLAN (CONT.):**

*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 2019 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.

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

*Pension Benefits*

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

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

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

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

*Death Benefits*

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

*Disability Benefits*

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

*Benefit Changes After Retirement*

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2019 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.

**3. IAP Plan Description:**

**OPSRP Individual Account Program (OPSRP IAP)**

*Pension Benefits*

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**PENSION PLAN (CONT.):**

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

*Death Benefits*

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

*Recordkeeping*

PERS contracts with VOYA Financial to maintain IAP participant records.

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, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2019 were \$456,626 excluding amounts to fund employer specific liabilities.

Pension Plan CAFR

Oregon PERS produces an independently audited CAFR which can be found at:  
[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx)

Actuarial Valuations

The employer contribution rates effective July 1, 2019, through June 30, 2019, 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.

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**PENSION PLAN (Cont.):**

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study	2016, published July 26, 2017
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.50 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries:  RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members:  RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees:  RP-2014 Disabled retirees, sex-distinct, generational</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 2016 Experience Study which reviewed experience for the four-year period ending on July 26, 2016.

*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.

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**PENSION PLAN (Cont.):**

*Depletion Date Projection*

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

*Assumed Asset Allocation*

<u>Asset Class/Strategy</u>	<u>OIC Policy Range</u>	<u>OIC Target Allocation</u>	<u>Asset Class/Strategy</u>	<u>Actual Allocation</u>
Cash	0.0% - 3.0%	0.0%	Cash	5.2%
Debt Securities	15.0% - 25.0%	20.0%	Debt Securities	18.9%
Public Equity	32.5% - 42.5%	37.5%	Public Equity	36.7%
Real estate	9.5% - 15.5%	12.5%	Real estate	10.1%
Private Equity	13.5% - 21.5%	17.5%	Private Equity	19.7%
Alternative Equity	0.0% - 12.5%	12.5%	Alternative Equity	7.3%
Opportunity Portfolio	0.0% - 3.0%	0.0%	Opportunity Portfolio	2.1%
Total		<u>100%</u>	Total	<u>100%</u>

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

**PENSION PLAN (Cont.):**

*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 2015 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. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below.

Asset Class	Target Allocation*	Annual Arithmetic Mean	Compound Annual (Geometric) Return	Annual Standard Deviation
Core Fixed Income	8.00%	3.59%	3.49%	4.55%
Short-Term Bonds	8.00%	3.42%	3.38%	2.70%
Bank/Leveraged Loans	3.00%	5.34%	5.09%	7.50%
High Yield Bonds	1.00%	6.90%	6.45%	10.00%
Large/Mid Cap US Equities	15.75%	7.45%	6.30%	16.25%
Small Cap US Equities	1.31%	8.49%	6.69%	20.55%
Micro Cap US Equities	1.31%	9.01%	6.80%	22.90%
Developed Foreign Equities	13.13%	8.21%	6.71%	18.70%
Emerging Foreign Equities	4.13%	10.53%	7.45%	27.35%
Non-US Small Cap Equities	1.88%	8.67%	7.01%	19.75%
Private Equity	17.50%	11.45%	7.82%	30.00%
Real Estate (Property)	10.00%	6.15%	5.51%	12.00%
Real Estate (REITS)	2.50%	8.26%	6.37%	21.00%
Hedge Fund of Funds - Diversified	2.50%	4.36%	4.09%	7.80%
Hedge Fund - Event-driven	0.63%	6.21%	5.86%	8.90%
Timber	1.88%	6.37%	5.62%	13.00%
Farmland	1.88%	6.90%	6.15%	13.00%
Infrastructure	3.75%	7.54%	6.60%	14.65%
Commodities	1.88%	5.43%	3.84%	18.95%
<b>Assumed Inflation - Mean</b>			<b>2.50%</b>	<b>1.85%</b>

\* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.



**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**PENSION PLAN (Cont.):**

Sensitivity Analysis

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the employer'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	Discount Rate	1% Increase
	6.20%	7.20%	8.20%
Employer's proportionate share of the net pension liability	\$ 7,731,639	\$ 4,626,430	\$ 2,063,335

Changes in Assumptions

A summary of key changes implemented since the December 31, 2016 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2016 Experience Study for the System, which was published on July 26, 2016 and can be found at:

<https://www.oregon.gov/pers/Documents/2016-Exp-Study.pdf>

*Changes in Actuarial Methods and Allocation Procedures*

There were no changes to actuarial methods and procedures since the December 31, 2016 valuation.

*Changes in Economic Assumptions*

There were no changes to economic assumptions since the December 31, 2016 valuation.

*Changes in Demographic Assumptions*

There were no changes to economic assumptions since the December 31, 2016 valuation.

*Changes in Benefit Terms and Assumptions*

Benefit Terms: The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

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

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

**PENSION PLAN (Cont.):**

**Mortality Rates**

A summary of the current assumed mortality rates and recommended changes is shown below:

<b>Assumption</b>	<b>December 31, 2015 Valuation</b>	<b>Recommended December 31, 2016 and 2017 Valuations</b>
<b>Healthy Annuitant Mortality</b>	<b>RP-2000 Generational with Scale BB, Combined Active/Healthy Annuitant, Sex Distinct</b>	<b>RP-2014 Healthy Annuitant, Sex Distinct, Generational Projection Unisex Social Security Data Scale</b>
School District male	No collar, set back 24 months	White collar, set back 12 months
Other General Service male (and male beneficiary)	Blended 25% blue collar/75% white collar, set back 12 months	Blended 50% blue collar/50% white collar, set back 12 months
Police & Fire male	Blended 25% blue collar/75% white collar, set back 12 months	Blended 50% blue collar/50% white collar, set back 12 months
School District female	No collar, set back 24 months	White collar, set back 12 months
Other female (and female beneficiary)	Blended 25% blue collar/75% white collar, no set back	Blended 50% blue collar/50% white collar, no set back
<b>Disabled Retiree Mortality</b>	<b>RP-2000 Generational with Scale BB, Disabled, No Collar, Sex distinct</b>	<b>RP-2014 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data</b>
Male	70% of Disabled table, but not less than corresponding healthy annuitant rates	No collar adjustment, no set back
Female	95% of Disabled table, but not less than corresponding healthy annuitant rates	No collar adjustment, no set back
<b>Non-Annuitant Mortality</b>	<b>Fixed Percentage of Healthy Annuitant Mortality</b>	<b>RP-2014 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>
School District male	60%	Same collar and set back as Healthy Annuitant assumption
Other General Service male	75%	Same collar and set back as Healthy Annuitant assumption
Police & Fire male	75%	Same collar and set back as Healthy Annuitant assumption
School District female	55%	Same collar and set back as Healthy Annuitant assumption
Other female	60%	Same collar and set back as Healthy Annuitant assumption

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**PENSION PLAN (Cont.):**

Changes Subsequent to the Measurement Date

There were no changes subsequent to the measurement date that we are aware of.

*Deferred Items*

Deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. For the measurement period ending June 30, 2018, employers will report the following deferred items:

- A difference between expected and actual experience, which is being amortized over 5.4 years, the remaining service lives of all plan participants, including retirees. One year of this amortization is included in the employer's total pension expense for the measurement period.
- Changes in employer proportion since the prior measurement date, which is being amortized over 5.4 years, the remaining service lives of all plan participants, including retirees. One year of this amortization is included in the employer's total pension expense for the measurement period.
- A Net difference between projected and actual earnings which is being amortized over a closed five-year period. One year's amortization is being recognized in the employer's total pension expense for the measurement period.

Employer Contributions

PERS includes accrued contributions when due pursuant to legal requirements, as of June 30 in its Statement of Changes in Fiduciary Net Position. These are normally included in the employer statements cut off as of the fifth of the following month. PERS does not try to accrue contributions based on pay date.

Beginning with fiscal year 2016, PERS will be able to report cash contributions and UAL side account amortization by employer, and will publish this information on the PERS Website. Prior to fiscal year 2016, contributions to the OPSRP Defined Benefit plan were not accounted for by employer, as all employers were pooled for actuarial purposes.

Elements of Changes in Net Position

This information can be found in the Schedule of Changes in Net Pension Liability found on page 74, of the June 30, 2018 PERS CAFR.

*Pension Liabilities/(Assets), Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions*

At June 30, 2019, the employer reported a liability of \$4,626,430 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on a projection of the employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2019, the employer's proportion was 0.03054015%.

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

**PENSION PLAN (Cont.):**

For the year ended June 30, 2019, the employer recognized pension expense of \$989,142. At June 30, 2019, the employer 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
Differences between expected and actual experience	\$ 157,377	\$ -
Changes of assumptions	1,075,636	-
Net difference between projected and actual earnings on investments	-	205,440
Changes in proportionate share	1,028,119	246,864
Differences between employer contributions and employer's proportionate share of system contributions	15,839	337,497
(prior to post-measurement date contributions)	\$ 2,276,971	\$ 789,801
Post-measurement date contributions	455,374	N/A
Total Deferred Outflow/(Inflow) of Resources	\$ 2,732,345	\$ 789,801
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		1,487,170

\$1,487,170 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ 673,384
2nd Fiscal Year	524,187
3rd Fiscal Year	42,977
4th Fiscal Year	188,191
5th Fiscal Year	58,431
Thereafter	-
Total	\$ 1,487,170

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:**

*Oregon Public Employees Retirement Systems' (OPERS) Retiree Health Insurance Account (RHIA)*

**Plan Description**

The District contributes to the Oregon Public Employees Retirement Systems' (OPERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Oregon Public Employees Retirement Board (OPERB). The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible PERS retirees. RHIA post-employment benefits are set by state statute. The plan was closed to new entrants hired on or after August 29, 2003.

To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (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.

A comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at <http://oregon.gov/PERS/>.

**Funding Policy**

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB, currently 0.50% of annual covered PERS payroll and 0.43% for OPSRP payroll. The OPERB sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 75. 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.

**Contributions**

The District's contributions to PERS' RHIA for the years ended June 30, 2019, 2018 and 2017 were \$15,465, \$14,433 and \$16,656 respectively which equaled the required contributions for the year.

**Actuarial Methods and Assumptions Used in Developing Total Pension Liability**

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, 2018. That independently audited report was dated April 11, 2018 and can be found at:

[http://www.oregon.gov/pers/EMP/Documents/GASB/2018/GASB\\_75\\_06.30.2017.pdf](http://www.oregon.gov/pers/EMP/Documents/GASB/2018/GASB_75_06.30.2017.pdf)

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):**

Actuarial Methods and Assumptions - OPEB Plans - RHIA	
Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study	2016, published July 26, 2017
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Retiree healthcare participation	Healthy retirees: 38%; Disabled retirees: 20%
Healthcare cost trend rate	Not applicable
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2016 Experience Study which is reviewed for the four-year period ending December 31, 2016.

**Discount Rate**

The discount rate used to measure the total OPEB liability 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.

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):**

**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 2015 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. Milliman's assumptions for each of the asset classes in which the plan was invested at that time are based on the OIC long term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major class, calculated using both arithmetic and geometric means, see Pension Plan note disclosure above or the PERS' audited financial statements at:

[http://www.oregon.gov/pers/docs/financial\\_reports/2017\\_cafr.pdf](http://www.oregon.gov/pers/docs/financial_reports/2017_cafr.pdf)

**Sensitivity Analysis**

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

	1% Decrease 6.20%	Discount Rate 7.20%	1% Increase 8.20%
Employer's proportionate share of the net OPEB liability	\$ (19,374)	\$ (33,274)	\$ (45,106)

**OPEB Liabilities/(Assets), OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB**

At June 30, 2019, the District reported a net OPEB liability/(asset) of -\$33,274 for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2018, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2015. Consistent with GASB Statement No. 75, paragraph 59(a), The District's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2018, the District's proportion was 0.02980840%. OPEB expense/(income) for the year ended June 30, 2019 was -\$3,304.

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:**

At June 30, 2019, the employer 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	\$ -	\$ 1,886
Changes of assumptions	-	106
investments	-	7,174
Changes in proportionate share	5	424
Differences between employer contributions and employer's proportionate share of system contributions	-	-
(prior to post-measurement date contributions)	\$ 5	\$ 9,590
Post-measurement date contributions	15,465	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 15,470</u>	<u>\$ 9,590</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>(9,585)</u>

\$(9,585) reported as deferred inflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (3,200)
2nd Fiscal Year	(3,203)
3rd Fiscal Year	(2,467)
4th Fiscal Year	(713)
5th Fiscal Year	-
Thereafter	-
Total	<u>\$ (9,585)</u>

**Changes Subsequent to the Measurement Date**

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016.



**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**OTHER POST-EMPLOYMENT BENEFITS (OPEB) OEGB:**

*OEGB Health Insurance Subsidy*

The OEGB net OPEB liability is reported only as an estimate for the current year financial reporting. No actuarial report was obtained for the current fiscal year. Therefore, no deferred items, sensitivity analysis or OPEB expense is reported for the current fiscal year.

**Plan Description**

The District operates a single employer retiree benefit plan through the Oregon Educators Benefit Board that provides post-employment health, dental vision and life insurance benefits to eligible employees and their spouses. The District is required by Oregon Revised Statutes 243.303 to provide retirees and their dependents with group health insurance from the date of retirement to age 65 at the same rate provided to current employees. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for any portion of the premiums not paid by the Employer. The implicit employer subsidy is measured as the expected health care cost per retiree and dependent, less the gross premiums charged by the insurance carrier for that coverage. The subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare. GASB Statement 75 is applicable to the District due only to this implicit rate subsidy. This "plan" is not a stand-alone plan, and therefore, does not issue its own financial statements.

**Funding Policy**

When the District has retirees participating in their health insurance plan, it will, when applicable, collect insurance premiums from all retirees each month and deposit them. The District will then pay healthcare insurance premiums for all retirees at the applicable rate for each family classification.

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) OEBB (Cont.):**

**Actuarial Methods and Assumptions** - The District engaged an actuary to perform an evaluation as of July 1, 2017 using entry age normal Actuarial Cost Method. The assumptions are generally based upon those used for valuing pension benefits under Oregon PERS, and were developed in consultation with Milliman. The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date:

<b>Discount Rate</b>	2.85%	3.58%	3.87%
<b>Other Key Actuarial Assumptions and Methods</b>			
Valuation date	July 1, 2017	July 1, 2017	July 1, 2017
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018
Inflation	2.50%	2.50%	2.50%
Salary increases	3.50%	3.50%	3.50%
Withdrawal, retirement, and mortality rates	12/31/2016 Oregon PERS valuation 50% of eligible employees	12/31/2016 Oregon PERS valuation 50% of eligible employees	12/31/2016 Oregon PERS valuation 50% of eligible employees
Election and Lapse Rates	60% of male members and 35% of females members will elect spouse coverage 5% annual lapse rate	60% of male members and 35% of females members will elect spouse coverage 5% annual lapse rate	60% of male members and 35% of females members will elect spouse coverage 5% annual lapse rate
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal

In order to apply the entry age normal actuarial cost method, Projected Benefit Payments are determined for each active employee and retiree. These Projected Benefit Payments are the net benefits estimated to be payable in all future years. The net benefits for a particular year are the difference between the total cost of benefits and the portion of the benefits paid by the retirees in that year. The Present Value of Benefits is then allocated over the service of each active employee from their date of hire to their expected retirement age, as a level percent of the employee's pay, as required under GASB 75. This level percent multiplied by expected pay is referred to as the Service Cost, and is that portion of the Present Value of Benefits attributable to an employee's service in a given year. The Service Cost equals \$0 for retirees. For purposes of projecting benefits prior to the valuation date as required by the actuarial cost method, we assumed a health cost trend equal to the ultimate health cost trend rate. The Total OPEB Liability is the portion of the Present Value of Benefits that is attributable to employee service prior to the valuation date. For retirees, the Total OPEB Liability equals the Present Value of Benefits.

*Discount Rate*

The Discount Rate is a single rate of return that is applied to the Projected Benefit Payments in order to calculate the Present Value of Benefits. Under GASB 75, for plans without assets, the discount rate is equal to a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**OTHER POST-EMPLOYMENT BENEFITS (OPEB) OEBB (Cont.):**

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant tables, White collar, sex distinct for members and dependents. For members only, a one-year setback is applied. Future mortality improvement is not projected as it would be immaterial to the valuation.

Demographic assumptions regarding retirement, mortality, and turnover are based on Oregon PERS valuation assumptions as of December 31, 2016. Election rate and lapse assumptions are based on experience implied by valuation data for this and other Oregon public employers.

**CONTINGENT LIABILITIES:**

Amounts received or receivable from grantor agencies are subject to review and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amount, if any, to be immaterial. The District is not currently named as a defendant in any pending or threatened litigation.

**COMMODITIES RECEIVED IN FOOD SERVICE FUND:**

During the year the District received USDA commodities. Fair market value of the number of commodities used during the current fiscal year is \$30,527. The amount is reflected as federal revenue received and as a food expenditure in the Food Service Fund in the financial statements. Fair market value is determined by the Oregon Department of Education.

**COMMITMENTS:**

The District has entered into construction contracts to complete seismic improvements for some of the District's buildings. As of June 30, 2019 the amount of those contracts equal approximately \$1.3 million. The projects are expected to be completed by August, 2019.

**RISK:**

To reduce the risk of loss from liability, fire, theft, accident, medical costs, and error and omissions, the District maintains various commercial insurance policies.

The District came under the State Unemployment Act as of July 1, 1974. The District has elected to pay State Unemployment insurance to the State to pay for any claims paid to former employees. Any reimbursements are paid by the fund incurring the liability to the Employment Division of the State of Oregon. The estimated liability for unpaid claims is calculated as the present value of expected but unpaid claims based on historical experience and going concern assessments. The District's estimated liability for unpaid unemployment claims is immaterial. Therefore, no liability amount appears on the District's statement of net position or balance sheet.

Certain employees have health care coverage provided by a third-party insurance company. Premiums to the insurance company are paid by employer contributions for eligible employees.

There have been no significant reductions in coverage from the prior years and settlements have not exceeded insurance coverage in the past three years.

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

The interfund balances between the general fund and special revenue funds represent payments made by the general fund on behalf of the special revenue funds in relation to grant reimbursements. All balances are expected to be repaid within one year.

Interfund transfers for the year ended June 30, 2019 were as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund #100	\$ 160,000	\$ -
Special Revenue Fund #200	-	60,000
Capital Construction/Improvement Project Fund #410	-	100,000
Total	<u>\$ 160,000</u>	<u>\$ 160,000</u>

The transfers out of the General Fund to the other funds represent the District's election to provide general fund support to the programs and activities of those funds.

**FUND BALANCE COMPARISON:**

The following is a comparison of the budget (cash) basis June 30, 2019 fund balance to the amount budgeted as an estimate to be on hand July 1, 2019.

<u>Fund</u>	<u>Actual June 30, 2019</u>	<u>Budgeted July 1, 2019</u>
General Fund #100	\$ 745,632	\$ 750,000
Special Revenue Fund #200	1,004,766	989,626
PERS Bond Fund #315	559,692	495,000
2008 GO Bond Fund #320	61,344	10,000
Capital Construction/Improvement Project Fund #4	256,590	250,000
Seismic Grant Fund #420	(75,596)	-
Private Purpose Trust Fund	179,057	161,188

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

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**OVER-EXPENDITURE OF APPROPRIATIONS:**

Expenditures in excess of appropriation in individual funds for the year ended June 30, 2019 occurred as follows:

<u>Fund / Category</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
General Fund #100 / Instruction Capital Construction/ Improvement Project Fund	5,841,317	6,226,595	385,278
#410 / Support Services	100,000	120,177	20,177
Fund #410 / Facilities Acquisition & Construction	-	60,138	60,138
Charter School Fund #700 / Support Services	1,627,284	1,648,736	21,452

**DEFICIT FUND BALANCE:**

The following fund reported a deficit fund balance for the year ended June 30, 2019:

<u>Fund</u>	<u>Fund Balance</u>
Seismic Grant Fund #420	<u>\$ (75,596)</u>

**PROPERTY TAX ABATEMENTS:**

Reedsport School District #105 received reduced revenue from property taxes as a result of one tax abatements program - Enterprise Zones agreements. These tax abatement agreements are negotiated with Douglas County, Oregon under Oregon Revised Statutes (ORS) 285C.175 regarding Enterprise Zones.

For the fiscal year ended June 30, 2019, information regarding the property tax abatements are as follows:

	<u>Assessed Value of Excluded Properties</u>	<u>Rate per Thousand Dollars of Assessed Value</u>	<u>Reduced Property Taxes</u>
Enterprise Zone	\$ 2,980,429	4.3788	\$ 13,051
Total Tax Abatements			<u><u>\$ 13,051</u></u>

**REQUIRED**  
**SUPPLEMENTARY**  
**INFORMATION**

# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

### **General Fund #100**

**For the Fiscal Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Taxes	\$ 1,950,000	\$ 1,950,000	\$ 1,990,815	\$ 40,815
Earnings on Investments	20,000	20,000	80,975	60,975
Fees and Charges	19,600	19,600	20,514	914
Miscellaneous Revenue	755,932	755,932	857,227	101,295
Intermediate Government Aid	8,500	8,500	9,546	1,046
State Aid	5,352,072	5,352,072	5,301,069	(51,003)
Federal Aid	-	-	71,574	71,574
<b>Total Revenues</b>	<b>8,106,104</b>	<b>8,106,104</b>	<b>8,331,720</b>	<b>225,616</b>
<b><u>EXPENDITURES:</u></b>				
Instruction	6,341,317	5,841,317	6,226,595	385,278
Support Services	1,964,808	2,464,808	2,218,178	(246,630)
Contingency	289,979	289,979	-	(289,979)
<b>Total Expenditures</b>	<b>8,596,104</b>	<b>8,596,104</b>	<b>8,444,773</b>	<b>(151,331)</b>
Excess (Deficiency) of Revenues Over Expenditures	(490,000)	(490,000)	(113,053)	376,947
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Interfund Transfers Out	(160,000)	(160,000)	(160,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(160,000)</b>	<b>(160,000)</b>	<b>(160,000)</b>	<b>-</b>
Net Change in Fund Balance	(650,000)	(650,000)	(273,053)	376,947
Beginning Fund Balance	1,000,000	1,000,000	1,018,685	18,685
<b>Ending Fund Balance</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>	<b>\$ 745,632</b>	<b>\$ 395,632</b>

# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

### **Special Revenue Fund #200**

**For the Fiscal Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Earnings on Investments	\$ 2,400	\$ 2,400	\$ -	\$ (2,400)
Fees and Charges	116,000	116,000	54,977	(61,023)
Miscellaneous Revenue	143,400	143,400	53,887	(89,513)
State Aid	307,458	307,458	319,533	12,075
Federal Aid	1,199,799	1,199,799	1,137,832	(61,967)
<b>Total Revenues</b>	<b>1,769,057</b>	<b>1,769,057</b>	<b>1,566,229</b>	<b>(202,828)</b>
<b><u>EXPENDITURES:</u></b>				
Instruction	961,045	961,045	706,007	(255,038)
Support Services	463,940	463,940	390,137	(73,803)
Enterprise and Community Services	824,115	824,115	571,520	(252,595)
<b>Total Expenditures</b>	<b>2,249,100</b>	<b>2,249,100</b>	<b>1,667,664</b>	<b>(581,436)</b>
Excess (Deficiency) of Revenues Over Expenditures	(480,043)	(480,043)	(101,435)	378,608
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Interfund Transfers In	60,000	60,000	60,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>-</b>
Net Change in Fund Balance	(420,043)	(420,043)	(41,435)	378,608
Beginning Fund Balance	925,143	925,143	1,046,201	121,058
<b>Ending Fund Balance</b>	<b>\$ 505,100</b>	<b>\$ 505,100</b>	<b>\$ 1,004,766</b>	<b>\$ 499,666</b>



# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

**Charter School #700 (A Component Unit)**

**For the Fiscal Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> (Budgetary Basis) (See Note 1)	<u>Variance with</u> <u>Final Budget</u> <u>Over</u> <u>(Under)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Miscellaneous Revenue	\$ -	\$ -	\$ 3,000	\$ 3,000
Intermediate Government Aid	-	-	3,313,654	3,313,654
State Aid	3,365,662	3,365,662	-	(3,365,662)
<b>Total Revenues</b>	3,365,662	3,365,662	3,316,654	(49,008)
<b><u>EXPENDITURES:</u></b>				
Instruction	1,738,378	1,738,378	1,667,918	(70,460)
Support Services	1,627,284	1,627,284	1,648,736	21,452
<b>Total Expenditures</b>	3,365,662	3,365,662	3,316,654	(49,008)
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

### **PERS**

#### **Last 10 Fiscal Years\***

	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.03054015%	0.02043034%	0.02403158%	0.01734300%	0.02826700%	0.02826700%
Employer's proportionate share of the net pension liability (asset)	\$ 4,626,430	\$ 2,754,018	\$ 3,607,698	\$ 995,726	\$ (645,869)	\$ (640,734)
Employer's covered - employee payroll	\$ 4,013,035	\$ 3,918,941	\$ 2,885,816	\$ 2,535,629	\$ 2,706,135	\$ 2,522,147
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	115.29%	70.27%	125.01%	39.27%	-23.87%	-25.40%
Plan fiduciary net position as a percentage of the total pension liability	82.1%	83.1%	80.5%	91.9%	103.6%	103.6%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **SCHEDULE OF EMPLOYER CONTRIBUTIONS**

### **PERS**

#### **Last 10 Fiscal Years**

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 456,626	\$ 447,523	\$ 621,892	\$ 496,502	\$ 645,869	\$ 640,734
Contributions in relation to the contractually required contribution	456,626	447,523	621,892	496,502	645,869	640,734
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered - employee payroll	\$ 4,013,035	\$ 3,918,941	\$ 2,885,816	\$ 2,535,629	\$ 2,706,135	\$ 2,522,147
Contributions as a percentage of covered - employee payroll	10.97%	10.97%	6.08%	6.08%	23.87%	25.40%

# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**

### **OPEB RHIA**

#### **Last 10 Fiscal Years\***

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	2019	2018	2017
Employer's proportion of the net OPEB liability (asset)	0.02980840%	0.02709050%	0.02704380%
Employer's proportionate share of the net OPEB liability	\$ (33,274)	\$ (11,306)	\$ 7,344
Employer's covered - employee payroll	\$ 4,013,035	\$ 3,918,941	\$ 2,885,816
Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered - employee payroll	-0.83%	-0.29%	0.25%
Plan fiduciary net position as a percentage of the total OPEB liability	124.0%	108.9%	94.2%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **SCHEDULE OF EMPLOYER CONTRIBUTIONS**

### **OPEB RHIA**

#### **Last 10 Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 15,465	\$ 14,433	\$ 16,656
Contributions in relation to the contractually required contribution	<u>15,465</u>	<u>14,433</u>	<u>16,656</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Employer's covered - employee payroll	\$ 4,013,035	\$ 3,918,941	\$ 2,885,816
Contributions as a percentage of covered - employee payroll	0.39%	0.37%	0.58%

**OTHER**  
**SUPPLEMENTARY**  
**INFORMATION**

**Debt Service Funds**

# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

### **PERS Bond Fund #315 (A Major Fund)**

**For the Fiscal Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Miscellaneous Revenue	\$ 350,000	\$ 350,000	\$ 429,288	\$ 79,288
<b>Total Revenues</b>	350,000	350,000	429,288	79,288
<b><u>EXPENDITURES:</u></b>				
Debt Service	284,756	284,756	283,374	(1,382)
<b>Total Expenditures</b>	284,756	284,756	283,374	(1,382)
Net Change in Fund Balance	65,244	65,244	145,914	-
Beginning Fund Balance	408,756	408,756	413,778	5,022
<b>Ending Fund Balance</b>	<b><u>\$ 474,000</u></b>	<b><u>\$ 474,000</u></b>	<b><u>\$ 559,692</u></b>	<b><u>\$ 5,022</u></b>

# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

**2008 GO Bond Fund #320 (A Non-Major Fund)**

**For the Fiscal Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<b><u>REVENUES:</u></b>				
Taxes	\$ 642,000	\$ 642,000	\$ 707,370	\$ 65,370
Earnings on Investments	-	-	414	414
<b>Total Revenues</b>	642,000	642,000	707,784	65,784
<b><u>EXPENDITURES:</u></b>				
Debt Service	665,163	665,163	664,990	(173)
<b>Total Expenditures</b>	665,163	665,163	664,990	(173)
Excess (Deficiency) of Revenues Over Expenditures	(23,163)	(23,163)	42,794	65,957
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Long Term Debt Financing Sources	-	-	9,776	9,776
<b>Total Other Financing Sources (Uses)</b>	-	-	9,776	9,776
Net Change in Fund Balance	(23,163)	(23,163)	52,570	75,733
Beginning Fund Balance	23,163	23,163	8,774	(14,389)
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 61,344</b>	<b>\$ 61,344</b>



**OTHER**  
**SUPPLEMENTARY**  
**INFORMATION**

**Capital Improvement Funds**

# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

### **Capital Construction/Improvement Project Fund #410 (A Non-Major Fund)**

**For the Fiscal Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<b><u>REVENUES:</u></b>				
Miscellaneous Revenue	\$ -	\$ -	\$ 83,675	\$ 83,675
<b>Total Revenues</b>	-	-	83,675	83,675
<b><u>EXPENDITURES:</u></b>				
Support Services	100,000	100,000	120,177	20,177
Facilities Acquisition and Construction	-	-	60,138	60,138
<b>Total Expenditures</b>	100,000	100,000	180,315	80,315
Excess (Deficiency) of Revenues Over Expenditures	(100,000)	(100,000)	(96,640)	3,360
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Interfund Transfers In	100,000	100,000	100,000	-
<b>Total Other Financing Sources (Uses)</b>	100,000	100,000	100,000	-
Net Change in Fund Balance	-	-	3,360	3,360
Beginning Fund Balance	50,000	50,000	253,230	203,230
<b>Ending Fund Balance</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 256,590</b>	<b>\$ 206,590</b>

# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

### **Seismic Grant Fund #420 (A Major Fund)**

**For the Fiscal Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
State Aid	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 2,217,350</u>	<u>\$ (782,650)</u>
<b>Total Revenues</b>	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,217,350</u>	<u>(782,650)</u>
<b><u>EXPENDITURES:</u></b>				
Facilities Acquisition and Construction	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,429,657</u>	<u>(570,343)</u>
<b>Total Expenditures</b>	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,429,657</u>	<u>(570,343)</u>
Net Change in Fund Balance	-	-	(212,307)	-
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>136,711</u>	<u>136,711</u>
<b>Ending Fund Balance</b>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ (75,596)</b></u>	<u><b>\$ 136,711</b></u>

**OTHER**  
**SUPPLEMENTARY**  
**INFORMATION**

**Fiduciary Funds**

# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

### **Private Purpose Trust Fund**

**For the Fiscal Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Earnings on Investments	\$ 2,700	\$ 2,700	\$ -	\$ (2,700)
Miscellaneous Revenue	35,300	35,300	31,913	(3,387)
<b>Total Revenues</b>	38,000	38,000	31,913	(6,087)
<b><u>EXPENDITURES:</u></b>				
Instruction	50,400	50,400	2,834	(47,566)
Support Services	31,225	31,225	3,385	(27,840)
Enterprise and Community Services	4,925	4,925	-	(4,925)
<b>Total Expenditures</b>	86,550	86,550	6,219	(80,331)
Net Change in Fund Balance	(48,550)	(48,550)	25,694	-
Beginning Fund Balance	189,800	189,800	153,363	(36,437)
<b>Ending Fund Balance</b>	<b>\$ 141,250</b>	<b>\$ 141,250</b>	<b>\$ 179,057</b>	<b>\$ (36,437)</b>

**OTHER**  
**SUPPLEMENTARY**  
**INFORMATION**

**Additional**  
**Supporting Schedules**

# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**

**For the Fiscal Year Ended June 30, 2019**

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### **Reedsport School District General Obligation Bond Series A & B**

Reedsport School District General Obligation Bond Series A & B. On March 6, 2008, the District issued \$10,300,000 General Obligation Bonds Series A (\$9,760,000 tax exempt) and Series B (\$540,000 taxable) bearing interest rates ranging from 3.125 % to 5.0%. The purpose of the bonds is for major capital improvements of District's facilities. The bonds were refunded on April 9, 2019.

### **Current Year Activity:**

Outstanding Balance July 1, 2018	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2019
\$ 8,610,000	\$ -	\$ 8,610,000	\$ -
-	183,731	183,731	-
<u>\$ 8,610,000</u>	<u>\$ 183,731</u>	<u>\$ 8,793,731</u>	<u>\$ -</u>

# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**

**For the Fiscal Year Ended June 30, 2019**

### **Reedsport School District Limited Tax Pension Bond, Series 2002**

During the year ended June 30, 2003, the District issued \$2,908,726 Limited Tax Pension Bonds Series 2002 (Federally Taxable). The bonds are limited tax obligation debt and were issued October 2002. The bonds are payable annually through June, 2028. The bonds consist of \$743,726 Serial Maturities, with interest accrued semiannually at yields ranging from 2.06% to 6.1% through June 2020, and \$2,165,000 Term Bonds maturing from June, 2021 through June, 2008, with interest accrued semiannually at interest rates ranging from 4.48% 5.55%. These bonds were issued for the purpose of controlling the District's cost with respect to the PERS unfunded actuarial liabilities. The Serial Bonds are subject to optional redemption, as a whole or in part, on any date at a redemption price equal to the greater of the called principal plus accrued interest, or the discounted value plus accrued interest on the bond.

### **Current Year Activity:**

	Outstanding Balance July 1, 2018	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2019	Due Within One Year
Principal	\$ 2,288,663	\$ -	\$ 61,400	\$ 2,227,263	\$ 62,264
Interest	-	222,693	222,693	-	237,492
Total	<u>\$ 2,288,663</u>	<u>\$ 222,693</u>	<u>\$ 284,093</u>	<u>\$ 2,227,263</u>	<u>\$ 299,756</u>

### **Future Requirements:**

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2020	\$ 62,264	\$ 237,492	\$ 299,756	6.02%
	2021	195,000	119,756	314,756	6.10%
	2022	220,000	109,031	329,031	5.50%
	2023	250,000	96,975	346,975	5.48%
	2024	280,000	83,250	363,250	5.49%
	2025	310,000	67,710	377,710	5.55%
	2026	345,000	50,505	395,505	5.55%
	2027	385,000	31,357	416,357	5.55%
	2028	180,000	9,990	189,990	5.55%
Total		<u>\$ 2,227,264</u>	<u>\$ 806,066</u>	<u>\$ 3,033,330</u>	



# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**

**For the Fiscal Year Ended June 30, 2019**

### **Reedsport School District General Obligation Refunding Bond, Series 2019**

On April 9, 2019, the District entered into a Bond Purchase Agreement with JPMorgan Chase Bank to issue refunding bonds for the refunding of all or a portion of its outstanding General Obligation Bonds, Series 2008A (tax exempt). The amount of the Bond purchase is \$8,518,000 and bears interest at a rate of 2.66% per annum. Interest payments are due the 15th of June and December of each year with a principal payment due the 15th of June.

#### **Current Year Activity:**

	Outstanding Balance July 1, 2018	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2019	Due Within One Year
Principal	\$ -	\$ 8,518,000	\$ 129,000	\$ 8,389,000	\$ 388,000
Interest	-	41,540	41,540	-	223,147
Total	<u>\$ -</u>	<u>\$ 8,559,540</u>	<u>\$ 170,540</u>	<u>\$ 8,389,000</u>	<u>\$ 611,147</u>

#### **Future Requirements:**

Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
2020	\$ 388,000	\$ 223,147	\$ 611,147	2.66%
2021	414,000	212,827	626,827	2.66%
2022	445,000	201,814	646,814	2.66%
2023	475,000	189,977	664,977	2.66%
2024	505,000	177,342	682,342	2.66%
2025	539,000	163,909	702,909	2.66%
2026	572,000	149,572	721,572	2.66%
2027	604,000	134,357	738,357	2.66%
2028	640,000	118,290	758,290	2.66%
2029	681,000	101,266	782,266	2.66%
2030	721,000	83,152	804,152	2.66%
2031	759,000	63,973	822,973	2.66%
2032	802,000	43,784	845,784	2.66%
2033	844,000	22,450	866,450	2.66%
Total	<u>\$ 8,389,000</u>	<u>\$ 1,885,860</u>	<u>\$ 10,274,860</u>	

# **REEDSPORT SCHOOL DISTRICT NO. 105**

## **Oregon Department of Education Form 581-3211-C**

**For the Fiscal Year Ended June 30, 2019**

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### **SUPPLEMENTAL INFORMATION 2018-2019**

Part A is needed for computing Oregon's full allocation for ESEA, Title 1 & other Federal Funds for Education

**B. Energy Bills 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	\$ 226,031
Function 2550	\$ -

**C. Replacement of Equipment - General Fund:**

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

Exclude these functions:

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

Exclude these functions:

4150      Construction  
2550      Pupil Transportation  
3100      Food Service  
3300      Community Services

\$ -

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

**REEDSPORT SCHOOL DISTRICT NO. 105****Audit Revenue Summary - All Funds**

For the Fiscal Year Ended June 30, 2019

**Revenue from Local Sources**

	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
1110 Ad Valorem Taxes Levied by District	\$ 1,990,815	\$ -	\$ 707,370	\$ -	\$ -	\$ -	\$ -
1500 Earnings on Investments	80,975	-	414	-	-	-	-
1600 Food Service	-	3,728	-	-	-	-	-
1700 Extracurricular Activities	20,514	51,249	-	-	-	-	-
1800 Community Service Activities	-	-	-	-	-	-	-
1910 Rentals	14,108	8,680	-	-	-	-	-
1920 Contributions and Donations From Private Sources	2,402	43,627	-	-	-	-	34,913
1940 Services Provided Other Local Education Agencies	773,730	-	-	-	-	-	-
1970 Services Provided Other Funds	-	-	429,288	-	-	-	-
1990 Miscellaneous	66,986	1,579	-	83,675	-	-	-
<b>Total Revenue from Local Sources</b>	<b>\$ 2,949,530</b>	<b>\$ 108,864</b>	<b>\$ 1,137,072</b>	<b>\$ 83,675</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 34,913</b>

**Revenue from Intermediate Sources**

	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
2101 County School Funds	\$ 9,546	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2199 Other Intermediate Sources	-	-	-	-	-	-	3,313,654
<b>Total Revenue from Intermediate Sources</b>	<b>\$ 9,546</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,313,654</b>

**Revenue from State Sources**

	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
3101 State School Fund - General Support	\$ 5,194,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3102 State School Fund - School Lunch Match	-	3,048	-	-	-	-	-
3103 Common School Fund	66,134	-	-	-	-	-	-
3104 State Managed County Timber	40,687	-	-	-	-	-	-
3299 Other Restricted Grants-In-Aid	-	316,485	-	2,217,350	-	-	-
<b>Total Revenue from State Sources</b>	<b>\$ 5,301,069</b>	<b>\$ 319,533</b>	<b>\$ -</b>	<b>\$ 2,217,350</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Revenue from Federal Sources**

	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
4500 Restricted Revenue From the Federal Government Through the State	-	1,137,832	-	-	-	-	-
4801 Federal Forest Fees	71,574	-	-	-	-	-	-
<b>Total Revenue from Federal Sources</b>	<b>\$ 71,574</b>	<b>\$ 1,137,832</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Revenue from Other Sources**

	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
5100 Long Term Debt Financing Sources	-	-	9,776	-	-	-	-
5200 Interfund Transfers	\$ -	\$ 60,000	\$ -	100,000	\$ -	\$ -	\$ -
5400 Resources - Beginning Fund Balance	1,018,685	1,046,201	422,552	389,941	-	-	150,919
<b>Total Revenue from Other Sources</b>	<b>\$ 1,018,685</b>	<b>\$ 1,106,201</b>	<b>\$ 432,328</b>	<b>\$ 489,941</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 150,919</b>
<b>Grand Total</b>	<b>\$ 9,350,405</b>	<b>\$ 2,672,429</b>	<b>\$ 1,569,400</b>	<b>\$ 2,790,965</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,499,486</b>

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**Audit Expenditure Summary-General Fund #100**  
**For the Fiscal Year Ended June 30, 2019**

<b>Instruction Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 600</b>	<b>Object 700</b>
1111	Elementary, K-5 or K-6	\$ 1,843,698	\$ 1,110,963	\$ 668,000	\$ 38,416	\$ 26,154	\$ 165	\$ -
1132	High School Extracurricular	486	300	186	-	-	-	-
1220	Restrictive Programs for Students with Disabilities	483,237	273,140	205,708	151	3,504	734	-
1250	Less Restrictive Programs for Students with Disabilities	564,632	329,208	234,103	822	499	-	-
1280	Alternative Education	3,313,654	-	-	3,313,654	-	-	-
1291	English Second Language Programs	14,421	6,817	7,603	-	-	-	-
1299	Other Programs	6,468	-	-	6,468	-	-	-
<b>Total Instruction Expenditures</b>		\$ 6,226,595	\$ 1,720,429	\$ 1,115,600	\$ 3,359,510	\$ 30,157	\$ 899	\$ -
<b>Support Services Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 600</b>	<b>Object 700</b>
2110	Attendance and Social Work Services	\$ 8,333	\$ -	\$ -	\$ 8,333	\$ -	\$ -	\$ -
2130	Health Services	95,301	-	-	94,648	653	-	-
2140	Psychological Services	59,880	-	-	59,880	-	-	-
2150	Speech Pathology and Audiology Services	62,898	-	-	62,898	-	-	-
2190	Service Direction, Student Support Services	3,854	-	-	1,360	2,494	-	-
2210	Improvement of Instruction Services	17,654	-	12,475	999	-	4,181	-
2220	Educational Media Services	53,926	27,095	24,364	-	1,498	969	-
2310	Board of Education Services	86,619	20,838	13,345	44,408	1,957	6,071	-
2320	Executive Administration Services	238,950	124,426	94,881	10,507	2,618	6,519	-
2410	Office of the Principal Services	284,532	151,983	119,329	9,938	2,558	725	-
2520	Fiscal Services	194,755	48,381	28,895	107,875	4,689	4,915	-
2540	Operation and Maintenance of Plant Services	382,019	71,094	46,365	239,441	24,939	180	-
2550	Student Transportation Services	550,920	10,892	6,265	533,763	-	-	-
2570	Internal Services	19,622	-	-	19,622	-	-	-
2660	Technology Services	158,913	72,343	37,445	6,626	31,850	10,649	-
<b>Total Support Services Expenditures</b>		\$ 2,218,178	\$ 527,052	\$ 383,363	\$ 1,200,298	\$ 73,256	\$ 34,208	\$ -
<b>Other Uses Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 600</b>	<b>Object 700</b>
5200	Transfers of Funds	\$ 160,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160,000
<b>Total Other Uses Expenditures</b>		\$ 160,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160,000
<b>Grand Total</b>		<b>\$ 8,604,773</b>	<b>\$ 2,247,481</b>	<b>\$ 1,498,963</b>	<b>\$ 4,559,808</b>	<b>\$ 103,413</b>	<b>\$ 35,108</b>	<b>\$ 160,000</b>

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**Audit Expenditure Summary-Special Revenue Fund #200**  
**For the Fiscal Year Ended June 30, 2019**

**Instruction Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>
1111 Elementary, K-5 or K-6	\$ 69,926	\$ 24,483	\$ 24,525	\$ 5,927	\$ 14,991	\$ -	\$ -
1121 Middle/Junior High Programs	6,871	-	-	-	664	-	6,207
1131 High School Programs	189,019	31,601	17,908	30,501	109,008	-	-
1220 Restrictive Programs for Students with Disabilities	1,205	-	-	-	1,205	-	-
1250 Less Restrictive Programs for Students with Disabilities	193,499	89,115	101,936	1,853	-	-	595
1272 Title I	221,910	111,103	97,291	-	13,516	-	-
1280 Alternative Education	162	150	13	-	-	-	-
1299 Other Programs	23,416	9,961	12,350	1,104	-	-	-
<b>Total Instruction Expenditures</b>	<b>\$ 706,007</b>	<b>\$ 266,413</b>	<b>\$ 254,023</b>	<b>\$ 39,385</b>	<b>\$ 139,384</b>	<b>\$ -</b>	<b>\$ 6,802</b>

**Support Services Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>
2110 Attendance and Social Work Services	\$ 33,985	\$ 11,690	\$ 10,765	\$ 41	\$ 11,489	\$ -	\$ -
2130 Health Services	640	-	-	640	-	-	-
2190 Service Direction, Student Support Services	241	-	-	241	-	-	-
2210 Improvement of Instruction Services	211,174	93,719	41,887	38,754	29,314	-	7,500
2220 Educational Media Services	500	-	-	-	500	-	-
2240 Instructional Staff Development	2,146	-	-	2,146	-	-	-
2540 Operation and Maintenance of Plant Services	2,479	-	-	2,114	365	-	-
2550 Student Transportation Services	1,229	-	-	1,229	-	-	-
2660 Technology Services	137,742	-	-	-	137,742	-	-
<b>Total Support Services Expenditures</b>	<b>\$ 390,137</b>	<b>\$ 105,409</b>	<b>\$ 52,652</b>	<b>\$ 45,165</b>	<b>\$ 179,410</b>	<b>\$ -</b>	<b>\$ 7,500</b>

**Enterprise and Community Services Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>
3100 Food Services	\$ 551,892	\$ 93,150	\$ 94,768	\$ 247,131	\$ 89,126	\$ 25,181	\$ 2,538
3300 Community Services	19,628	-	-	19,478	150	-	-
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$ 571,520</b>	<b>\$ 93,150</b>	<b>\$ 94,768</b>	<b>\$ 266,608</b>	<b>\$ 89,276</b>	<b>\$ 25,181</b>	<b>\$ 2,538</b>

**Grand Total**

<b>\$ 1,667,664</b>	<b>\$ 464,971</b>	<b>\$ 401,443</b>	<b>\$ 351,159</b>	<b>\$ 408,071</b>	<b>\$ 25,181</b>	<b>\$ 16,839</b>
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**REEDSPORT SCHOOL DISTRICT NO. 105**  
**Audit Expenditure Summary-Debt Service Fund #300**  
**For the Fiscal Year Ended June 30, 2019**

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<b>Other Uses Expenditures</b>		<b>Totals</b>	<b>Object 300</b>	<b>Object 600</b>
5100	Debt Service	\$ 948,364	\$ 719	\$ 947,645
<b>Total Other Uses Expenditures</b>		\$ 948,364	\$ 719	\$ 947,645
<b>Grand Total</b>		<b>\$ 948,364</b>	<b>\$ 719</b>	<b>\$ 947,645</b>

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**Audit Expenditure Summary-Capital Projects Fund #400**  
**For the Fiscal Year Ended June 30, 2019**

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**Support Services Expenditures**

2540 Operation and Maintenance of Plant Services

**Total Support Services Expenditures**

<b>Totals</b>	<b>Object 300</b>	<b>Object 500</b>
\$ 120,177	\$ 120,177	\$ -
\$ 120,177	\$ 120,177	\$ -

**Facilities Acquisition and Construction Expenditures**

4150 Building Acquisition, Construction, and Improvement Services

**Total Facilities Acquisition and Construction Expenditures**

**Grand Total**

<b>Totals</b>	<b>Object 300</b>	<b>Object 500</b>
\$ 2,489,795	\$ 108,940	\$2,380,855
\$ 2,489,795	\$ 108,940	\$2,380,855
<b>\$ 2,609,972</b>	<b>\$ 229,117</b>	<b>\$2,380,855</b>

**REEDSPORT SCHOOL DISTRICT NO. 105****Audit Expenditure Summary - 700 Funds****For the Fiscal Year Ended June 30, 2019****Instruction Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 600</b>
1121 Middle/Junior High Programs	\$ 472,578	\$ 303,851	\$ 164,839	\$ -	\$ 3,887	\$ -
1131 High School Programs	739,520	491,363	223,170	4,557	20,379	52
1132 High School Extracurricular	263,129	146,885	62,176	20,064	24,953	9,052
1280 Alternative Education	195,525	4,145	345	191,036	-	-
<b>Total Instruction Expenditures</b>	<b>\$ 1,670,753</b>	<b>\$ 946,244</b>	<b>\$ 450,529</b>	<b>\$ 215,657</b>	<b>\$ 49,219</b>	<b>\$ 9,104</b>

**Support Services Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 600</b>
2110 Attendance and Social Work Services	\$ 18,076	\$ 918	\$ 491	\$ 16,667	\$ -	\$ -
2120 Guidance Services	100,886	58,216	42,658	-	13	-
2210 Improvement of Instruction Services	4,448	-	4,448	-	-	-
2220 Educational Media Services	43,278	19,513	18,562	-	4,734	469
2240 Instructional Staff Development	8,926	-	-	2,869	-	6,057
2310 Board of Education Services	670	-	-	-	-	670
2410 Office of the Principal Services	254,964	158,272	85,536	5,568	2,529	3,059
2490 Other Support Services - School Administration	773,730	-	-	773,730	-	-
2540 Operation and Maintenance of Plant Services	426,958	117,421	86,886	194,147	27,832	673
2570 Internal Services	16,914	-	-	16,914	-	-
2660 Technology Services	3,270	-	-	-	3,270	-
<b>Total Support Services Expenditures</b>	<b>\$ 1,652,121</b>	<b>\$ 354,340</b>	<b>\$ 238,581</b>	<b>\$ 1,009,895</b>	<b>\$ 38,378</b>	<b>\$ 10,928</b>
<b>Grand Total</b>	<b>\$ 3,322,873</b>	<b>\$ 1,300,583</b>	<b>\$ 689,110</b>	<b>\$ 1,225,552</b>	<b>\$ 87,597</b>	<b>\$ 20,032</b>



**ACCOMPANYING**  
**INFORMATION**

# **REEDSPORT SCHOOL DISTRICT NO. 105**

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

**As of June 30, 2019**

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To the Governing Body of the Reedsport School District No. 105  
Reedsport, Oregon

I have audited the basic financial statements of the Reedsport School District No. 105 as of and for the year ended June 30, 2019, and have issued my report thereon dated October 30, 2019. I conducted my audit in accordance with auditing standards generally accepted in the United States of America.

### **Compliance**

As part of obtaining reasonable assurance about whether the Reedsport School District No. 105's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion.

I performed procedures to the extent I 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 my testing nothing came to my 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, with the following exceptions:

Budget appropriation transfer resolutions were not completed in accordance with Oregon Budget Law for the fiscal year 2018-19.

Over-expenditure of appropriations occurred in three funds for the fiscal year ended June 30, 2019, as noted on page 54 of the audit report.

### **OAR 162-10-0230 Internal Control**

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

This report is intended solely for the information and use of the Board of Directors and management of Reedsport School District No. 105 and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Steve Tuchscherer, CPA  
Umpqua Valley Financial  
Roseburg, Oregon  
October 30, 2019

## **SINGLE AUDIT SECTION**



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

To the Board of Directors  
Reedsport School District No. 105

I have audited, 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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Reedsport School District No. 105, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Reedsport School District No. 105's basic financial statements and have issued our report thereon dated October 30, 2019.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Reedsport School District No. 105's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Reedsport School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Reedsport School District No. 105'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 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.

My 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 significant deficiencies or material weaknesses. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 Reedsport School District No. 105's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read 'Steve Tuchscherer', is written over a horizontal line.

Steve Tuchscherer, CPA  
Umpqua Valley Financial  
October 30, 2019



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

To the Board of Directors  
Reedsport School District No. 105

**Report on Compliance for Each Major Federal Program**

I have audited Reedsport School District No. 105'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 Reedsport School District No. 105's major federal programs for the year ended June 30, 2019. Reedsport School District No. 105'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of Reedsport School District No. 105's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 Reedsport School District No. 105's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Reedsport School District No. 105's compliance.

**Opinion on Each Major Federal Program**

In my opinion, Reedsport School District No. 105 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, 2019.

**Report on Internal Control over Compliance**

The management of Reedsport School District No. 105 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit, I considered Reedsport School District No. 105'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, I do not express an opinion on the effectiveness of Reedsport School District No. 105'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, non-compliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

A handwritten signature in black ink, appearing to read 'Steve Tuchscherer', with a stylized flourish at the end.

Steve Tuchscherer, CPA  
Umpqua Valley Financial  
Roseburg, Oregon  
October 30, 2019

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED June 30, 2019**

Federal Grantor/Pass Through Grantor/ Program Title	Grant Fund	Federal CFDA Number	Grant Period	(Receivable)/				(Receivable)/
				Original Program or Grant Amount	Deferred Revenue June 30, 2018	Cash Received	Expenditures	Deferred Revenue June 30, 2019
<b>US. DEPARTMENT OF EDUCATION</b>								
<b>Passed Through Oregon Department of Education:</b>								
Title IA - Grants to Local Education Agencies	Grants Fund	84.010	2017-18	\$ 241,803	\$ (26,460)	\$ 27,292	\$ 832	\$ -
Title IA - Grants to Local Education Agencies	Grants Fund	84.010	2018-19	239,552	-	96,002	222,985	(126,983)
ESSA - Grants					-		5,722	(5,722)
Title 1 School Improvements Grants	Grants Fund	84.377	2017-18	200,000	(13,996)	20,174	6,178	-
Title 1 School Improvements Grants	Grants Fund	84.377	2018-19	200,000	-	102,408	155,427	(53,019)
Total Title I				881,355	(40,456)	245,876	391,144	(185,724)
Title II-A Teacher Quality	Grants Fund	84.367	2017-18	29,818	(11,515)	11,515	-	-
Title II-A Teacher Quality	Grants Fund	84.367	2018-19	32,246	-	-	32,246	(32,246)
Total Title II-A				62,064	(11,515)	11,515	32,246	(32,246)
Rural Education	Grants Fund	84.358	2017-18	10,286	(10,286)	10,286	-	-
Rural Education	Grants Fund	84.358	2016-17	12,701	(534)	534	-	-
Rural Education	Grants Fund	84.358	2018-19	8,467	-	8,467	8,467	-
Total Rural Education				31,454	(10,820)	19,287	8,467	-
IDEA - Special Education Grants to States(Part B Sec.611)	Grants Fund	84.027A	2017-18	149,235	(111,637)	149,235	37,598	-
IDEA - Special Education Grants to States(Part B Sec.611)	Grants Fund	84.027A	2016-17	138,743	(84,832)	84,832	-	-
IDEA - Special Education Grants to States(Part B Sec.611)	Grants Fund	84.027A	2018-19	143,739	-	-	143,739	(143,739)
IDEA - Enhancement & Extended Assessment Training	Grants Fund	84.027A	2018-19	2,122	-	-	2,122	(2,122)
IDEA - Special Ed Preschool Grant	Grants Fund	84.173	2018-19	3,977	-	-	3,977	(3,977)
IDEA - Special Ed Preschool Grant	Grants Fund	84.173	2017-18	3,352	(1,383)	1,437	54	-
IDEA - Special Ed Preschool Grant	Grants Fund	84.173	2015-16	2,131	(2,131)	2,131	-	-
IDEA - SPR & I	Grants Fund	84.027	2018-19	1,661	-	-	1,661	(1,661)
IDEA - Post School Outcomes	Grants Fund	84.027	2017-18	240	-	-	240	(240)
Total IDEA				449,177	(199,983)	237,635	189,391	(151,739)
Student Support & Academic Enrichment	Grants Fund	84.424	2018-19	18,114	-	-	17,302	(17,302)
Student Support & Academic Enrichment	Grants Fund	84.424	2017-18	10,000	(9,883)	10,000	117	-
Total Student Support & Academic Enrichment				28,114	(9,883)	10,000	17,419	(17,302)
Total Passed through Oregon Department of Education				\$ 1,452,164	\$ (272,657)	\$ 524,313	\$ 638,667	\$ (387,011)
<b>U.S. DEPARTMENT OF AGRICULTURE</b>								
<b>Passed Through Oregon Department of Education:</b>								
Commodities	* Food Service	10.555	2018-19	\$ 30,527	\$ -	\$ 30,527	\$ 30,527	\$ -
National School Lunch - Breakfast	* Food Service	10.553	2017-18	(10,740)	(10,740)	10,740	-	-
National School Lunch - Breakfast	* Food Service	10.553	2018-19	-	-	82,473	87,060	(4,587)
National School Lunch - Section 4	* Food Service	10.555	2018-19	-	-	185,296	195,108	(9,812)
National School Lunch - Section 4	* Food Service	10.555	2017-18	-	(22,526)	22,526	-	-
Child and Adult Care Food Program - After School	* Food Service	10.558	2017-18	140,641	(16,738)	16,738	-	-
Child and Adult Care Food Program - After School	* Food Service	10.558	2018-19	-	-	133,748	138,736	(4,988)
Child and Adult Care Food Program - Cash Commodities	* Food Service	10.558	2017-18	10,124	(1,205)	1,205	-	-
Child and Adult Care Food Program - Cash Commodities	* Food Service	10.558	2018-19	9,857	-	9,503	9,857	(354)
State Administrative Expenses for Child Nutrition	* Food Service	10.560	2018-19	191	-	191	191	-
Child Nutrition Discretionary Grants	* Food Service	10.579	2018-19	9,952	-	9,952	9,952	-
Fresh Fruit and Vegetable Program	* Food Service	10.582	2017-18	22,957	(2,908)	6,293	3,385	-
Fresh Fruit and Vegetable Program	* Food Service	10.582	2018-19	22,350	-	11,055	19,237	(8,182)
Total National School Lunch Program				235,859	(54,117)	520,247	494,053	(27,923)
Total U.S. Department of Agriculture				\$ 235,859	\$ (54,117)	\$ 520,247	\$ 494,053	\$ (27,923)
<b>TOTALS</b>				<b>\$ 1,688,023</b>	<b>\$ (326,774)</b>	<b>\$ 1,044,560</b>	<b>\$ 1,132,720</b>	<b>\$ (414,934)</b>

This schedule is prepared using the modified accrual basis of accounting.

**RECONCILIATION TO REVENUE:**

Cash Receipts per Schedule Above	\$ 1,044,560
Grants Receivable/Deferred Revenue Beginning of Year	(326,774)
Grants Receivable/Deferred Revenue End of Year	414,934
<b>Federal Revenue Recognized per Financial Statements</b>	<b>\$ 1,132,720</b>

\* major program

**REEDSPORT SCHOOL DISTRICT NO. 105**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of federal awards (the “Schedule”) includes the federal award activity of Reedsport School District No. 105 under programs of the federal government for the year ended June 30, 2019. 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 Reedsport School District No. 105, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Reedsport School District No. 105.

**NOTE 2 – 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3 – INDIRECT COSTS RATE**

Reedsport School District No. 105 has not elected to use any indirect cost rate allowed under the Uniform Guidance.



## **REEDSPORT SCHOOL DISTRICT NO. 105**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2019

#### **Section I—Summary of Auditor's Results**

1. The auditor's report expresses an unqualified opinion on the financial statements of Reedsport School District No. 105 in accordance with GAAP.
2. No material weaknesses or significant deficiencies in internal control related to the financial statement audit were identified which are required to be reported.
3. No instances of noncompliance material to the financial statements of Reedsport School District No. 105 were disclosed during the audit.
4. The auditor's report on compliance for the major federal award program expresses an unmodified opinion.
5. The audit did not disclose any findings that are required to be reported.
6. The programs tested as a major program were the National Schools Lunch Cluster, CFDA's 10.553, 10.555, 10.558, 10.560, 10.579 and 10.582.
7. The threshold for distinguishing between Type A and B programs was \$750,000.
8. The District was determined to be a low-risk auditee.

#### **Section II—Financial Statements Findings**

No findings related to the financial statements are reported in accordance with *Government Auditing Standards* for the year ended June 30, 2019.

#### **Section III—Federal Award Findings and Questioned Costs**

No matters were reported relating to significant deficiencies, material weaknesses, or instances of noncompliance related to the federal awards that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.