

**REEDSPORT SCHOOL DISTRICT NO. 105
REEDSPORT, OREGON**

**FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION**

**YEAR ENDED JUNE 30, 2020
WITH
INDEPENDENT AUDITOR'S REPORT**



Certified Public Accountants, LLP

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**REEDSPORT SCHOOL DISTRICT NO. 105
REEDSPORT, OR
YEAR ENDED JUNE 30, 2020**

Board of Directors at June 30, 2020

Eric Brandon, Chair

Savanna Wright, Position 2

Greg Carter, Position 3

Carey Jones, Position 4, Vice Chair

Chuck Ostmeyer, Position 5

All Board Members receive mail at the address listed below.

Administration

Jon Zwemke, Superintendent

Rachel Amos, Business Manager

Address of Reedsport School District

100 Ranch Road
Reedsport, OR 97467

**REEDSPORT SCHOOL DISTRICT NO. 105
REEDSPORT, OR
YEAR ENDED JUNE 30, 2020**

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REEDSPORT, OR
YEAR ENDED JUNE 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Reedsport School District No. 105, Oregon, (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Reedsport School District No. 105 as of June 30, 2020, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

The general fund and special revenue major governmental funds budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the general fund, special revenue, and charter school major governmental funds budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as listed in the Table of Contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purpose 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 as listed in the Table of Contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by the State of Oregon

In accordance with Oregon State Regulations, we have also issued our report dated December 23, 2020 on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.



Aria Bettinger, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
December 23, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

**REEDSPORT SCHOOL DISTRICT NO. 105
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

As management of Reedsport School District No. 105 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and the accompanying notes to enhance their understanding of the District's financial performance. Numerical amounts below have been rounded for ease of viewing.

FINANCIAL HIGHLIGHTS

- In the **government-wide statements**, the District's assets and deferred outflows totaled approximately \$19.9 million at June 30, 2020 consisting of \$14.2 million in capital assets, \$2.8 million in cash and investments, \$793 thousand in receivables and other assets, and \$2.1 million in deferred outflows related to pension and other post-employment benefits (OPEB). The District's assets and deferred outflows increased approximately \$780 thousand, or 4.1 percent from the prior year, as restated.
- In the **government-wide statements**, the District's liabilities and deferred inflows totaled approximately \$16.7 million at June 30, 2020 consisting of \$528 thousand in accounts payable and other liabilities, \$4.8 million in pension and other post-employment benefits, \$10.2 million in debt, and \$1.2 million in deferred inflows related to pension and OPEB.
- In the **government-wide statements**, the District's net position (assets/deferred outflows minus liabilities/deferred inflows) was \$3.3 million at June 30, 2020, of which \$6.2 million was net investment in capital assets, \$726 thousand was restricted for debt service, \$280 thousand was restricted for special purposes, and a negative balance of \$3.9 million was considered unrestricted. In the prior year, the District's net position had a balance of \$2.6 million, as restated. This increase of \$711 thousand can be attributed to changes in pension and other post-employment benefits (See page B-4 and *Note 10* and *Note 11* to the Financial Statements).
- At the end of the fiscal year, the fund balance for all **governmental funds** was approximately \$2.9 million, an increase of \$328 thousand in comparison to the prior year. Approximately \$985 thousand of this amount is unassigned and available for spending at the District's discretion. Approximately \$1.9 million is committed or restricted to specific and intended purposes through separate funds.
- At the end of the fiscal year, unassigned fund balance for the **General Fund** was approximately \$985 thousand, up approximately \$240 thousand from the prior year, an increase of approximately 32.2 percent. Unassigned fund balance in the General Fund represented about 11.0 percent of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

**REEDSPORT SCHOOL DISTRICT NO. 105
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Government-wide financial statements.

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

Statement of Net Position. The *statement of net position* includes all assets and deferred outflows of the District (including infrastructure) as well as all liabilities and deferred inflows (including long-term debt). Net position is the difference between assets/deferred outflows and liabilities/deferred inflows, which is one way to measure the District's financial health, or financial position. Over time, increase or decreases in the District's net position may be an indicator of whether its financial health is improving or deteriorating.

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

In the government-wide financial statements, the District's activities are shown in one category as *governmental activities*. All of the District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund, and other intergovernmental revenues.

The government-wide financial statements can be found as listed in the Table of Contents of this report.

Fund financial statements.

The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

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

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental *funds* and governmental *activities*.

The District maintains 4 individual governmental funds, all of which are considered major funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund, all of which are considered to be major funds. The basic governmental fund financial statements can be found as listed in the Table of Contents of this report.

**REEDSPORT SCHOOL DISTRICT NO. 105
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The District also maintains a Charter School Fund, which is presented as a blended component unit of the District and identified as a separate major fund within the fund financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The fiduciary fund financial statements can be found as listed in the table of contents of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This Management's Discussion and Analysis, is considered required supplementary information. Other required supplementary information is presented on the basic financial statements as listed in the table of contents.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the current year, the District had a positive net position balance. Net position increased by \$711 thousand from prior year, as restated. The District's liabilities/deferred inflows exceeded assets/deferred outflows by \$3.2 million at June 30, 2020.

Capital assets, which consist of the District's land, buildings, building improvements, site improvements, vehicles, and equipment, represent 71.3 percent of total assets/deferred outflows. The remaining assets/deferred outflows consist mainly of investments, cash, property taxes receivable, and deferred outflows related to pension. Last year, capital assets represented approximately 70.2 percent of total assets/deferred outflows.

At June 30, 2020, long-term liabilities consisted of \$9.6 million in the long-term portion of debt related to general obligation bonds and pension bonds and \$4.5 million in pension liabilities, together representing 84.3 percent of total liabilities/deferred inflows. The remaining liabilities/deferred inflows consist mainly of payroll and other liabilities, the short-term obligation related to the bonds payable, and deferred inflows related to pension and other post-employment benefits.

A large portion of the District's net position reflects its net investment in capital assets (e.g. land, buildings, building improvements, site improvements, vehicles and equipment). The District's net investment in capital assets increased by about \$1.8 million over the prior year. The District uses these capital assets to provide services to students and other District residents; consequently, these assets are not available for future spending.

**REEDSPORT SCHOOL DISTRICT NO. 105
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Statement of Net Position (continued)

Summary of Net Position			
	Governmental Activities		Increase (Decrease) from
	June 30, 2020	June 30, 2019	June 30, 2019
Current Assets	\$ 3,567,300	\$ 2,921,502	\$ 645,798
Other Asset	60,296	33,274	27,022
Capital Assets- Net	14,228,581	13,425,257	803,324
Total Assets	<u>17,856,177</u>	<u>16,380,033</u>	<u>1,476,144</u>
Deferred Outflows Related to Pensions and OPEB	<u>2,112,636</u>	<u>2,802,464 *</u>	<u>(689,828)</u>
Total Assets and Deferred Outflows	<u>\$ 19,968,813</u>	<u>\$ 19,182,497</u>	<u>\$ 786,316</u>
Current Liabilities	\$ 1,137,113	\$ 643,919	\$ 493,194
Long Term Liabilities	14,318,364	15,148,893 *	(830,529)
Total Liabilities	<u>15,455,477</u>	<u>15,792,812</u>	<u>(337,335)</u>
Deferred Inflows Related to Pensions and OPEB	<u>1,226,381</u>	<u>813,516 *</u>	<u>412,865</u>
Total Liabilities and Deferred Inflows	<u>\$ 16,681,858</u>	<u>\$ 16,606,328</u>	<u>\$ 75,530</u>
Net Position			
Net Investment in Capital Assets	\$ 6,227,581	\$ 4,451,834	\$ 1,775,747
Restricted for Debt Service	726,069	621,036	105,033
Restricted for Special Purposes	280,221	188,189	92,032
Unrestricted	<u>(3,946,916)</u>	<u>(2,684,890)</u>	<u>(1,262,026)</u>
Total Net Position	<u>\$ 3,286,955</u>	<u>\$ 2,576,169 *</u>	<u>\$ 710,786</u>

*As noted in Note 1 of the financial statements, due to implementation of GAB 75, prior period deferred outflow, inflows, and long-term liabilities were restated. This resulted in a restatement of net position at June 30, 2019 from \$2,892,109 to \$2,576,169.

**REEDSPORT SCHOOL DISTRICT NO. 105
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Statement of Activities. During the current fiscal year, the District's net position increased by approximately \$711 thousand. During the current fiscal year, property tax revenue of approximately \$2.6 million and state school support of \$5.7 million account for the significant revenues received.

Changes in Net Position			
	Governmental Activities		Increase (Decrease) from
	June 30, 2020	June 30, 2019*	June 30, 2019
Revenues			
Program Revenues			
Charges for Services	\$ 49,596	\$ 98,279	\$ (48,683)
Operating Grants & Contributions	2,495,084	1,506,394	988,690
Capital Grants & Contributions	1,319,107	2,217,350	(898,243)
General Revenues			-
Property Taxes	2,629,334	2,692,041	(62,707)
State School Support	5,657,931	5,194,248	463,683
Common School Fund	58,483	66,134	(7,651)
Federal Forest Fees	66,903	71,574	(4,671)
Earnings on investments	63,233	81,390	(18,157)
Miscellaneous Other Sources	247,656	202,475	45,181
Total Revenues	<u>\$ 12,587,327</u>	<u>\$ 12,129,885</u>	<u>\$ 457,442</u>
Expenses			
Instruction	\$ 8,091,907	\$ 5,134,080	\$ 2,957,827
Support Services	2,679,105	4,419,943	(1,740,838)
Community Services	623,697	564,394	59,303
Facilities Acquisition & Construction	23,621	-	23,621
Interest on Long Term Debt	458,211	650,320	(192,109)
Total Expenses	<u>11,876,541</u>	<u>10,768,737</u>	<u>\$ 1,107,804</u>
Change in Net Position	<u>\$ 710,786</u>	<u>\$ 1,361,148</u>	<u>\$ (650,362)</u>

*Activities for the year ended June 30, 2019 are shown prior to the restatement described in *Note 1* to the financial statements due to the implementation of GASB 75.

REEDSPORT SCHOOL DISTRICT NO. 105
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

At June 30, 2020, the District's governmental funds reported combined ending fund balances of approximately \$2.9 million, an increase of about \$328 thousand in comparison with prior year. The following is a breakdown of the fund balances:

Fund	Ending Fund Balance	% to Total
General Fund	\$ 985,377	34%
Special Revenue Fund	941,780	33%
Capital Projects Fund	684,950	24%
Debt Service Fund	268,470	9%
Total Governmental Fund Balances	\$ 2,880,577	100%

General Fund. The General Fund is the chief operating fund of the District. As of June 30, 2020, total unassigned fund balance was \$985 thousand, up from \$746 million in the prior year. Total expenditures for the year ended June 30, 2020 approximated \$9.0 million. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents about 11.0 percent of total General Fund expenditures.

Special Revenue Fund. The Special Revenue Fund accounts for the proceeds of specific revenue sources that are restricted and committed to expenditure for specific purposes.

Charter School Fund. This fund accounts for and reports the District's blended component unit Charter School. Activities include those related to the education of students in grades seven through twelve. The revenues of approximately \$3.7 million consisted of state support, which was passed through the District.

Debt Service Fund. This fund accounts for and reports the payment of principal and interest on debt obligations of the District. Principal revenue sources are charges to other funds of \$402 thousand, property taxes of \$563 thousand, and the remainder was investment earnings.

Capital Projects Fund. This fund accounts for the acquisition, construction and maintenance of improvements within the District. The District received \$1.3 million in state grants for seismic rehabilitation improvements.

**REEDSPORT SCHOOL DISTRICT NO. 105
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

KEY BUDGET VARIANCES

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

During the fiscal year, the District inappropriately authorized an appropriation transfer from unappropriated ending fund balance in the Debt Service Fund as required by ORS 294.481. Additionally, the District exceeded its appropriation authority in the Support Services function within the Charter School Fund by \$542,892.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The 2020-2021 school budget is a collaborative document designed to maximize resources and student needs for the overall academic enrichment of students in the Reedsport community. There are many factors that are contemplated when establishing a budget, but the most significant funding source comes from the State School Fund, and is largely related to the student population of the district overall. Recently the district has seen a decline in the number of students enrolling, and this equates to nearly 50 fewer in ADMr reported to the Oregon Department of Education for State School Fund allocations.

The adopted budget for Reedsport School District for the fiscal year ending June 30, 2021 contains an overall decrease of 7.83%, or \$1,296,396. In the General Fund, budgeted expenditures decreased by just over \$30,000, and Charter School Fund by more than \$75,000. The major decrease is contained within the Capital Projects Fund – over 87% - due to the final closeout of the Seismic Rehabilitation Grant project in the fall of 2019.

Impacts most detrimental to the district for 2020-2021, however, are related to the COVID-19 virus pandemic that plagues our community, state, nation, and world. Despite the best efforts of the district to plan for the new budget year, the climate of education and teaching and learning have shifted dramatically in the last quarter of 2019-2020 and continue into 2020-2021 with no resolution in sight.

Additional funding through the federal CARES Act have been allocated to the district to offset some of the unforeseen expenses, such as technology, cleaning supplies, additional meal services, and personnel costs related to illness and possible exposure to the virus.

The District continues to review the status of the various issues impacting our funding and health of our students and staff, and the nature of expenditures initially budgeted for have become secondary to the requirements necessary for distance and hybrid learning. The many hits to the economy are carefully watched to prepare for funding shortfalls that are likely to come in the next biennium.

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to 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, 2020

	Governmental Activities
ASSETS:	
Cash and investments	\$ 2,834,489
Receivables	711,882
Inventories	20,929
Other post-employment benefits asset - RHIA	60,296
Capital assets, net:	
Land	622,451
Land improvements	45,200
Buildings and improvements	13,359,086
Machinery and equipment	201,844
TOTAL ASSETS	17,856,177
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows related to pensions (OPERS)	2,063,731
Deferred outflows related to other post-employment benefits (single-employer medical benefit plan)	45,874
Deferred outflows related to other post-employment benefits (RHIA)	3,031
TOTAL DEFERRED OUTFLOWS OF RESOURCES:	2,112,636
LIABILITIES:	
Accrued payroll liabilities	490,860
Accrued interest payable	8,868
Accrued compensated absences payable	28,385
Net pension liability (OPERS)	4,509,029
Other post-employment benefit obligation (single-employer medical benefit plan)	252,335
Bonds payable:	
Due within one year	609,000
Due in more than one year	9,557,000
TOTAL LIABILITIES	15,455,477
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows related to pensions (OPERS)	1,106,500
Deferred inflows related to other post-employment benefits (single-employer medical benefit plan)	107,143
Deferred inflows related to other post-employment benefits (RHIA)	12,738
TOTAL DEFERRED INFLOWS OF RESOURCES:	1,226,381
NET POSITION:	
Net investment in capital assets	6,227,581
Restricted:	
Debt service	726,069
Special purposes	282,621
Unrestricted	(3,949,316)
TOTAL NET POSITION	\$ 3,286,955

REEDSPORT SCHOOL DISTRICT NO. 105
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction	\$ 8,091,907	\$ 30,700	\$ 1,470,089	\$ -
Supporting services	2,679,105	10,622	515,149	-
Community services	623,697	8,274	509,846	-
Facilities acquisition and construction	23,621	-	-	1,319,107
Interest and fees on long-term debt	458,211	-	-	-
Total governmental activities	\$ 11,876,541	\$ 49,596	\$ 2,495,084	\$ 1,319,107

General revenues:

Property taxes levied for general purposes	2,075,120
Property taxes levied for debt service	554,214
State school fund - general support	5,657,931
Common school fund	58,483
Federal forest fees	66,903
Unrestricted state and local sources	18,321
Earnings on investments	63,233
Miscellaneous	229,335
Total general revenues	8,723,540

CHANGE IN NET POSITION

	710,786
Net Position - July 1, 2019	2,892,109
Prior period adjustment	(315,940)
Net position - July 1, 2019, as restated	2,576,169
Net position - June 30, 2020	\$ 3,286,955

FUND FINANCIAL STATEMENTS

REEDSPORT SCHOOL DISTRICT NO. 105
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Special Revenue Fund	Charter School Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS						
Equity in pooled cash and investments	\$ 1,402,795	\$ 596,334	\$ -	\$ 566,890	\$ 268,470	\$ 2,834,489
Receivables	228,186	324,517	-	159,179	-	711,882
Inventory	-	20,929	-	-	-	20,929
TOTAL ASSETS	<u>\$ 1,630,981</u>	<u>\$ 941,780</u>	<u>\$ -</u>	<u>\$ 726,069</u>	<u>\$ 268,470</u>	<u>\$ 3,567,300</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accrued payroll liabilities	\$ 490,860	\$ -	\$ -	\$ -	\$ -	\$ 490,860
TOTAL LIABILITIES	<u>490,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>490,860</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	154,744	-	-	41,119	-	195,863
TOTAL DEFERRED INFLOWS	<u>154,744</u>	<u>-</u>	<u>-</u>	<u>41,119</u>	<u>-</u>	<u>195,863</u>
Fund Balances:						
Nonspendable	-	20,929	-	-	-	20,929
Restricted:						
Education - Grants	-	107,804	-	-	-	107,804
Private purpose	-	67,190	-	-	-	67,190
Debt service	-	-	-	684,950	-	684,950
Student body	-	107,627	-	-	-	107,627
Committed:						
Food service	-	429,811	-	-	-	429,811
Capital projects	-	-	-	-	268,470	268,470
Special programs	-	208,419	-	-	-	208,419
Unassigned	985,377	-	-	-	-	985,377
TOTAL FUND BALANCES	<u>985,377</u>	<u>941,780</u>	<u>-</u>	<u>684,950</u>	<u>268,470</u>	<u>2,880,577</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,630,981</u>	<u>\$ 941,780</u>	<u>\$ -</u>	<u>\$ 726,069</u>	<u>\$ 268,470</u>	<u>\$ 3,567,300</u>

**REEDSPORT SCHOOL DISTRICT NO. 105
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2020**

TOTAL FUND BALANCES		\$ 2,880,577
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 25,297,820	
Accumulated depreciation	<u>(11,069,239)</u>	14,228,581
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.		195,863
The asset associated with the District's pension (RHIA) is not recorded in the governmental funds as it is not available currently.		60,296
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due. These liabilities consist of:		
Compensated absences payable		(28,385)
Long term debt		(10,166,000)
Interest accrual		(8,868)
The net deferred outflow/(inflow) associated with the District's pension and other post employment benefits is not recorded in the governmental funds as it is not available nor payable currently.		886,255
The liability associated with the District's pension (OPERS) is not recorded in the governmental funds as it is not payable currently.		(4,509,029)
The liability associated with the District's other post-employment benefit is not recorded in the governmental funds as it is not payable currently.		<u>(252,335)</u>
TOTAL NET POSITION		<u><u>\$ 3,286,955</u></u>

REEDSPORT SCHOOL DISTRICT NO. 105
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Charter School Fund	Debt Service Fund	Capital Projects Fund	Total
REVENUES						
Property taxes and other taxes	\$ 2,076,381	\$ -	\$ -	\$ 562,523	\$ -	\$ 2,638,904
Intergovernmental	5,796,838	1,381,078	3,713,755	-	1,319,107	12,210,778
Charges for services	1,133,787	17,984	-	401,827	-	1,553,598
Local grants and contributions	7,500	5,774	3,356	-	-	16,630
Investment earnings	48,734	36	-	8,340	6,123	63,233
Miscellaneous	130,313	62,800	523	-	35,699	229,335
TOTAL REVENUES	<u>9,193,553</u>	<u>1,467,672</u>	<u>3,717,634</u>	<u>972,690</u>	<u>1,360,929</u>	<u>16,712,478</u>
EXPENDITURES						
Current						
Instruction	6,790,311	684,239	1,650,522	-	-	9,125,072
Support services	2,163,497	262,084	2,067,112	-	24,603	4,517,296
Enterprise and community services	-	584,335	-	-	-	584,335
Facilities and acquisition	-	-	-	-	1,248,850	1,248,850
Debt service	-	-	-	908,776	-	908,776
TOTAL EXPENDITURES	<u>8,953,808</u>	<u>1,530,658</u>	<u>3,717,634</u>	<u>908,776</u>	<u>1,273,453</u>	<u>16,384,329</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	239,745	(62,986)	-	63,914	87,476	328,149
FUND BALANCE, July 1, 2019	<u>745,632</u>	<u>1,004,766</u>	<u>-</u>	<u>621,036</u>	<u>180,994</u>	<u>2,552,428</u>
FUND BALANCE, June 30, 2020	<u>\$ 985,377</u>	<u>\$ 941,780</u>	<u>\$ -</u>	<u>\$ 684,950</u>	<u>\$ 268,470</u>	<u>\$ 2,880,577</u>

REEDSPORT SCHOOL DISTRICT NO. 105
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

NET CHANGE IN FUND BALANCE \$ 328,149

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

Government funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Expenditures for capital assets	\$ 1,225,229	
Less current year depreciation	<u>(421,905)</u>	
		803,324

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.		(9,570)
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Repayment of debt principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position		
Debt principal repaid		450,263

In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expenses when paid.		
Interest paid	457,950	
Interest expense	<u>(457,648)</u>	
		302

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned (actuarially determined) net of employee contributions is reported as pension expense. (OPERS, including deferred outflows and inflows).		(867,912)
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The change in the net post employment benefit obligation (OPEB) is not recognized in the governmental funds (including deferred outflows and inflows).		2,336
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The change in the net post employment benefit asset (OPEB) RHIA is not recognized in the governmental funds (including deferred outflows and inflows).		11,435
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Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as an expenditure when earned.		<u>(7,541)</u>
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CHANGE IN NET POSITION \$ 710,786

REEDSPORT SCHOOL DISTRICT NO. 105
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

ASSETS:

Equity in pooled cash and investments	\$ 179,009
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TOTAL ASSETS	<u>179,009</u>
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NET POSITION

Restricted for scholarships and grants	<u>179,009</u>
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TOTAL NET POSITION	<u><u>\$ 179,009</u></u>
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**REEDSPORT SCHOOL DISTRICT NO. 105
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND
YEAR ENDED JUNE 30, 2020**

ADDITIONS:

Contributions and donations	\$ 6,522
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DEDUCTIONS:

Scholarships	2,500
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Supplies and materials	4,070
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TOTAL DEDUCTIONS	6,570
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CHANGE IN NET POSITION	(48)
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NET POSITION, July 1, 2019	179,057
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NET POSITION, June 30, 2020	\$ 179,009
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NOTES TO BASIC FINANCIAL STATEMENTS

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 – Summary of Significant Accounting Policies

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

The Reporting Entity

Reedsport School District No. 105 (the District), Reedsport, Oregon, was organized under 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 (Board) who approves 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.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

Based upon the application of these criteria, the District has included The Reedsport Community Charter School as a component unit.

Blended Component Unit

The Reedsport Community Charter School (the 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 District. Support comes from the State of Oregon through the District. The Charter School is included as a blended component unit because it is governed by a shared school board with the District.

For internal budget purposes, the District includes the Charter School as a fiduciary fund. For external financial reporting the District includes the Charter School as a major special revenue fund. Substantially all revenue and expense related to the Charter School are eliminated in the Government-wide Statement of Activities.

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

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

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

Separate financial statements are presented for governmental funds and fiduciary funds.

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

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All the District's funds are categorized as major funds.

The District reports the following major governmental funds:

General Fund - This is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund.

Special Revenue Fund - This fund accounts for revenue sources that are restricted or committed to expenditure for specific purposes. This fund accounts for the revenues and expenditures related to Federal and State grants, as well as those related to student body activities.

Charter School Fund - This fund accounts for and reports the District's blended component unit Charter School. Activities include those related to the education of students in grades seven through twelve. The primary resource is State support. Federal funds used at the Charter School are recorded in the Special Revenue Fund of the District. All assets and liabilities are held by the District and are not reflected in the Charter School Fund.

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

Capital Projects Fund - This fund accounts for the acquisition, construction and maintenance of improvements within the District. The principal revenue source is state grants.

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements (continued)

Fiduciary Fund – The private-purpose trust fund is used to account for and report for donations provided to the District that are permanently restricted for student scholarships, library books, and other purposes as specifically designated. 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 use the accrual basis of accounting. This fund is not included in the government-wide statements.

Measurement Focus and Basis of Accounting

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

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

Cash, Cash Equivalents and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, secured market deposit accounts, and short-term investments with original maturities of three months or less. Short-term investments are stated at cost which approximates fair value.

The District's investments, authorized under state statute, consist of the State of Oregon Treasurer's Local Government Investment Pool (LGIP). 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.

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents and Investments (continued)

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

Property Taxes Receivable

Ad valorem property taxes are levied on all taxable property as of January 1 preceding the beginning of the fiscal year. Property taxes become a lien on July 1 for personal property and real property. Property taxes are levied on July 1. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

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

Accounts and Other Receivables

Accounts and other receivables are comprised primarily of State school support and claims for reimbursement of costs under various federal and state grants. Due to the nature of the receivables and the likelihood of collection, no provision for uncollectibles has been made.

Inventory

Food and supplies inventories in the Special Revenue Fund are valued at cost determined on the FIFO method. Commodities inventory in the Special Revenue 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.

Grants

Unreimbursed grant expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as unearned revenue.

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Interfund Transactions

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. These advances are considered “available spendable resources”.

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Interest incurred during construction is not capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

In the government-wide financial statements, all reported capital assets except for land and construction in progress are depreciated. Capital assets are depreciated using the straight-line method over the following useful lives:

Land improvements	-	15-25 years
Buildings and improvements	-	20-50 years
Machinery and equipment	-	5-20 years

In the governmental fund financial statements, fixed assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Pensions

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

Post-Employment Benefits

The District's other post-employment benefit plan (OPEB) includes an implicit rate subsidy for medical insurance. GAAP requires biennial actuarial valuation of the District's OPEB. This valuation includes both eligible active employees and retirees. With each valuation, the net OPEB obligation or asset is determined, as well as an annual OPEB cost, which the District records in the government-wide financial statements.

Additionally, substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (OPERS) – Retirement Health Insurance Account (RHIA). Contributions to OPERS RHIA are made on a current basis as required by the plan and are charged as expenses.

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. The current and long-term liabilities for vested or accumulated vacation leave, compensatory time, and retirement benefits are reported on the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave or resignation.

No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net 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. The District currently has deferred outflows related to pension costs and OPEB costs reported on the Statement of Net Position.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition on net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District currently has deferred inflows related to pension costs and OPEB costs reported on the Statement of Net Position.

Deferred inflows related to pensions and other post-employment benefits arise under the full accrual basis of accounting that qualifies for reporting under this category. Accordingly, these items, are reported in the government-wide financial statements.

In contrast, deferred inflows related to property taxes (unavailable revenue) arise under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-term Debt

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

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

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position and Fund Balances

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.

Restricted net position – Consists of net position with constraints placed on the use by either (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows or resources related to the restricted assets.

Unrestricted net position – All other remaining net position that does not meet the definition of “restricted” and is available for general use by the District.

It is the District's policy to first use restricted net position prior to the use of unrestricted net position when an expenditure is incurred for purposes for which both restricted and unrestricted net position are available.

In the fund financial statements, governmental fund equity is classified in the following categories:

Non-Spendable – Includes items not immediately converted to cash, such as prepaid items and inventory.

Restricted – Includes items that are restricted by external creditors, grantors, or contributors, or restricted by legal constitutional provisions.

Committed – Includes items committed by the District's Board of Directors, by formal board action.

Assigned – Includes items assigned for specific purposes, authorized by the District's Superintendent and/or Director of Business Services

Unassigned – This is the residual classification used for those balances not included in another category.

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

Budget

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

**REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

Note 1 – Summary of Significant Accounting Policies (continued)

Budget (continued)

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution.

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers within a fund between the levels of control (major function levels) with Board approval. A supplemental budget cannot authorize spending an unappropriated ending fund balance. Appropriations lapse at the end of each fiscal year.

During the fiscal year ended June 30, 2020, the District was in compliance with Local Budget Law, except as follows:

The District inappropriately authorized an appropriation transfer from unappropriated ending fund balance in the Debt Service Fund as required by ORS 294.481. Additionally, the District exceeded its appropriation authority in the Support Services function within the Charter School Fund by \$542,892.

Use of Estimates

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

Adoption of New GASB Pronouncements

During the fiscal year ended June 30, 2020, the District implemented the following GASB Pronouncements:

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, issued March 2018 to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of this pronouncement had no effect on the District's net position.

Future GASB Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2020:

GASB Statement No. 84, *Fiduciary Activities*. Issued January 2017, this statement establishes criteria for identifying fiduciary activities of all state and local governments. GASB 84 will be effective fiscal year ending June 30, 2021.

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Future GASB Pronouncements (continued)

GASB Statement No. 87, *Leases*. Issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 will be effective for the District for fiscal year ending June 30, 2022.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Issued June 2018, this statement establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 will be effective for the District for the fiscal year ending June 30, 2022.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. Issued August 2018 to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. GASB Statement No. 90 will be effective for the District for the fiscal year ending June 30, 2021.

GASB Statement No 91, *Conduit Debt Obligations*. Issued May 2019, this statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. GASB Statement No. 91 will be effective for the District for fiscal year ending June 30, 2023.

The District will implement new GASB pronouncements no later than the required effective date. The District is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the District's financial statements.

Note 2 – Restatement of Beginning Net Position

For the year ended June 30, 2020, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the District's post-employment medical benefit liability as it was not previously recognized. GASB Statement No. 75 was effective for the District for the year ended June 30, 2018. The restatement resulted in a \$315,940 reduction in beginning net position.

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 3 – Equity in Pooled Cash and Investments

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Investments."

Cash and investments are comprised of the following at June 30, 2020:

Carrying amount of demand deposits	\$ 1,789,669
Carrying amount of investments	1,223,829
Total cash and investments	<u>\$ 3,013,498</u>

Cash and investments are shown on the basic financial statements as:

Statement of Net Position	
Cash and investments	\$ 2,834,489
Statement of Fiduciary Net Position	
Cash	179,009
Total Cash and Investments	<u>\$ 3,013,498</u>

At year-end, the District's net carrying amount of deposits was \$1,789,669 and the bank balance was \$1,854,041. Of these deposits, \$1,504,897 was not covered by the Federal Depository Insurance Corporation (FDIC) and the National Credit Union Share Insurance Fund (NCUSIF).

As required by Oregon Revised Statutes, Chapter 295, deposits in excess of insurance limits were held at qualified depositories for public funds.

The "weighted average maturity in years" calculation assumes that all investments are held until maturity.

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits investments to no more than 18 months.

Custodial credit risk, for deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As required by Oregon Revised Statutes, Chapter 295, deposits in excess of FDIC and NCUSIF coverage were held at qualified depositories for public funds.

All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result, the District has no exposure to custodial credit risk for deposits with financial institutions.

Custodial credit risk, for investments, is the risk that, in the event of the failure of the counter-party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District's total investments, the District has no custodial credit risk.

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

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 3 – Equity in Pooled Cash and Investments (continued)

The District has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2019-2020. Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board. Investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the District's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 294.035 and 294.810. These funds are held in the District's name and are not subject to collateralization requirements of ORS 295.015. Investments are stated at amortized cost, which approximated fair value.

As of June 30, 2020 and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.

Credit Risk. State Statutes authorize the District to invest primarily in general obligations of the U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, banker's acceptances, certain commercial papers, and the State Treasurer's Investment Pool, among others. The District has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk. The District is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The District has no such investments.

Interest Rate Risk. The District has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 3 – Equity in Pooled Cash and Investments (continued)

Disclosures about Fair Value of Assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 - Unadjusted inputs using quoted prices in active markets for identical investments.

Level 2 - Other significant observable inputs other than level 1 prices, including, but are not limited to, quoted prices for similar investments, inputs other than quoted prices that are observable for investments (such as interest rates, prepayment speeds, credit risk, etc.) or other market corroborated inputs.

Level 3 - Significant inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

Investments Measured at Fair Value:	Totals at June 30, 2020	Level One	Level Two	Level Three	Amortized Cost Measurement Not Measured at Fair Value
Local Government Investment Pool	\$ 1,223,829	\$ -	\$ -	\$ -	\$ 1,223,829
	<u>\$ 1,223,829</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,223,829</u>

Note 4 – Receivables

Receivables are comprised of the following as of June 30, 2020:

	Taxes	Intergovernmental	Other	Total
General Fund	\$ 176,804	\$ 51,382	\$ -	\$ 228,186
Special Revenue Fund	-	324,517	-	324,517
Debt Service Fund	47,605	-	111,574	159,179
	<u>\$ 224,409</u>	<u>\$ 375,899</u>	<u>\$ 111,574</u>	<u>\$ 711,882</u>

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 5 – Capital Assets

The changes in capital assets for the year ended June 30, 2020, are as follows:

	Balance June 30, 2019	Additions	Disposals / Transfers	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 622,451	\$ -	\$ -	\$ 622,451
Construction in progress	117,747	-	(117,747)	-
Total capital assets not being depreciated:	<u>740,198</u>	<u>-</u>	<u>(117,747)</u>	<u>622,451</u>
Capital assets being depreciated:				
Land improvements	120,535	-	-	120,535
Buildings and improvements	20,155,618	1,225,229	117,747	21,498,594
Machinery and equipment	3,056,240	-	-	3,056,240
Totals	<u>23,332,393</u>	<u>1,225,229</u>	<u>117,747</u>	<u>24,675,369</u>
Less accumulated depreciation for:				
Land improvements	(69,308)	(6,027)	-	(75,335)
Buildings and improvements	(7,751,694)	(387,814)	-	(8,139,508)
Machinery and equipment	(2,826,332)	(28,064)	-	(2,854,396)
Total	<u>(10,647,334)</u>	<u>(421,905)</u>	<u>-</u>	<u>(11,069,239)</u>
Total capital assets				
Land	622,451	-	-	622,451
Construction in progress	117,747	-	(117,747)	-
Land improvements	51,227	(6,027)	-	45,200
Buildings and improvements	12,403,924	837,415	117,747	13,359,086
Machinery and equipment	229,908	(28,064)	-	201,844
Totals	<u>\$ 13,425,257</u>	<u>\$ 803,324</u>	<u>\$ -</u>	<u>\$ 14,228,581</u>

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

Instructional Services	\$ 272,010
Support Services	132,478
Community Services	17,417
Total	<u>\$ 421,905</u>

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 6 – Deferred Inflows / Unearned Revenues

Governmental funds, under the modified accrual basis of accounting, accrue deferred revenue for revenue amounts unearned or unavailable. Government-wide reporting use full accrual accounting and report only unearned revenue. Unavailable revenue (deferred inflows) result in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Unearned revenue result in connection with resources that have been received, but not yet earned. At the end of the current fiscal there was no unearned revenue and unavailable revenue in the governmental funds consisted of the following:

	<u>Unavailable</u>
General Fund:	
Property taxes	\$ 154,744
Debt Service Fund:	
Property taxes	<u>41,119</u>
Total	<u><u>\$ 195,863</u></u>

Note 7 – Accrued Compensated Absences

The changes in accrued compensated absences for the year ended June 30, 2020 are as follows:

	<u>Accrued June 30, 2019</u>	<u>Earned</u>	<u>Used/ Forfeited</u>	<u>Accrued June 30, 2020</u>
Governmental Activities	<u>\$ 20,844</u>	<u>\$ 22,270</u>	<u>\$ (14,729)</u>	<u>\$ 28,385</u>

Note 8 – Operating Leases

The District leases copiers under non-cancellable operating leases. Total costs for such leases were \$18,636 for the fiscal year ended June 30, 2020. The future minimum lease payments for these leases are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 18,636
2022	<u>6,989</u>
	<u><u>\$ 25,625</u></u>

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 9 – Long-Term Debt

Limited Tax Pension Bond

On October 31, 2002, the District issued bonds as a part of the Oregon School Boards Association Limited Tax Pension Bond Pool. Certain Oregon school districts and education service districts issued limited tax obligations (Pension Obligation), the proceeds of which were used to finance a portion of the estimated unfunded actuarial liability of each issuer with the Oregon Public Employees Retirement System (PERS). The full faith and credit of the District was pledged for the punctual payment of the principal of and interest on its Pension Obligation, and debt service on the Pension Obligation is not subject to annual appropriation. The Pension Obligation is further secured by an Intercept Agreement under which an amount equal to the debt service on each issuer's Pension Obligation will be diverted from State Education Revenues.

The 2002 Series Obligations were issued in the aggregate original principal amount of \$2,908,726. 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 6.10% through June 2020, and \$2,165,000 Term Bonds maturing from June 2021 through June 2028, with interest accrued semiannually at interest rates ranging from 5.48% to 5.55%. The agreement contains a provision that in an event of default, the Trustee may exercise any remedy available at law or in equity; however, the payments are not subject to acceleration.

Annual debt service associated with the 2002 Series Pension Bond is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total	Interest Rate
2021	\$ 195,000	\$ 119,756	\$ 314,756	5.50%
2022	220,000	109,031	329,031	5.48%
2023	250,000	96,975	346,975	5.49%
2024	280,000	83,250	363,250	5.55%
2025	310,000	67,710	377,710	5.55%
2026-2028	910,000	91,852	1,001,852	5.55%
	<u>\$ 2,165,000</u>	<u>\$ 568,574</u>	<u>\$ 2,733,574</u>	

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 9 – Long-Term Debt (continued)

General Obligation Bond

On March 6, 2008, the District issued \$10,300,000 General Obligation Series A (\$9,760,000 tax exempt) and Series B (\$540,000 taxable) bonds for the purpose of major capital improvements of the District's facilities. On April 9, 2019 the District entered into a Bond Purchase Agreement with JP Morgan Chase Bank to issue refunding bonds for the refunding of its outstanding General Obligation Bonds. The amount of the bond purchase was \$8,518,000 and bears interest 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 agreement contains a provision that in an event of default, the Bank may exercise any remedy available at law or in equity, to include increasing the interest rate of the bond by 1.50%; however, the payments are not subject to acceleration.

The Series 2019 Bonds are guaranteed by the Oregon School Bond Guaranty. Payment of the principal and interest on the Bonds when due is guaranteed by the full faith and credit of the State under the provisions of the Oregon School Bond Guaranty Act – Oregon Revised Statutes 328.321 to 328.356.

Annual debt service associated with the 2019 Series General Obligation Bond is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total	Interest Rate
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%
2026-2030	3,218,000	586,637	3,804,637	2.66%
2031-2033	2,405,000	130,207	2,535,207	2.66%
	<u>\$ 8,001,000</u>	<u>\$ 1,662,713</u>	<u>\$ 9,663,713</u>	

Changes in long-term debt for the year ended June 30, 2020 are as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due in One Year
Pension Obligations:					
Series 2002	\$ 2,227,263	\$ -	\$ (62,263)	\$ 2,165,000	\$ 195,000
General Obligation Bonds:					
Series 2019 (direct placement)	8,389,000	-	(388,000)	\$ 8,001,000	414,000
Total Long Term Debt	<u>\$ 10,616,263</u>	<u>\$ -</u>	<u>\$ (450,263)</u>	<u>\$ 10,166,000</u>	<u>\$ 609,000</u>

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 10 – Defined Benefit Pension Plan

OPERS Plan

Plan Description - Employees are provided pensions as participants under one or more plans currently available through Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit plan in accordance with Oregon Revised Statutes Chapter 238, Chapter 238A, and Internal Revenue Service Code Section 401(a).

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

The ORS Chapter 238 Defined Benefit Plan was closed to new members hired on or after August 29, 2003. In 1995, the Oregon Legislature created a second tier of benefits for those who became OPERS Program members after 1995 but before August 29, 2003. The second tier does not have the Tier One assumed earnings rate guarantee.

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

Tier One/Tier Two Retirement Benefit (Chapter 238)

Pension Benefits - The OPERS 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 (1.67 percent for General Service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

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

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 10 – Defined Pension Benefit Plan (continued)

Tier One/Tier Two Retirement Benefit (Chapter 238) (continued)

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

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

OPSRP Pension Program (Chapter 238A)

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

Benefit Changes After Retirement - Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of the underlying global equity investments of that account.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

Pension Benefits - The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003. 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:

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 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.

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 10 – Defined Pension Benefit Plan (continued)

OPSRP Pension Program (Chapter 238A) (continued)

Benefit Changes After Retirement - Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living adjustment (COLA). The COLA is capped at 2.0 percent.

Funding Policy - OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due.

Contributions - OPERS' funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary.

The District's employer contributions for the year ended June 30, 2020 were \$453,398, excluding amounts to fund employer specific liabilities. The contribution rates in effect for the the period July 1, 2019 through June 30, 2020 for each pension program were: Tier1/Tier 2 – 18.09%, and OPSRP General Service – 12.64%.

Oregon PERS Comprehensive Annual Financial Report (CAFR) - OPERS prepares their financial statements in accordance with GAAP as set forth in GASB pronouncements that apply to fiduciary funds and enterprise funds. The accrual basis of accounting is used for all funds. Revenues are recognized when earned. Contributions recognized when due, pursuant to legal (or statutory) requirements. Benefits and withdrawals are recognized when they are currently due and payable in accordance with the terms of the plans. Investments are recognized at fair value, the amount that could be received to sell an asset or paid to transfer a liability in an orderly transaction in between market participants at the measurement date. OPERS produces an independently audited CAFR which can be found at:

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

Actuarial Valuation - The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from their date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

**REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

Note 10 – Defined Pension Benefit Plan (continued)

OPSRP Pension Program (Chapter 238A) (continued)

Actuarial Methods and Assumptions Used in Developing Total Pension Liability -

Valuation date	December 31, 2017
Measurement date	June 30, 2019
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 ¹	7.20 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 <i>Moro</i> decision; blend based on service.
Mortality	<p><i>Healthy retirees and beneficiaries:</i> 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><i>Active members:</i> 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><i>Disabled retirees:</i> RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</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 December 31, 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 10 – Defined Pension Benefit Plan (continued)

OPSRP Pension Program (Chapter 238A) (continued)

Assumed Asset Allocation -

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0.00%
Debt securities	20.00%
Public equity	37.50%
Private equity	17.50%
Real estate	12.50%
Alternative equity	12.50%
Opportunity portfolio	0.00%
Total	<u>100.00%</u>

Investment Rate of Return - To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the OPERS 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 the time based on the OIC long-term target asset allocation. The OIC's description of each asset was used to map the target allocation to the asset classes shown below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return</u>
Core fixed income	8.00%	3.49%
Short-term bonds	8.00%	3.38%
Bank/leveraged loans	3.00%	5.09%
High yield bonds	1.00%	6.45%
Large/Mid cap US equities	15.75%	6.30%
Small cap US equities	1.31%	6.69%
Micro cap US equities	1.31%	6.80%
Developed foreign equities	13.13%	6.71%
Emerging market equities	4.12%	7.45%
Non-US small cap equities	1.88%	7.01%
Private equities	17.50%	7.82%
Real estate (property)	10.00%	5.51%
Real estate (REITS)	2.50%	6.37%
Hedge fund of funds - diversified	2.50%	4.09%
Hedge fund - event-driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.86%	3.84%
Total	<u>100.00%</u>	
Assumed inflation - mean		2.50%

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 10 – Defined Pension Benefit Plan (continued)

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

At June 30, 2020, the District reported a liability of \$4,509,029 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The District's proportion of the net pension liability was based on the District's long-term contribution effort to the pension plan compared with the total projected long-term contribution effort of all participating employers, actuarially determined. At June 30, 2019, the District's proportion was approximately 0.020606736 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$867,912. The \$867,912 was treated as an increase of payroll related expense in the Statement of Revenues, Expenses, and Changes in Fund Net Position.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 248,660	\$ -
Changes of assumptions	611,701	-
Net difference between projected and actual earning on investments	-	127,826
Changes in proportionate share	745,445	573,226
Differences between employer contributions and employers proportionate share of system contributions	4,527	405,448
Contributions subsequent to measurement date	453,398	-
Total	<u>\$ 2,063,731</u>	<u>\$ 1,106,500</u>

The \$453,398 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources (prior to post-measurement date contributions) related to pensions will be recognized in pension expense or (expense reduction) as follows:

Year Ended June 30,	Net Deferred Outflow/(Inflow) of Resources
2021	\$ 408,245
2022	(6,319)
2023	123,787
2024	(1,594)
2025	(20,286)
Total	<u>\$ 503,833</u>

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 10 – Defined Pension Benefit Plan (continued)

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

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

	1% Decrease (6.20)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Defined Benefit Pension Plan Liability/(Asset)	\$ 7,220,810	\$ 4,509,029	\$ 2,239,642

Changes in Assumptions and Methods

A summary of key changes implemented since the December 31, 2017 valuation are noted below. Additional detail and list of changes can be found in the 2018 Experience Study for the System, which can be found at: https://www.oregon.gov/pers/Documents/Exp_Study_2018.pdf

- Assumed administrative expenses were updated for both Tier 1/Tier 2 and OPSRP.
- Mortality assumptions were changed to reflect recently published base mortality tables and mortality improvement projection scales for all groups.
- Termination, disability and retirement rates were updated for some groups to more closely match observed experience.
- Assumptions for merit increases, unused sick leave, and vacation pay were updated.
- The assumed healthcare cost trend rates for RHIPA program as well as the participation assumptions for both RHIA and RHIPA were updated.
- Senate Bill 1049 was signed into law June 2019 and requires a one-time re-amortization of Tier 1/Tier 2 UAL over a closed 22-year period at the June 30, 2020 rate-setting actuarial valuation, which will set actuarially determined contribution rates for the 2021-2023 biennium.
- The percentages used for allocating accrued liability for Tier 1/Tier 2 active members who have earned service with multiple PERS employers were updated

Defined Contribution Plan – Individual Account Program (IAP)

Pension Benefits - Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. All covered employees are required by State statute to contribute 6% of their salary to the plan. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 10 – Defined Pension Benefit Plan (continued)

Defined Contribution Plan – Individual Account Program (IAP) (continued)

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

Contributions – During 2020, the District, as an employee benefit, paid the employee portion of the contribution. Employer contributions for the year ended June 30, 2020 were \$210,260.

Note 11 – Post-Employment Benefits Other Than Pensions (OPEB)

The District has two separate other post-employment benefits (OPEB) plans. The District provides a single employer defined benefit health care plan and the District contributes to the State of Oregon's PERS cost-sharing multiple employer defined benefit plan.

Single-Employer Defined Benefit Health Care Plan

The District's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303, which requires that all eligible retirees are allowed to continue receiving health insurance benefits, at their cost, until age 65 or they become otherwise eligible for Medicare. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The requirement to make available to retirees (at the retirees own cost) access in to the healthcare plan has an implicit cost to the district.

Funding Policy – The benefits from the single-employer defined benefit OPEB plan are paid by the District based on bargaining agreement language, and contributions by employees are also required. The plan is not accounted for in a pension trust fund; therefore, designated funds are not legally restricted to pay future benefits. The benefits from the healthcare plan established in accordance with ORS 243.303 are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance. The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

Employees Covered by Benefit Terms – As of June 30, 2020, the following employees were covered by the implicit benefit terms:

Active plan members	97
Retired members receiving benefits	5
Spouses entitled to but not yet receiving benefits	3
	<u>105</u>

Total OPEB Liability – The District's total OPEB liability of \$252,335 was measured as of June 30, 2020, and was determined by an actuarial valuation date as of July 1, 2019.

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 11 – Post-Employment Benefits Other Than Pensions (OPEB) (continued)

Single-Employer Defined Benefit Health Care Plan (continued)

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

Input	Assumption
Actuarial Cost Method	Entry age normal, level percent of salary
Interest Rate Utilized for Discounting	3.5% for year ended 2019. Amounts reflect 20-year GO Bond Index
General Inflation	2.5% per year
Salary Scale	3.5% per year
Health Care Cost Trend	Between 3.0% and 5.0% annually
Dental and Vision Trend	4.0% per year
Annual Premium Increase Rate	No adjustment due to COVID-19 uncertainty
Mortality Rates	Pub-2010 Teacher Employee and Healthy Retiree tables, sex distinct
Withdrawal	Based upon OPERS assumption, annual rates are based on gender and duration of employment.
Retirement	Based upon OPERS assumption, annual rates are based on age, Tier / OPSRP, and duration of service.
Excluded Employees	Part-time employees not eligible to participate in OPERS or not eligible for health care benefits were generally excluded from valuation.
Past PERS Service	PERS service as of the valuation date was generally estimated based upon information provided by the District.
Future PERS Service	Projected PERS service for retirement eligibility is generally assumed to accrue at a rate of 1.0 per year until retirement.
Future Retiree Coverage	40% of active members were assumed to elect coverage upon retirement. 60% of male members and 35% of female members who elect coverage upon retirement are also assumed to elect spouse coverage.
Lapse Rate	Retirees for whom the District will never pay any portion of the health care premiums are assumed to have a 5% probability of lapsing (dropping) coverage per year.
Spouse Age	Female spouses are assumed to be two years younger than male spouses. Male spouses were assumed to be two years older than their female spouses.

Changes in the Total OPEB Liability –

OPEB Liability at June 30, 2019	\$ 356,464
Changes for the year:	
Service cost	46,985
Interest	14,566
Differences between expected and actual	(46,657)
Changes in assumptions	(64,374)
Benefit payments	(54,649)
OPEB Liability at June 30, 2020	<u>\$ 252,335</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease (2.50%)	Current Discount (3.50%)	1% Increase (4.50%)
Single Employer Defined Benefit			
Health Care Plan OPEB Liability	\$ 267,066	\$ 252,335	\$ 238,538

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 11 – Post-Employment Benefits Other Than Pensions (OPEB) (continued)

Single-Employer Defined Benefit Health Care Plan (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

		Current Trend	
Single Employer Defined Benefit	1% Decrease	Rates	1% Increase
Health Care Plan OPEB Liability	\$ 231,629	\$ 252,335	\$ 276,782

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources – For the year ended June 30, 2020, the District recognized a reduction of expense related to OPEB of \$2,336.

As of June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 40,352
Changes of assumptions	-	66,791
Benefit payments	45,874	-
Total	\$ 45,874	\$ 107,143

Other amounts reported as deferred outflows of resources and deferred inflows of resources (prior to post-measurement date contributions) related to OPEB will be recognized in pension expense or (expense reduction) as follows:

Year Ended June 30,	Net Deferred Outflow/(Inflow) of Resources
2021	\$ (18,013)
2022	(18,013)
2023	(18,013)
2024	(16,738)
2025	(15,359)
Thereafter	(21,007)
Total	\$ (107,143)

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 11 – Post-Employment Benefits Other Than Pensions (OPEB) (continued)

Retirement Health Insurance Account (RHIA)

Plan Description - As a member of Oregon Public Employees Retirement System (OPERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other post-employment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired on or after August 29, 2003.

OPEB Benefits - Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410.

To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions - Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS. The District contributed \$3,030 for the year ended June 30, 2020. The contribution rates in effect for the period July 1, 2019 through June 30, 2020 for the OPEB program were: Tier1/Tier 2 – 0.06%, and OPSRP general service – 0.00%.

Oregon PERS Comprehensive Annual Financial Report (CAFR)

Oregon PERS produces an independently audited CAFR which can be found at:

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

Actuarial Valuation

The actuarial valuation used for RHIA is identical to the actuarial valuation details related to the OPERS Plan disclosed in *Note 10 – Defined Benefit Pension Plan* except the table listed below:

Actuarial assumptions:

Retiree healthcare participation	Healthy retirees: 35%; Disabled retirees: 20%
Healthcare cost trend rate	Not applicable

The actuarial valuation details are the Actuarial Methods and Assumptions, Discount Rate, Assumed Asset Allocation, Investment Rate of Return, and Mortality Tables.

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 11 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

Retirement Health Insurance Account (RHIA) (continued)

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

At June 30, 2020, the District reported \$60,296 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017. The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020 the District's proportion was approximately 0.03120335 percent.

For the year ended June 30, 2020, the District recognized a reduction of OPEB expense related to RHIA of \$11,435. The \$11,435 was treated as a reduction of payroll related expense in the Statement of Revenues, Expenses, and Changes in Fund Net Position.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 7,951
Changes of assumptions	-	62
Net difference between projected and actual earning on investments	-	3,722
Changes in proportionate share	1	1,003
Contributions subsequent to measurement date	3,030	-
Total	<u>\$ 3,031</u>	<u>\$ 12,738</u>

The \$3,030 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase to the net OPEB asset in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources (prior to post-measurement date contributions) related to OPEB will be recognized in pension expense or (expense reduction) as follows:

Year Ended June 30,	Deferred Outflow/(Inflow) of Resources
2021	\$ (6,580)
2022	(5,816)
2023	(725)
2024	384
Total	<u>\$ (12,737)</u>

**REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

Note 11 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

Retirement Health Insurance Account (RHIA) (continued)

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

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

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Defined Benefit OPEB Liability/(Asset)	\$ (46,745)	\$ (60,296)	\$ (71,843)

The RHIA OPEB is unaffected by healthcare cost trends due to the benefit being limited to \$60 monthly payments toward Medicare companion insurance premiums.

Changes in Assumptions

The changes in assumptions used for RHIA are identical to the changes in assumptions related to the OPERS Plan disclosed in *Note 10 – Defined Benefit Pension Plan*.

Note 12 – Contingencies

Amounts received or receivable from grantor agencies are subject to compliance audits by grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Note 13 – Current Vulnerability Due to Certain Concentrations

The District's operations are concentrated within Reedsport. In addition, substantially all the District's revenues for continuing operations are from federal, state, and local government agencies. In the normal course of operations, the District receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Note 14 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Worker's compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year and the District has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years ending June 30, 2020.

**REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

Note 15 – Tax Abatements

As of June 30, 2020, Douglas County provides tax abatements through two programs: Non-Profit Low Income Rental Housing and Enterprise Zone.

Non-Profit Low Income Rental Housing (ORS 307.540 to 307.548):

The largest abatement program for the District is the Non-Profit Low Income Rental Housing. In 1985, Oregon legislature authorized a property tax exemption for low-income housing held by charitable, nonprofit organizations. The tax exemption is intended to benefit low-income renters by alleviating the property tax burden on those agencies that provide this type of housing. The qualifying property must be located within the County.

Charitable, nonprofit organizations that provide housing to low-income persons are eligible, and must be certified by the Internal Revenue Service as 501(c)(3) or (4) organization. Organizations must own or have a leasehold interest in the property or participate in a partnership as long as the non-profit organization is responsible for the day-to-day management of the property. Applicants who are leaseholders must have a signed leasehold agreement by the application deadline. Vacant land intended to be developed as low-income housing is also eligible for the exemption.

The property tax exemption applies only to the tax levy of a governing body that adopts the provisions of ORS 307.540 to 307.548.

Enterprise Zone (ORS 285C.175):

The Oregon Enterprise Zone program is a State of Oregon economic development program, that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor. Prosper Portland, formerly known as the Portland Development Commission, is the local sponsor for the Portland Enterprise Zone program.

The Enterprise Zone program provides qualified firms that will be making a substantial new capital investment within the defined enterprise zone, a waiver of 100% of the amount of real property taxes attributable to the new investment for a period of five years following completion of the new investment. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

For the fiscal year ended June 30, 2020, information regarding property tax abatements for the District are as follows:

	Assessed Value of Excluded Properties	Rate per Thousand Dollars of Assessed Value	Reduced Property Taxes
Enterprise Zone	\$ 9,240,022	4.3788	\$ 40,460
Total Tax Abatements			<u>\$ 40,460</u>

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 16 – Uncertainties

On March 13, 2020, the President of the United States declared a State of Emergency associated with the COVID-19 global pandemic. As of the date of these financial statements management has determined the impact to the District will be short term in nature and it believes adequate liquidity exists for the District to endure the upstream and downstream impact that will develop as a result of the slowdown in economic activity. The impact of the State of Emergency and full ramifications to the economy and the District is not determinable at this time.

Note 17 – Subsequent Events

Management of the District has evaluated events and transactions occurring after June 30, 2020 through the date of the financial statements were available for issuance, for recognition and/or disclosure in the financial statements. There were no additional events and/or transactions that required recognition and disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

REEDSPORT SCHOOL DISTRICT NO. 105
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
ASSET/(LIABILITY) AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Reedsport School District No. 105 Proportionate Share of Net Pension Asset / (Liability) at the measurement date

	2020	2019	2018	2017	2016	2015	2014
District proportion of the net pension asset/(liability)	0.02606736%	0.03054015%	0.02043034%	0.02403158%	0.01734300%	0.0282670%	0.0282670%
District's proportion of the net pension asset/(liability)	\$ (4,509,029)	\$ (4,626,430)	\$ (2,754,018)	\$ (3,607,698)	\$ (995,726)	\$ 645,869	\$ 640,734
District's covered-employee payroll	\$ 4,013,035	\$ 3,918,941	\$ 2,885,816	\$ 2,535,629	\$ 2,706,135	\$ 2,522,147	\$ 2,396,754
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	112.36%	118.05%	95.43%	142.28%	36.80%	25.61%	26.73%
Plan fiduciary net position as a percentage of the total pension liability	80.20%	82.06%	83.12%	80.53%	91.88%	103.59%	91.97%

Reedsport School District No. 105 Contributions

	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 453,398	\$ 235,701	\$ 203,442	\$ 64,475	\$ 82,688	\$ 251,506	\$ 228,586
Contribution in relation to the contractually required	(453,398)	(235,701)	(203,442)	(64,475)	(82,688)	(251,506)	(228,586)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered - employee payroll	\$ 3,862,724	\$ 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	11.74%	5.87%	5.19%	2.23%	3.26%	9.29%	9.06%

Note 1 - Changes of Benefit Terms and Assumptions -

A summary of assumption changes implemented since the December 31, 2017 valuation are described in *Note 10* to the financial statements. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2018 Experience Study for the system, which was published on July 24, 2019, and can be found at: https://www.oregon.gov/pers/Documents/Exp_Study_2018.pdf

Other Information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 68 during fiscal 2014, as a result, only seven years of information is presented.

REEDSPORT SCHOOL DISTRICT NO. 105
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB ASSET/(LIABILITY)
AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)

Reedsport School District No. 105 Proportionate Share of Net OPEB Asset / (Liability) at the measurement date

	<u>2020</u>	<u>2019</u>	<u>2018</u>
District proportion of the net OPEB asset/(liability)	0.03120335%	0.02980840%	0.02709050%
District's proportion of the net OPEB asset/(liability)	\$ 60,296	\$ 33,274	\$ 11,306
District's covered-employee payroll	\$ 4,013,035	\$ 3,918,941	\$ 2,885,816
District's proportionate share of the net OPEB asset/(liability) as a percentage of its covered-employee payroll	1.50%	0.85%	0.39%
Plan fiduciary net position as a percentage of the total pension liability	144.40%	123.99%	108.88%

Reedsport School District No. 105 Contributions

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 3,030	\$ 15,465	\$ 7,126
Contribution in relation to the contractually required	<u>(3,030)</u>	<u>(15,465)</u>	<u>(7,126)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	\$ 3,862,724	\$ 4,013,035	\$ 3,918,941
Contributions as a percentage of covered-employee payroll	0.08%	0.39%	0.18%

Note 1 - Changes of Benefit Terms and Assumptions -

A summary of assumption changes implemented since the December 31, 2017 valuation are described in Note 11 to the financial statements. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2018 Experience Study for the system, which was published on July 24, 2019, and can be found at:

https://www.oregon.gov/pers/Documents/Exp_Study_2018.pdf

Other Information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 75 during fiscal 2018, as a result, only three years of information is presented.

REEDSPORT SCHOOL DISTRICT NO. 105
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS

Total OPEB Liability:	2020	2019	2018
Service cost	\$ 46,985	\$ 45,874	\$ 46,823
Interest	14,566	13,785	11,779
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(46,657)	-	-
Changes of assumptions of other inputs	(64,374)	(5,677)	(13,579)
Benefit payments	(54,649)	(72,733)	(72,089)
Net change in total OPEB liability	(104,129)	(18,751)	(27,066)
Total OPEB liability - beginning	\$ 356,464	\$ 375,215	\$ 402,281
Total OPEB liability - ending	<u>\$ 252,335</u>	<u>\$ 356,464</u>	<u>\$ 375,215</u>
Estimated Covered - employee payroll	\$ 3,739,959	\$ 3,764,977	\$ 3,718,258
Total OPEB liability as a percentage of estimated covered - employee payroll	6.75%	9.47%	10.09%

Notes to Schedule:

Significant methods and assumptions used in calculating the actuarially determined contributions:

Significant methods and assumptions used in calculating the actuarially determined contributions are described in *Note 11* to the financial statements. No assets are accumulated in a trust to pay related benefits.

Changes in benefit terms:

None noted.

Other information:

This schedule is presented to illustrate required supplementary information for a 10 year period. GASB 75 was effective for the District during fiscal 2018, as a result, only three years of information is presented.

REEDSPORT SCHOOL DISTRICT NO. 105
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2020

	Budget		2020	Variance with
	Adopted	Final	Actual	Final Budget
				Positive
				(Negative)
REVENUES				
Local sources:				
Property taxes	\$ 2,075,000	\$ 2,075,000	\$ 2,076,381	\$ 1,381
Charges for services	803,185	803,185	1,133,787	330,602
Donations	2,000	2,000	7,500	5,500
Interest on investments	75,000	75,000	48,734	(26,266)
Miscellaneous	24,000	24,000	130,313	106,313
Intermediate sources:				
Intergovernmental	10,000	10,000	7,984	(2,016)
State sources:				
Basic school support	5,547,432	5,547,432	5,657,931	110,499
Intergovernmental	79,065	79,065	64,020	(15,045)
Federal sources:				
Intergovernmental	50,000	50,000	66,903	16,903
TOTAL REVENUES	8,665,682	8,665,682	9,193,553	527,871
EXPENDITURES				
Current:				
Instruction	6,516,176	6,791,175	6,790,311	864
Support services	2,224,506	2,274,507	2,163,497	111,010
Contingency	325,000	-	-	-
TOTAL EXPENDITURES	9,065,682	9,065,682	8,953,808	111,874
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	(400,000)	(400,000)	239,745	639,745
FUND BALANCE, July 1, 2019	(750,000)	(750,000)	745,632	1,495,632
FUND BALANCE, June 30, 2020	\$ (1,150,000)	\$ (1,150,000)	\$ 985,377	\$ 2,135,377

REEDSPORT SCHOOL DISTRICT NO. 105
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2020

	Budget		2020	Variance with
	Adopted	Final	Actual	Final Budget
				Positive
				(Negative)
REVENUES				
Local sources:				
Charges for services	\$ 144,000	\$ 144,000	\$ 17,984	\$ (126,016)
Donations	95,000	95,000	5,774	(89,226)
Interest on investments	-	-	36	36
Miscellaneous	31,500	31,500	62,800	31,300
Intermediate sources:				
Intergovernmental	-	-	11,623	11,623
State sources:				
Intergovernmental	305,666	305,666	128,960	(176,706)
Federal sources:				
Intergovernmental	1,142,784	1,142,784	1,240,495	97,711
TOTAL REVENUES	1,718,950	1,718,950	1,467,672	(251,278)
EXPENDITURES				
Current:				
Instruction	1,012,580	1,012,580	684,239	328,341
Support services	451,511	451,511	262,084	189,427
Enterprise and community services	840,394	840,394	584,335	256,059
TOTAL EXPENDITURES	2,304,485	2,304,485	1,530,658	773,827
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	(585,535)	(585,535)	(62,986)	522,549
FUND BALANCE, July 1, 2019	988,985	988,985	1,004,766	15,781
FUND BALANCE, June 30, 2020	\$ 403,450	\$ 403,450	\$ 941,780	\$ 538,330

REEDSPORT SCHOOL DISTRICT NO. 105
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CHARTER SCHOOL FUND (A COMPONENT UNIT)
YEAR ENDED JUNE 30, 2020

	Budget		2020	Variance with
	Adopted	Final	Actual	Final Budget
				Positive
				(Negative)
REVENUES				
Local sources:				
Donations	\$ 5,000	\$ 5,000	\$ 3,356	\$ (1,644)
Miscellaneous	-	-	523	523
State sources:				
Intergovernmental	3,443,040	3,443,040	3,713,755	270,715
TOTAL REVENUES	3,448,040	3,448,040	3,717,634	269,594
EXPENDITURES				
Current:				
Instruction	1,723,820	1,923,820	1,650,522	273,298
Support services	1,724,220	1,524,220	2,067,112	(542,892)
TOTAL EXPENDITURES	3,448,040	3,448,040	3,717,634	(269,594)
EXCESS (DEFICIENCY) OF				
 REVENUES OVER EXPENDITURES	-	-	-	-
FUND BALANCE, July 1, 2019	-	-	-	-
FUND BALANCE, June 30, 2020	\$ -	\$ -	\$ -	\$ -

SUPPLEMENTARY INFORMATION

**REEDSPORT SCHOOL DISTRICT NO. 105
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2020**

	Budget		2020	Variance with
	Adopted	Final	Actual	Final Budget
				Positive
				(Negative)
REVENUES				
Local sources:				
Property taxes	\$ 563,000	\$ 563,000	\$ 562,523	\$ (477)
Interest on investments	400	400	8,340	7,940
Pension obligation bonds (internal fee)	405,000	405,000	401,827	(3,173)
TOTAL REVENUES	968,400	968,400	972,690	4,290
EXPENDITURES				
Debt service	862,906	1,004,139	908,776	95,363
TOTAL EXPENDITURES	862,906	1,004,139	908,776	95,363
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	105,494	(35,739)	63,914	99,653
FUND BALANCE, July 1, 2019	505,000	505,000	621,036	116,036
FUND BALANCE, June 30, 2020	\$ 610,494	\$ 469,261	\$ 684,950	\$ 215,689

REEDSPORT SCHOOL DISTRICT NO. 105
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2020

	Budget		2020	Variance with
	Adopted	Final	Actual	Final Budget
				Positive
				(Negative)
REVENUES				
Local sources:				
Interest on investments	\$ -	\$ -	\$ 6,123	\$ 6,123
Miscellaneous	-	-	35,699	35,699
State sources:				
Intergovernmental	1,750,000	1,750,000	1,319,107	(430,893)
TOTAL REVENUES	1,750,000	1,750,000	1,360,929	(389,071)
EXPENDITURES				
Current:				
Support services	120,000	120,000	24,603	95,397
Facilities acquisition and construction	1,830,000	1,830,000	1,248,850	581,150
TOTAL EXPENDITURES	1,950,000	1,950,000	1,273,453	676,547
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	(200,000)	(200,000)	87,476	287,476
FUND BALANCE, July 1, 2019	250,000	250,000	180,994	(69,006)
FUND BALANCE, June 30, 2020	\$ 50,000	\$ 50,000	\$ 268,470	\$ 218,470

REEDSPORT SCHOOL DISTRICT NO. 105
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2020

	Budget		2020	Variance with
	Adopted	Final	Actual	Final Budget
				Positive
				(Negative)
REVENUES				
Local sources:				
Donations	\$ -	\$ -	\$ 6,522	\$ 6,522
Miscellaneous	300	300	-	(300)
TOTAL REVENUES	300	300	6,522	6,222
EXPENDITURES				
Current				
Instruction	3,000	3,000	1,500	1,500
Support services	5,725	5,725	4,070	1,655
Enterprise and community services	31,238	31,238	1,000	30,238
TOTAL EXPENDITURES	39,963	39,963	6,570	33,393
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	(39,663)	(39,663)	(48)	39,615
NET POSITION, July 1, 2019	161,188	161,188	179,057	17,869
NET POSITION, June 30, 2020	\$ 121,525	\$ 121,525	\$ 179,009	\$ 57,484

OTHER FINANCIAL SCHEDULES

SCHOOL DISTRICT FINANCIAL
ACCOUNTING SUMMARIES

REEDSPORT SCHOOL DISTRICT NO. 105

2019 - 2020 ALL FUND REVENUE SUMMARY

Revenue from Local Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
1110 Ad Valorem Taxes Levied by District	2,076,381	-	562,523	-	-	-	-
1120 Local Option Ad Valorem Taxes Levied by District	-	-	-	-	-	-	-
1130 Construction Excise Tax	-	-	-	-	-	-	-
1190 Penalties and Interest on Taxes	-	-	-	-	-	-	-
1200 Revenue from Local Governmental Units Other Than Districts	-	-	-	-	-	-	-
1311 Regular Day School Tuition - From Individuals	-	-	-	-	-	-	-
1312 Regular Day School Tuition - Other Dist Within State	-	-	-	-	-	-	-
1313 Regular Day School Tuition - Other Districts Outside	-	-	-	-	-	-	-
1320 Adult/Continuing Education Tuition	-	-	-	-	-	-	-
1330 Summer School Tuition	-	-	-	-	-	-	-
1411 Transportation Fees - From Individuals	-	-	-	-	-	-	-
1412 Transportation Fees - Other Dist Within State	-	-	-	-	-	-	-
1413 Transportation Fees - Other Districts Outside	-	-	-	-	-	-	-
1420 Summer School Transportation Fees	-	-	-	-	-	-	-
1500 Earnings on Investments	48,734	36	8,340	6,123	-	-	-
1600 Food Service	-	5,429	-	-	-	-	-
1700 Extracurricular Activities	20,200	9,710	-	-	-	-	-
1800 Community Services Activities	-	-	-	-	-	-	-
1910 Rentals	11,412	2,845	-	-	-	-	-
1920 Contributions and Donations From Private Sources	7,500	5,774	-	-	-	-	9,878
1930 Rental or Lease Payments From Private Contractors	-	-	-	-	-	-	-
1940 Services Provided Other Local Education Agencies	1,102,175	-	-	-	-	-	-
1950 Textbook Sales and Rentals	-	-	-	-	-	-	-
1960 Recovery of Prior Years' Expenditure	-	-	-	-	-	-	-
1970 Services Provided Other Funds	-	-	401,827	-	-	-	-
1980 Fees Charged to Grants	-	-	-	-	-	-	-
1990 Miscellaneous	130,313	50,842	-	35,699	-	-	523
Total Revenue from Local Sources	3,396,715	74,636	972,690	41,822	-	-	10,401
Revenue from Intermediate Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
2101 County School Funds	7,984	-	-	-	-	-	-
2102 General ESD Revenue	-	-	-	-	-	-	-
2103 Excess ESD Local Revenue	-	-	-	-	-	-	-
2105 Natural Gas, Oil, and Mineral Receipts	-	-	-	-	-	-	-
2110 Intermediate "I" Tax	-	-	-	-	-	-	-
2199 Other Intermediate Sources	-	11,623	-	-	-	-	3,713,755
2200 Restricted Revenue	-	-	-	-	-	-	-
2800 Revenue in Lieu of Taxes	-	-	-	-	-	-	-
2900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-
Total Revenue from Intermediate Sources	7,984	11,623	-	-	-	-	3,713,755
Revenue from State Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
3101 State School Fund - General Support	5,657,931	-	-	-	-	-	-
3102 State School Fund - School Lunch Match	-	3,026	-	-	-	-	-
3103 Common School Fund	58,483	-	-	-	-	-	-
3104 State Managed County Timber	5,537	-	-	-	-	-	-
3106 State School Fund - Accrual	-	-	-	-	-	-	-
3199 Other Unrestricted Grants-in-Aid	-	-	-	-	-	-	-
3204 Driver Education	-	-	-	-	-	-	-
3222 State School Fund (SSF) Transportation Equipment	-	-	-	-	-	-	-
3299 Other Restricted Grants-in-Aid	-	137,892	-	1,319,107	-	-	-
3800 Revenue in Lieu of Taxes	-	-	-	-	-	-	-
3900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-
Total Revenue from State Sources	5,721,951	140,918	-	1,319,107	-	-	-
Revenue from Federal Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
4100 Unrestricted Revenue Direct From the Federal Government	-	-	-	-	-	-	-
4200 Unrestricted Revenue From the Federal Government Through the State	-	-	-	-	-	-	-
4201 Transportation Fees for Foster Children	-	-	-	-	-	-	-
4202 Medicaid Reimbursement for Eligible K-12 Expenses (Ages 5-21)	-	-	-	-	-	-	-
4300 Restricted Revenue From the Federal Government	-	-	-	-	-	-	-
4500 Restricted Revenue From the Federal Government Through the State	-	1,209,579	-	-	-	-	-
4501 Medicaid Reimbursement for Eligible Early Intervention (EI) Services (Ages Birth to 3)	-	-	-	-	-	-	-
4502 Medicaid Reimbursement for Eligible Early Childhood Special Education (ECSE) Services (Ages 3-5)	-	-	-	-	-	-	-
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies	-	-	-	-	-	-	-
4801 Federal Forest Fees	66,903	-	-	-	-	-	-
4802 Impact Aid to School Districts for Operation (PL 874)	-	-	-	-	-	-	-
4803 Coos Bay Wagon Road Funds	-	-	-	-	-	-	-
4899 Other Revenue in Lieu of Taxes	-	-	-	-	-	-	-
4900 Revenue for/on Behalf of the District	-	30,916	-	-	-	-	-
Total Revenue from Federal Sources	66,903	1,240,495	-	-	-	-	-
Revenue from Other Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
5100 Long Term Debt Financing Sources	-	-	-	-	-	-	-
5200 Interfund Transfers	-	-	-	-	-	-	-
5300 Sale of or Compensation for Loss of Fixed Assets	-	-	-	-	-	-	-
5400 Resources - Beginning Fund Balance	745,632	1,004,766	621,036	180,994	-	-	179,057
Total Revenue from Other Sources	745,632	1,004,766	621,036	180,994	-	-	179,057
Grand Total	\$ 9,939,185	\$ 2,472,438	\$ 1,593,726	\$ 1,541,923	\$ -	\$ -	\$ 3,903,213

REEDSPORT SCHOOL DISTRICT NO. 105
2019 - 2020 AUDIT EXPENDITURES SUMMARY
FUND 100 - GENERAL FUND

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Elementary, K-5 or K-6	1,832,987	1,073,279	708,628	29,793	21,084	-	203	-
1113	Elementary Extracurricular	-	-	-	-	-	-	-	-
1121	Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122	Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131	High School Programs	-	-	-	-	-	-	-	-
1132	High School Extracurricular	-	-	-	-	-	-	-	-
1140	Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210	Programs for the Talented and Gifted	308	-	-	-	308	-	-	-
1220	Restrictive Programs for Students with Disabilities	453,656	6,129	9,151	438,240	136	-	-	-
1250	Less Restrictive Programs for Students with Disabilities	773,417	387,738	385,318	309	52	-	-	-
1260	Treatment and Habilitation	-	-	-	-	-	-	-	-
1271	Remediation	-	-	-	-	-	-	-	-
1272	Title I	-	-	-	-	-	-	-	-
1280	Alternative Education	3,713,755	-	-	3,713,755	-	-	-	-
1291	English Second Language Programs	766	691	75	-	-	-	-	-
1292	Teen Parent Program	-	-	-	-	-	-	-	-
1293	Migrant Education	-	-	-	-	-	-	-	-
1294	Youth Corrections Education	-	-	-	-	-	-	-	-
1299	Other Programs	15,422	-	-	15,422	-	-	-	-
1300	Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400	Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures		6,790,311	1,467,837	1,103,172	4,197,519	21,580	-	203	-
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	9,347	-	-	9,347	-	-	-	-
2120	Guidance Services	-	-	-	-	-	-	-	-
2130	Health Services	118,933	-	-	118,523	410	-	-	-
2140	Psychological Services	125,088	-	-	125,088	-	-	-	-
2150	Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160	Other Student Treatment Services	-	-	-	-	-	-	-	-
2190	Service Direction, Student Support Services	3,260	-	1,676	1,073	511	-	-	-
2210	Improvement of Instruction Services	21,806	-	18,553	-	-	-	3,253	-
2220	Educational Media Services	57,197	29,393	25,506	-	1,718	-	580	-
2230	Assessment & Testing	-	-	-	-	-	-	-	-
2240	Instructional Staff Development	318	-	-	318	-	-	-	-
2310	Board of Education Services	86,739	21,250	9,572	51,501	-	-	4,416	-
2320	Executive Administration Services	244,862	130,503	87,182	14,735	4,442	-	8,000	-
2410	Office of the Principal Services	213,977	124,564	84,579	3,637	352	-	845	-
2490	Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510	Direction of Business Support Services	-	-	-	-	-	-	-	-
2520	Fiscal Services	203,876	54,243	31,348	97,264	2,451	-	18,570	-
2540	Operation and Maintenance of Plant Services	389,343	71,196	75,006	162,232	21,540	-	59,369	-
2550	Student Transportation Services	496,868	12,064	7,549	477,255	-	-	-	-
2570	Internal Services	21,677	-	-	21,677	-	-	-	-
2610	Direction of Central Support Services	-	-	-	-	-	-	-	-
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Ser	-	-	-	-	-	-	-	-
2630	Information Services	-	-	-	-	-	-	-	-
2640	Staff Services	-	-	-	-	-	-	-	-
2660	Technology Services	170,206	61,989	47,542	25,955	31,446	-	3,274	-
2670	Records Management Services	-	-	-	-	-	-	-	-
2680	Interpretation and Translation Services	-	-	-	-	-	-	-	-
2690	Other Support Services - Central	-	-	-	-	-	-	-	-
2700	Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures		2,163,497	505,202	388,513	1,108,605	62,870	-	98,307	-
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	-	-	-	-	-	-	-	-
3200	Other Enterprise Services	-	-	-	-	-	-	-	-
3300	Community Services	-	-	-	-	-	-	-	-
3500	Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures		-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	-	-	-	-	-	-	-	-
4120	Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150	Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4180	Other Capital Items	-	-	-	-	-	-	-	-
4190	Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures		-	-	-	-	-	-	-	-
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	-	-	-	-	-	-	-	-
5200	Transfers of Funds	-	-	-	-	-	-	-	-
5300	Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400	PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures		-	-	-	-	-	-	-	-
Grand Total		8,953,808	1,973,039	1,491,685	5,306,124	84,450	-	98,510	-

REEDSPORT SCHOOL DISTRICT NO. 105
2019 - 2020 AUDIT EXPENDITURES SUMMARY
FUND 200 - SPECIAL REVENUE FUND

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Elementary, K-5 or K-6	102,574	51,861	48,459	1,967	287	-	-	-
1113	Elementary Extracurricular	-	-	-	-	-	-	-	-
1121	Middle/Junior High Programs	4,797	-	-	-	4,797	-	-	-
1122	Middle/Junior High School Extracurricular	288	-	-	288	-	-	-	-
1131	High School Programs	126,260	27,993	32,865	12,335	47,292	-	5,775	-
1132	High School Extracurricular	20,063	-	-	-	20,063	-	-	-
1140	Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210	Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220	Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1250	Less Restrictive Programs for Students with Disabilities	139,484	69,701	59,703	9,199	286	-	595	-
1260	Treatment and Habilitation	-	-	-	-	-	-	-	-
1271	Remediation	-	-	-	-	-	-	-	-
1272	Title I	254,900	135,561	107,653	500	11,186	-	-	-
1280	Alternative Education	-	-	-	-	-	-	-	-
1291	English Second Language Programs	-	-	-	-	-	-	-	-
1292	Teen Parent Program	-	-	-	-	-	-	-	-
1293	Migrant Education	-	-	-	-	-	-	-	-
1294	Youth Corrections Education	-	-	-	-	-	-	-	-
1299	Other Programs	35,873	23,463	12,212	198	-	-	-	-
1300	Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400	Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures		684,239	308,579	260,892	24,487	83,911	-	6,370	-
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	41,760	21,480	17,938	312	2,030	-	-	-
2120	Guidance Services	-	-	-	-	-	-	-	-
2130	Health Services	640	-	-	640	-	-	-	-
2140	Psychological Services	-	-	-	-	-	-	-	-
2150	Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160	Other Student Treatment Services	-	-	-	-	-	-	-	-
2190	Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210	Improvement of Instruction Services	125,635	71,337	38,338	10,529	4,301	-	1,130	-
2220	Educational Media Services	-	-	-	-	-	-	-	-
2230	Assessment & Testing	-	-	-	-	-	-	-	-
2240	Instructional Staff Development	12,092	-	-	381	-	-	11,711	-
2310	Board of Education Services	-	-	-	-	-	-	-	-
2320	Executive Administration Services	-	-	-	-	-	-	-	-
2410	Office of the Principal Services	53,547	28,495	24,432	-	620	-	-	-
2490	Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510	Direction of Business Support Services	-	-	-	-	-	-	-	-
2520	Fiscal Services	1,886	-	-	313	1,573	-	-	-
2540	Operation and Maintenance of Plant Services	2,872	-	-	-	2,872	-	-	-
2550	Student Transportation Services	-	-	-	-	-	-	-	-
2570	Internal Services	-	-	-	-	-	-	-	-
2610	Direction of Central Support Services	-	-	-	-	-	-	-	-
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Ser	-	-	-	-	-	-	-	-
2630	Information Services	-	-	-	-	-	-	-	-
2640	Staff Services	-	-	-	-	-	-	-	-
2660	Technology Services	23,652	-	-	-	23,652	-	-	-
2670	Records Management Services	-	-	-	-	-	-	-	-
2680	Interpretation and Translation Services	-	-	-	-	-	-	-	-
2690	Other Support Services - Central	-	-	-	-	-	-	-	-
2700	Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures		262,084	121,312	80,708	12,175	35,048	-	12,841	-
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	576,755	144,677	158,199	40,363	229,568	1,817	2,131	-
3200	Other Enterprise Services	-	-	-	-	-	-	-	-
3300	Community Services	7,580	-	-	7,580	-	-	-	-
3500	Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures		584,335	144,677	158,199	47,943	229,568	1,817	2,131	-
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	-	-	-	-	-	-	-	-
4120	Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150	Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4180	Other Capital Items	-	-	-	-	-	-	-	-
4190	Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures		-	-	-	-	-	-	-	-
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	-	-	-	-	-	-	-	-
5200	Transfers of Funds	-	-	-	-	-	-	-	-
5300	Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400	PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures		-	-	-	-	-	-	-	-
Grand Total		1,530,658	574,568	499,799	84,605	348,527	1,817	21,342	-

REEDSPORT SCHOOL DISTRICT NO. 105
2019 - 2020 AUDIT EXPENDITURES SUMMARY
FUND 300 - DEBT SERVICE FUND

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Elementary, K-5 or K-6	-	-	-	-	-	-	-	-
1113	Elementary Extracurricular	-	-	-	-	-	-	-	-
1121	Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122	Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131	High School Programs	-	-	-	-	-	-	-	-
1132	High School Extracurricular	-	-	-	-	-	-	-	-
1140	Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210	Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220	Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1250	Less Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1260	Treatment and Habilitation	-	-	-	-	-	-	-	-
1271	Remediation	-	-	-	-	-	-	-	-
1272	Title I	-	-	-	-	-	-	-	-
1280	Alternative Education	-	-	-	-	-	-	-	-
1291	English Second Language Programs	-	-	-	-	-	-	-	-
1292	Teen Parent Program	-	-	-	-	-	-	-	-
1293	Migrant Education	-	-	-	-	-	-	-	-
1294	Youth Corrections Education	-	-	-	-	-	-	-	-
1299	Other Programs	-	-	-	-	-	-	-	-
1300	Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400	Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures		-	-	-	-	-	-	-	-
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	-	-	-	-	-	-	-	-
2120	Guidance Services	-	-	-	-	-	-	-	-
2130	Health Services	-	-	-	-	-	-	-	-
2140	Psychological Services	-	-	-	-	-	-	-	-
2150	Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160	Other Student Treatment Services	-	-	-	-	-	-	-	-
2190	Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210	Improvement of Instruction Services	-	-	-	-	-	-	-	-
2220	Educational Media Services	-	-	-	-	-	-	-	-
2230	Assessment & Testing	-	-	-	-	-	-	-	-
2240	Instructional Staff Development	-	-	-	-	-	-	-	-
2310	Board of Education Services	-	-	-	-	-	-	-	-
2320	Executive Administration Services	-	-	-	-	-	-	-	-
2410	Office of the Principal Services	-	-	-	-	-	-	-	-
2490	Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510	Direction of Business Support Services	-	-	-	-	-	-	-	-
2520	Fiscal Services	-	-	-	-	-	-	-	-
2540	Operation and Maintenance of Plant Services	-	-	-	-	-	-	-	-
2550	Student Transportation Services	-	-	-	-	-	-	-	-
2570	Internal Services	-	-	-	-	-	-	-	-
2610	Direction of Central Support Services	-	-	-	-	-	-	-	-
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Ser	-	-	-	-	-	-	-	-
2630	Information Services	-	-	-	-	-	-	-	-
2640	Staff Services	-	-	-	-	-	-	-	-
2660	Technology Services	-	-	-	-	-	-	-	-
2670	Records Management Services	-	-	-	-	-	-	-	-
2680	Interpretation and Translation Services	-	-	-	-	-	-	-	-
2690	Other Support Services - Central	-	-	-	-	-	-	-	-
2700	Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures		-	-	-	-	-	-	-	-
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	-	-	-	-	-	-	-	-
3200	Other Enterprise Services	-	-	-	-	-	-	-	-
3300	Community Services	-	-	-	-	-	-	-	-
3500	Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures		-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	-	-	-	-	-	-	-	-
4120	Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150	Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4180	Other Capital Items	-	-	-	-	-	-	-	-
4190	Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures		-	-	-	-	-	-	-	-
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	908,776	-	-	-	-	-	908,776	-
5200	Transfers of Funds	-	-	-	-	-	-	-	-
5300	Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400	PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures		908,776	-	-	-	-	-	908,776	-
Grand Total		908,776	-	-	-	-	-	908,776	-

REEDSPORT SCHOOL DISTRICT NO. 105
2019 - 2020 AUDIT EXPENDITURES SUMMARY
FUND 400 - CAPITAL PROJECTS FUND

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Elementary, K-5 or K-6	-	-	-	-	-	-	-	-
1113	Elementary Extracurricular	-	-	-	-	-	-	-	-
1121	Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122	Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131	High School Programs	-	-	-	-	-	-	-	-
1132	High School Extracurricular	-	-	-	-	-	-	-	-
1140	Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210	Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220	Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1250	Less Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1260	Treatment and Habilitation	-	-	-	-	-	-	-	-
1271	Remediation	-	-	-	-	-	-	-	-
1272	Title I	-	-	-	-	-	-	-	-
1280	Alternative Education	-	-	-	-	-	-	-	-
1291	English Second Language Programs	-	-	-	-	-	-	-	-
1292	Teen Parent Program	-	-	-	-	-	-	-	-
1293	Migrant Education	-	-	-	-	-	-	-	-
1294	Youth Corrections Education	-	-	-	-	-	-	-	-
1299	Other Programs	-	-	-	-	-	-	-	-
1300	Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400	Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures		-	-	-	-	-	-	-	-
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	-	-	-	-	-	-	-	-
2120	Guidance Services	-	-	-	-	-	-	-	-
2130	Health Services	-	-	-	-	-	-	-	-
2140	Psychological Services	-	-	-	-	-	-	-	-
2150	Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160	Other Student Treatment Services	-	-	-	-	-	-	-	-
2190	Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210	Improvement of Instruction Services	-	-	-	-	-	-	-	-
2220	Educational Media Services	-	-	-	-	-	-	-	-
2230	Assessment & Testing	-	-	-	-	-	-	-	-
2240	Instructional Staff Development	-	-	-	-	-	-	-	-
2310	Board of Education Services	-	-	-	-	-	-	-	-
2320	Executive Administration Services	-	-	-	-	-	-	-	-
2410	Office of the Principal Services	-	-	-	-	-	-	-	-
2490	Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510	Direction of Business Support Services	-	-	-	-	-	-	-	-
2520	Fiscal Services	-	-	-	-	-	-	-	-
2540	Operation and Maintenance of Plant Services	24,603	1,932	112	22,559	-	-	-	-
2550	Student Transportation Services	-	-	-	-	-	-	-	-
2570	Internal Services	-	-	-	-	-	-	-	-
2610	Direction of Central Support Services	-	-	-	-	-	-	-	-
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical S	-	-	-	-	-	-	-	-
2630	Information Services	-	-	-	-	-	-	-	-
2640	Staff Services	-	-	-	-	-	-	-	-
2660	Technology Services	-	-	-	-	-	-	-	-
2670	Records Management Services	-	-	-	-	-	-	-	-
2680	Interpretation and Translation Services	-	-	-	-	-	-	-	-
2690	Other Support Services - Central	-	-	-	-	-	-	-	-
2700	Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures		24,603	1,932	112	22,559	-	-	-	-
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	-	-	-	-	-	-	-	-
3200	Other Enterprise Services	-	-	-	-	-	-	-	-
3300	Community Services	-	-	-	-	-	-	-	-
3500	Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures		-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditure		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	-	-	-	-	-	-	-	-
4120	Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150	Building Acquisition, Construction, and Improvement Services	1,248,850	-	-	31,206	-	1,217,644	-	-
4180	Other Capital Items	-	-	-	-	-	-	-	-
4190	Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditure		1,248,850	-	-	31,206	-	1,217,644	-	-
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	-	-	-	-	-	-	-	-
5200	Transfers of Funds	-	-	-	-	-	-	-	-
5300	Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400	PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures		-	-	-	-	-	-	-	-
Grand Total		1,273,453	1,932	112	53,765	-	1,217,644	-	-

REEDSPORT SCHOOL DISTRICT NO. 105
2019 - 2020 AUDIT EXPENDITURES SUMMARY
FUND 700 - CHARTER AND FIDUCIARY FUND

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Elementary, K-5 or K-6	-	-	-	-	-	-	-	-
1113	Elementary Extracurricular	-	-	-	-	-	-	-	-
1121	Middle/Junior High Programs	556,228	341,886	210,968	-	3,374	-	-	-
1122	Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131	High School Programs	770,831	473,742	280,395	2,969	13,725	-	-	-
1132	High School Extracurricular	266,870	147,642	76,326	17,288	11,692	-	13,922	-
1140	Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210	Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220	Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1250	Less Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1260	Treatment and Habilitation	-	-	-	-	-	-	-	-
1271	Remediation	-	-	-	-	-	-	-	-
1272	Title I	-	-	-	-	-	-	-	-
1280	Alternative Education	58,093	4,264	3,847	49,982	-	-	-	-
1291	English Second Language Programs	-	-	-	-	-	-	-	-
1292	Teen Parent Program	-	-	-	-	-	-	-	-
1293	Migrant Education	-	-	-	-	-	-	-	-
1294	Youth Corrections Education	-	-	-	-	-	-	-	-
1299	Other Programs	-	-	-	-	-	-	-	-
1300	Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400	Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures		1,652,022	967,534	571,536	70,239	28,791	-	13,922	-
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	21,294	1,944	372	18,978	-	-	-	-
2120	Guidance Services	101,446	46,553	54,858	-	35	-	-	-
2130	Health Services	-	-	-	-	-	-	-	-
2140	Psychological Services	-	-	-	-	-	-	-	-
2150	Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160	Other Student Treatment Services	-	-	-	-	-	-	-	-
2190	Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210	Improvement of Instruction Services	-	-	-	-	-	-	-	-
2220	Educational Media Services	37,254	15,523	16,886	26	4,369	-	450	-
2230	Assessment & Testing	-	-	-	-	-	-	-	-
2240	Instructional Staff Development	-	-	-	-	-	-	-	-
2310	Board of Education Services	5,150	-	-	4,500	-	-	650	-
2320	Executive Administration Services	-	-	-	-	-	-	-	-
2410	Office of the Principal Services	288,436	162,365	114,339	8,181	1,204	-	2,347	-
2490	Other Support Services - School Administration	1,102,175	-	-	1,102,175	-	-	-	-
2510	Direction of Business Support Services	-	-	-	-	-	-	-	-
2520	Fiscal Services	-	-	-	-	-	-	-	-
2540	Operation and Maintenance of Plant Services	489,853	120,798	101,443	196,306	20,133	-	51,173	-
2550	Student Transportation Services	-	-	-	-	-	-	-	-
2570	Internal Services	12,225	-	-	12,225	-	-	-	-
2610	Direction of Central Support Services	-	-	-	-	-	-	-	-
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Ser	-	-	-	-	-	-	-	-
2630	Information Services	-	-	-	-	-	-	-	-
2640	Staff Services	-	-	-	-	-	-	-	-
2660	Technology Services	13,349	-	-	7,646	5,703	-	-	-
2670	Records Management Services	-	-	-	-	-	-	-	-
2680	Interpretation and Translation Services	-	-	-	-	-	-	-	-
2690	Other Support Services - Central	-	-	-	-	-	-	-	-
2700	Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures		2,071,182	347,183	287,898	1,350,037	31,444	-	54,620	-
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	-	-	-	-	-	-	-	-
3200	Other Enterprise Services	-	-	-	-	-	-	-	-
3300	Community Services	1,000	-	-	1,000	-	-	-	-
3500	Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures		1,000	-	-	1,000	-	-	-	-
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	-	-	-	-	-	-	-	-
4120	Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150	Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4180	Other Capital Items	-	-	-	-	-	-	-	-
4190	Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures		-	-	-	-	-	-	-	-
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	-	-	-	-	-	-	-	-
5200	Transfers of Funds	-	-	-	-	-	-	-	-
5300	Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400	PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures		-	-	-	-	-	-	-	-
Grand Total		3,724,204	1,314,717	859,434	1,421,276	60,235	-	68,542	-

**REEDSPORT SCHOOL DISTRICT NO. 105
2019 - 2020 SUPPLEMENTAL INFORMATION**

School District Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included. Part A is needed for computing Oregon's full allocation for ESSA, Title I & other Federal Funds for Education.

A. Energy Bill for Heating - All Funds:

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

	Objects 325 & 326 & *327
Function 2540	\$ 233,834
Function 2550	\$ 0

B. Replacement of Equipment – General Fund:

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

Exclude these functions:

\$ 0

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

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

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

We have audited the basic financial statements of Reedsport School District No. 105 (the District) as of and for the year ended June 30, 2020, and have issued our report thereon dated December 23, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-000 through 162-010-320 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 statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion.

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

- Deposit of public funds with financial institutions under ORS Chapter 295.
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required under ORS Chapter 294.
- Insurance and fidelity under bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing under ORS Chapters 279A, 279B, 279C.
- State school fund factors and calculation.

In connection with our audit, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administration Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, except as disclosed in *Note 1* of the financial statements.

OAR 162-010-0230 Internal Control

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

Restrictions on Use

This report is intended solely for the information and use of the Board of Directors and management of the District and the State of Oregon, Division of Audits and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in black ink, reading "Aria Bettinger". The signature is fluid and cursive, with the first name "Aria" and last name "Bettinger" clearly distinguishable.

Aria Bettinger, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
December 23, 2020

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Reedsport School District No. 105 (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 23, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2020-001.

The District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Aria Bettinger, CPA
KDP Certified Public Accountants, LLP
December 23, 2020

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

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

Report on Compliance for Each Major Federal Program

We have audited Reedsport School District No. 105's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as 2020-002. Our opinion on each major federal program is not modified with respect to this matter.

The District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-002, that we consider to be a material weakness.

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

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



Aria Bettinger, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
December 23, 2020

REEDSPORT SCHOOL DISTRICT NO. 105
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Grant/Contract Number	Federal Expenditures
U.S. Department of Education			
Passed through Oregon Department of Education:			
Title I Grants to Local Educational Agencies (18-19)	84.010	50472	\$ 16,567
Title I Grants to Local Educational Agencies (19-20)	84.010	53356	238,407
ESSA D&SI - PPD District Engagement Grant Phase II (19-20)	84.010	51447	6,563
ESSA D&SI - PPD District Engagement Grant Phase III (19-20)	84.010	51466	69,618
ESSA Partnerships (19-20)	84.010	54315	85,339
Total CFDA 84.010			<u>416,494</u>
Passed through Oregon Department of Education:			
Special Education- Grants to States (IDEA Part B, Section 611)	84.027	53876	134,893
Special Education- Grants to States (IDEA Part B, Section 611, Additional Flow-through)	84.027	56738	2,049
Special Education- Preschool Grants (IDEA Preschool)	84.173	54067	2,937
Total Special Education Cluster (IDEA)			<u>139,879</u>
Passed through Oregon Department of Education:			
Rural and Low Income Schools - formula (19-20)	84.358	55336	12,531
Total CFDA 84.358			<u>12,531</u>
Passed through Oregon Department of Education:			
Supporting Effective Instruction State Grants (19-20)	84.367	53618	32,801
Total CFDA 84.367			<u>32,801</u>
Passed through Oregon Department of Education:			
SIG Cohort 5 Year 3	84.377	46865	44,574
SIG Cohort 5 Year 4	84.377	46871	73,890
Total CFDA 84.377			<u>118,464</u>
Passed through Oregon Department of Education:			
Student Support and Academic Enrichment Program (18-19)	84.424	50811	812
Student Support and Academic Enrichment Program (19-20)	84.424	54608	15,243
Total CFDA 84.424			<u>16,055</u>
Total U.S. Department of Education			\$ 736,224
U.S. Department of Agriculture			
Passed through Oregon Department of Education:			
School Breakfast Program (SBP)	10.553	N/A	\$ 65,579
National School Lunch Program (NSLP)	10.555	N/A	138,969
Commodities NSLP	10.555	N/A	30,916
Summer Food Service Program for Children (SFSPC)	10.559	N/A	132,201
Total Child Nutrition Cluster			<u>367,665</u>
Passed through Oregon Department of Education:			
Child and Adult Care Food Program	10.558	N/A	123,694
Total CFDA 10.558			<u>123,694</u>
Passed through Oregon Department of Education:			
Fresh Fruit and Vegetable Program (18-19)	10.582	50612/50613	3,113
Fresh Fruit and Vegetable Program (19-20)	10.582	54959/54960	9,799
Total CFDA 10.582			<u>12,912</u>
Passed through Douglas County Treasurer:			
Schools and Roads - Grants to States	10.665	N/A	66,903
Total Forest Service Schools and Roads Cluster			<u>66,903</u>
Total U.S. Department of Agriculture			\$ 571,174
Total Expenditures of Federal Awards			\$ 1,307,398

REEDSPORT SCHOOL DISTRICT NO. 105
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

NOTE A – BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the 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.

NOTE C – INDIRECT COST RATE:

The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE D – FOOD DISTRIBUTION:

Non-monetary assistance is reported in the Schedule at fair market value of the commodities received and disbursed. For the year ended June 30, 2020, the District received food commodities totaling \$30,916.

NOTE E – SUBRECIPIENTS:

The District did not have any federal awards that were passed through to subrecipients for the year ended June 30, 2020.

NOTE F – FEDERAL FOREST FEES:

The District includes federal forest fees in the schedule due to requirements of the Oregon Department of Education. These expenditures are not subject to the Uniform Guidance audit due to treatment based on guidance provided by both the Oregon Department of Education and United States Department of Agriculture.

**REEDSPORT SCHOOL DISTRICT NO. 105
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

1. The auditor’s report expresses an unmodified opinion on whether the basic financial statements of Reedsport School District No. 105 (the District) were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements reported in the 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*.
3. One instance of noncompliance material to the basic financial statements of the District (finding 2020-001) is reported in the 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*.

Federal Awards

4. One material weakness relating to the audit of the major federal award programs (finding 2020-002) is reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor’s report on compliance for the major federal award program for the District expressed an unmodified opinion for the major federal program.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The program tested as a major program was:

U.S. Department of Education

Title I, Part A

CFDA # 84.010

8. The threshold for distinguishing between Type A and B Programs was \$750,000.
9. The district qualified as a low-risk auditee under the criteria specified in the Uniform Guidance.

**REEDSPORT SCHOOL DISTRICT NO. 105
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020 (CONTINUED)**

SECTION II – FINANCIAL STATEMENT FINDINGS

2020-001 – Material Non-Compliance with Laws and Regulations – District Governing Board

Criteria: In accordance with Oregon Revised Statutes (ORS) 338.035 para. 3, a member of the school district board of the school district within which a public charter school is located may not be a voting member of the public charter school governing body. A member of the school board may act only in an advisory capacity on the public charter school governing body.

Statement of Condition: The District was not in compliance with ORS regulations as it was noted that members of the school district board were also voting members of the public charter school governing body.

Cause: The District does not have policies in place to restrict board members from being voting members of the charter school governing body.

Effect: The District is not in compliance with Oregon Revised Statutes.

Recommendations: We recommend the District establish and maintain whole and separate governing boards for the District and the public charter school, and develop policies that restrict a board member from serving in anything more than an advisory position in the charter school governing body.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and recommendation and plans to comply with all Oregon Revised Statutes regarding the governing bodies of the District and the public charter school.

**REEDSPORT SCHOOL DISTRICT NO. 105
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020 (CONTINUED)**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. Department of Education

Title I, Part A of the ESEA (CFDA # 84.010)

2020-002 – Material Weakness – Allowable Activities/Cost Principles

Criteria: In accordance with 2 CFR section 200.430, the local education agency is required to maintain time and effort distribution records for employees who work on multiple activities or cost objectives. These distribution records must support the portion of time and effort dedicated to: 1) The federal program or cost objective; and 2) Other programs or cost objectives supported by federal funds or other revenue sources.

Statement of Condition: The District was not in compliance with Uniform Guidance as it was noted that management of the District was not preparing time and effort distribution records and could not produce source documentation to support the time and effort applied to payroll expense that was charged to Title I, part A.

Cause: The District's process to identify and document employees that require a periodic time and effort certification was not effective for the year ended June 30, 2020.

Context: We selected payroll costs associated with five employees who had wages charged to Title I, Part A. Of the five employees selected for testing, four employees worked on multiple cost objectives and did not have time and effort documentation or other source documentation to support the payroll expense that was charged to the federal program.

Effect or Potential Effect: Salary and wage costs applied to Title I, Part A were not fully supported by documentation in accordance with 2 CFR Part 200.430 and District Policy. The lack of time and effort evidence to support the wages paid with federal monies could require the District to pay back monies received under the federal program.

Known and Questioned Costs: \$127,342 of questioned costs charged to this federal program in the year under audit.

Recommendations: We recommend the District review their processes and procedures to strengthen controls and improve procedures. We recommend the District complete all required time and effort certifications in a timely manner.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and recommendation and plans to implement a system of completing necessary time and effort documentation for all employees who work on multiple cost objectives.