

DOUGLAS COUNTY SCHOOL DISTRICT No. 15

DAYS CREEK, OREGON

Annual Financial Report

June 30, 2019

Douglas County School District No. 15

Days Creek, Oregon
June 30, 2019

BOARD OF DIRECTORS

Troy Michaels	Board Chair
Travis Fuller	Vice Chair
Michael Doolittle	Director
Dana Ston	Director
Lance Kruzic	Director
Laura Stufflebeam	Director
Rex Fuller	Director

ADMINISTRATION

Steve Woods, Superintendent
Rachel Amos, Business Manager

Board members and Administration may be contacted at the address below:

401 1st Avenue
Riddle, Oregon 97469

Douglas County School District No. 15

Days Creek, Oregon
June 30, 2019

TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT		1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)		4-7
BASIC FINANCIAL STATEMENTS:		
Government-wide Financial Statements:		
Statement of Net Position	A-1	8
Statement of Activities	A-2	9
Fund Financial Statements:		
Balance Sheet - Governmental Funds	B-1	10
Reconciliation of the Government Funds Balance Sheet to the Statement of Net Position	B-2	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-3	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	B-4	13
Notes to Financial Statements		14-41
REQUIRED SUPPLEMENTARY INFORMATION:		
Budgetary Comparison Schedules		
Budgetary Comparison for the General Fund (Required Supplementary Information)	C-1	42
Budgetary Comparison of General Fund Expenditures	C-2	43-44
Schedule of the Proportionate Share of the Net Pension Liability	C-3	45
Schedule of Contributions - GASB 68	C-4	45
OTHER SUPPLEMENTARY INFORMATION:		
Combining and Individual Fund Financial Statements and Schedules		
Other Major Funds:		
Budgetary Comparison Schedule for Capital Improvement Fund	D-1	46
Budgetary Comparison Schedule for Debt Service Fund	D-2	47
Non-Major Governmental Funds:		
Combining Balance Sheet- All Non-Major Funds	D-3	48
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - All Non - Major Funds	D-4	49
Combining Balance Sheet- Special Revenue Funds	D-5	50
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Special Revenue Funds	D-6	51
Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget:		
Grants & Projects Fund	E-1	52
Student Body Fund	E-2	53
Food Service Fund	E-3	54
Curriculum Fund	E-4	55
PERS Fund	E-5	56

Douglas County School District No. 15

Days Creek, Oregon
June 30, 2019

TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION (Cont'd):		
District Audit Summaries		
Revenue Summary – All Funds	F-1	57
Expenditure Summary – 100 General Fund	F-2	58
Expenditure Summary – 200 Special Revenue Funds	F-3	59
Expenditure Summary – 300 Debt Service Funds	F-4	60
Expenditure Summary – 400 Capital Projects Funds	F-5	61
Schedule of Federal Financial Assistance	F-6	62
Schedule of Pension Amounts Under GASB 68	G-1	63
Schedule of Pension Amounts Under GASB 75	G-2	64
Independent Auditor's Report Required by Oregon Regulations Single Audit Act Requirements		65-69
Report on Internal Control and Compliance Form 581-3211-C		70



INDEPENDENT AUDITORS' REPORT

Board of Directors
Douglas County School District No. 15
PO Box 10
Days Creek, OR 97429

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Douglas County School District No. 15 as of and for the year ended June 30, 2019, 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. 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 the Douglas County School District No. 15 as of June 30, 2019, 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, budgetary comparison information, and schedule of pension amounts 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 the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Douglas County School District No. 15's basic financial statements. The introductory section, combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements 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 combining and individual non-major fund financial statements 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.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2019 on our consideration of the Douglas County School District No. 15's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

Douglas County School District No. 15

Independent Auditors' Report

reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Douglas County School District No. 15's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Revised Statutes

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 6, 2019 on our consideration of the District's compliance with certain provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320. 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.

Neuner Davidson & Co
Certified Public Accountants

By: _____
Jeffrey R. Cooley, CPA
Roseburg, Oregon
December 6, 2019

Management's Discussion and Analysis

Douglas County School District No. 15
Days Creek, Oregon
Management's Discussion and Analysis
For The Year Ended 2019

As management of Douglas County School District No. 15 (Days Creek School District), we offer readers of the District's financial statements, this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the basic financial statements that follow this section.

Days Creek School District's financial records are prepared on an accounting basis accepted in the United States of America. Days Creek School District uses the modified accrual method of accounting. (Modified accrual accounting is based on revenues being recognized in the period when they become available and measurable (known). The term "available" means collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. Expenditures, if measurable, are recognized in the accounting period in which the liabilities are incurred, regardless of when the receipt or payment of cash takes place. In both the accrual basis and the modified accrual basis of accounting, when the amount of the revenues or expenditures is not known (measurable), it should not be recorded). The term available, with respect to revenue, means collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period (within 45, 60 or 90 days).

Financial Highlights

- The District's net position as reflected on the Statement of Net Position increased \$434,460 from the previous year primarily due to GASB 68 and the change in reporting pension liability and increase in school support.
- Net Liabilities as reflected on the Statement of Net Position increased \$79,356.
- The general fund ending balance decreased \$361,110 over the previous year to \$1,195,582 on June 30, 2019.
- General fund receipts were less than expenditures by \$361,110 which includes \$665,900 of transfers out to various Special Revenue Funds.
- Revenues from all Government Funds were more than disbursements by \$45,645.

Discussion of Financial Statements

This discussion and analysis are 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.

DOUGLAS COUNTY SCHOOL DISTRICT NO. 15

June 30, 2019

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 are found as listed in the table of contents of the audit report and include:

- Statement of Net Position – Modified Accrual
- Statement of Activities – Modified Accrual
- In the government-wide financial statements, the District's activities are shown in one category:
- Governmental activities. Most of the District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues.

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. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending on particular programs. These statements are found as listed in the table of contents of this audit report and include:

- Governmental Funds, Balance Sheet
- Governmental Funds, Statement of Receipts, Disbursements, and Changes in Fund Balances
- Some funds are required by state law.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (such as federal grants).

Governmental Funds

All of the District's basic services are included in the Governmental Funds. The District has the following governmental funds:

- Fund 100-General Fund
- Funds 200-Special Revenue Funds (Currently active Special Revenue Funds include
 - 220-Grants and Project Fund
 - 230-Student Body Funds
 - 250-Food Service Fund
 - 260-Curriculum Fund
 - 270-PERS Reserve Fund
- Other types of governmental funds are the Debt Service Funds, 302-QZAB Loan Fund and Capital Improvement Fund; Fund 404.

Government Wide Financial Analysis

Net Position may serve over time as a useful indicator of a government's financial position. As outlined in the Statement of Net Position, total Net Position as of June 30, 2019 was \$1,634,458 of which \$2,155,808 is held as cash in the state's local government investment pools and checking account, \$52,961 is due to the district from property taxes and accounts receivable. Noncurrent assets (land and land improvements, vehicles, equipment, less accumulated depreciation) equal \$1,371,236. Total Net Position has increased by \$434,460 from June 30, 2018.

DOUGLAS COUNTY SCHOOL DISTRICT NO. 15

June 30, 2019

The District's financial position is the product of many factors: decreased revenue and expenditures, and also due to a change in state reporting requirements as there is no longer a separate charter school fund, which resulted in overstatement of revenue & expenditures.

Analysis of Financial Positions & the Results of Operations

The following is a graphic representation of Governmental Funds receipts and disbursements as presented in the audit.

Receipts by Source- Governmental Funds (All)

REVENUES	2017-18 Modified Accrual	2018-19 Modified Accrual
Local	654,833	672,278
Intermediate	50,541	37,037
State	2,678,456	2,779,033
Federal	208,756	213,779
Total Revenues	3,592,586	3,702,127

The major operations of the District are conducted within the framework of the General Fund. In 2018-19, approximately 70% of the revenue to support the general operations of Days Creek School District was received as State School Support.

Disbursements - Governmental Funds (All Funds)

Disbursements	2017-2018 Modified Accrual	2018-2019 Modified Accrual
Instruction	1,624,358	1,688,147
Support Services	1,623,843	1,775,747
Enterprise and Community	121,899	122,156
Building and Acquisition	21,688	
Debt Service	71,904	70,704
Total Expenditures	3,463,692	3,656,482

Total expenditures for all funds decreased \$192,790 from the previous year. During fiscal year 2018-2019 disbursements for instruction increased \$63,789 and disbursements for supporting services increased \$151,904 as compared to 2017-2018.

DOUGLAS COUNTY SCHOOL DISTRICT NO. 15

June 30, 2019

Analysis of Fund Balances & Transactions

The General Fund is the chief operating fund of the District. The General Fund Ending Fund Balance at June 30, 2019 was \$1,195,582. This is a \$361,110 decrease from 2018-2019.

The Capital Improvement Fund Ending Fund Balance at June 30, 2019 was \$529,583. This is a \$255,984 increase from 2017-2018. The increase is due to transfers made in the 2018-2019 year.

The Non-Major Governmental Funds balance increased \$150,771 to \$389,000 in 2018-2019. These funds received a transfers from General Fund of \$265,900 in 2018-2019.

Budget Variance Analysis

No adjustments to appropriations were made this year.

Long Term Debt Activity

At June 30, 2019 the District had \$260,798 of bonded indebtedness outstanding.

Analysis of Currently Known Facts

The Days Creek School District has continued its trend of conservative spending. This conservatism has enabled the district to rebuild a solid ending fund balance, in addition to setting funds aside for major facilities projects, improvements, and future plans.

Circumstances that may still have a significant impact on future ending fund balances are:

- Negotiated Salary & Benefit increases
- PERS rate increases that will continue into at least the next two biennium.
- Increased enrollment of special needs children, who require additional support
- State Funding and new legislation surrounding support of education.
- Increased student enrollment overall as programs and school culture expand.

Contacting the District's Financial Management

This financial report is designed to provide the district's citizens, taxpayers, customers, investors and creditors with a general overview of the district's finances and to demonstrate the district's accountability. For answers to questions concerning any of the information provided or to request additional information, please contact the District Business Manager at PO Box 10, Days Creek, OR 97429.

Basic Financial Statements

Douglas County School District No. 15

Statement of Net Position

June 30, 2019

	Governmental Activities
ASSETS	
Current Assets:	
Cash and Investments	\$ 2,155,808
Accounts Receivable	18,950
Property Taxes Receivable	52,961
Other Receivables	138,080
Inventory-Food, Supplies & Commodities	211
Total Current Assets	<u>2,366,011</u>
Noncurrent Assets:	
Net Pension Asset	<u>-</u>
Capital Assets	
Land	35,000
Land Improvements	36,000
Buildings & Improvements	2,419,247
Vehicles	153,111
Equipment	121,897
Less: Accumulated Depreciation	<u>(1,394,019)</u>
Total Capital Assets, Net of Depreciation	<u>1,371,236</u>
Deferred Outflow of Resources:	
Net RHIA Asset	8,901
Deferred Amount of Bond Interest Funding	9,770
PERS Pension & OPEB Related Deferred Outflows	<u>1,058,592</u>
Total Deferred Outflows of Resources	<u>1,077,263</u>
Total Assets & Deferred Outflows	<u><u>4,814,510</u></u>
LIABILITIES	
Current Liabilities:	
Payroll Liabilities	221,185
Interest Payable	
Accrued Vacation Liability	
Current Portion of QSCB Bond Payable	40,000
Current Portion of QZAB Bond Payable	<u>10,399</u>
Total Current Liabilities	<u>271,584</u>
Long-Term Liabilities:	
Net Pension Liability	2,319,706
QZAB Bond Payable	20,798
QSCAB Bond Payable	240,000
Less: Current Portion	<u>(50,399)</u>
Total Long-Term Liabilities	<u>2,530,105</u>
Deferred Inflow of Resources:	
Pension Related Deferred Inflows	378,363
Total Deferred Inflow of Resources	<u>378,363</u>
Total Liabilities & Deferred Inflows	<u>3,180,052</u>
NET POSITION	
Net Invested in Capital Assets	1,110,438
Restricted for Capital Improvements	529,583
Restricted for Debt Service	31,259
Unrestricted	<u>(36,822)</u>
Total Net Position	<u><u>\$ 1,634,458</u></u>

Douglas County School District No. 15

Statement of Activities

For the Year Ended June 30, 2019

Functions	(Expenditures)	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
Instruction	\$ (1,491,023)	\$ 21,753	\$ 269,494	\$ (1,199,775)
Support Services	(1,537,272)	47,719	-	(1,489,553)
Community Services	(122,156)	17,488	92,313	(12,355)
Debt Service	(20,305)	-	-	(20,305)
Depreciation	(95,692)	-	-	(95,692)
Total Governmental Activities	<u>\$ (3,266,447)</u>	<u>\$ 86,960</u>	<u>\$ 361,807</u>	<u>\$ (2,817,680)</u>
General Revenues:				
Local Sources				
Property Taxes, levied for general purposes				\$ 469,113
Interest and Investment Earnings				56,655
Miscellaneous Revenue				73,621
County School Fund				2,864
ESD Apportionment				34,173
Common School Fund				19,684
State School Support available for general purposes				2,576,022
Federal Forest Fees available for general purposes				20,008
Subtotal - General Revenues				<u>3,252,140</u>
Excess (deficiency) of revenues over expenses before special items				434,460
Change in Net Position				434,460
Net Position, July 1, 2018				<u>1,199,998</u>
Net Position, June 30, 2019				<u>\$ 1,634,458</u>

Douglas County School District No. 15Balance Sheet
Governmental Funds

June 30, 2019

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 1,300,699	\$ 529,583	\$ 325,526	\$ 2,155,808
Receivables:				
Property Taxes	52,961	-	-	52,961
Accounts Receivable	16,264	-	2,686	18,950
Other Receivable			138,080	138,080
Due From Other Funds	87,274	-	-	87,274
Prepays	-	-	9,770	9,770
Inventory-Food, Supplies & Commodities	-	-	211	211
Total Assets	<u>\$ 1,457,198</u>	<u>\$ 529,583</u>	<u>\$ 476,273</u>	<u>\$ 2,463,055</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Due To Other Funds	-	-	87,274	87,274
Accrued Salaries & Benefits	221,185	-	-	221,185
Total Current Liabilities	<u>221,185</u>	<u>-</u>	<u>87,274</u>	<u>308,459</u>
Deferred Inflows of Resources				
Deferred Property Taxes	40,431	-	-	40,431
Total Deferred Inflows	<u>40,431</u>	<u>-</u>	<u>-</u>	<u>40,431</u>
Fund Balances:				
Nonspendable Inventories	-	-	211	211
Restricted For Debt Service	-	-	31,259	31,259
Restricted for Special Revenue			310,550	310,550
Assigned				
Education Programs	-	-	46,980	46,980
Capital Improvements	-	529,583	-	529,583
Unassigned	1,195,582	-	-	1,195,582
Total Fund Balances	<u>1,195,582</u>	<u>529,583</u>	<u>388,999</u>	<u>2,114,164</u>
Total Liabilities, Deferred Inflows of Resources & Fund Balances	<u>\$ 1,457,197</u>	<u>\$ 529,583</u>	<u>\$ 476,273</u>	<u>\$ 2,463,054</u>

Douglas County School District No. 15Reconciliation of the Balance Sheet - Governmental Funds
To the Statement of Net Position

For the Fiscal Year Ended June 30, 2019

Total governmental fund balances		\$ 2,114,164
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
	Cost of Assets	\$ 2,765,255
	Accumulated Depreciation	<u>(1,394,019)</u>
Total Governmental Capital Assets net of Depreciation		1,371,236
Property taxes receivable that will not be available to pay for current-period expenditures are deferred in the governmental funds.		40,432
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
	QZAB Installment Note Payable	(20,798)
	QSCB Bond Payable	<u>(240,000)</u>
Total Long-term liabilities		(260,798)
Current year PERS contributions are deferred outflows of resources that will be recognized expense in the subsequent period:		1,058,592
Net Pension liability is not a financial obligation and therefore is not reported in the government funds:		(2,319,706)
District's proportionate share of net differences between projected and actual earnings on investments that will be amortized over the next five years:		(378,363)
The PERS RHIA Asset (Liability), and deferred inflows and outflows related to the PERS RHIA Asset is the difference between the total OPEB liability and assets set aside to pay benefits earned to past and current employees:		8,901
Net Position of Governmental Activities		<u>\$ 1,634,458</u>

Douglas County School District No. 15Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds

For the Fiscal Year Ended June 30, 2019

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Local Sources	\$ 596,791	\$ -	\$ 75,487	\$ 672,278
Intermediate Sources	37,037	-	-	37,037
State Sources	2,595,706	-	183,327	2,779,033
Federal Sources	20,008	-	193,771	213,779
Total Revenues	<u>3,249,542</u>	<u>-</u>	<u>452,585</u>	<u>3,702,127</u>
EXPENDITURES:				
Instruction				
Regular Instruction	1,430,195	-	77,249	1,507,444
Special Programs	94,889	-	85,814	180,703
Supporting Services				
Students	93,494	-	-	93,494
Instructional Staff	11,881	-	211,791	223,672
General Administration	89,526	-	-	89,526
School Administration	200,026	-	-	200,026
Business & Internal Services	51,167	-	-	51,167
Operation & Maintenance of Plant Services	496,187	144,016	-	640,203
Student Transportation Services	295,770	-	-	295,770
Other Supporting Services	158,792	-	-	158,792
Supplemental Retirement Program	22,826	-	-	22,826
Community Services	-	-	122,156	122,156
Debt Service	-	-	70,704	70,704
Total Expenditures	<u>2,944,752</u>	<u>144,016</u>	<u>567,713</u>	<u>3,656,482</u>
Excess (Deficiency) of Revenues Over Expenditures	304,790	(144,016)	(115,129)	45,645
OTHER FINANCING SOURCES and (USES):				
Operating Transfers In	-	400,000	265,900	665,900
Operating Transfers Out	(665,900)	-	-	(665,900)
Total Other Financing Sources (Uses)	<u>(665,900)</u>	<u>400,000</u>	<u>265,900</u>	<u>0</u>
Net Change in Fund Balances	(361,110)	255,984	150,771	45,645
FUND BALANCE, July 1, 2018	<u>1,556,692</u>	<u>273,600</u>	<u>238,228</u>	<u>2,068,520</u>
Nonspendable for Inventory	-	-	211	211
Restricted	-	-	31,259	31,259
Assigned	-	529,583	46,980	576,563
Unassigned	1,195,582	-	-	1,195,582
FUND BALANCE, June 30, 2019	<u>\$ 1,195,582</u>	<u>\$ 529,583</u>	<u>\$ 389,000</u>	<u>\$ 2,114,165</u>

Douglas County School District No. 15

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2019

Net changes in fund balances - total governmental funds		\$ 45,645
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.</p>		
Expenditures for capitalized assets	\$238,204	
Less current year depreciation	<u>(95,692)</u>	142,512
<p>Some property tax revenues will not be collected for several months after the District's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred inflows of resources.</p>		
Deferred In-Flows of Resources	<u>(1,220)</u>	(1,220)
<p>Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The net change in those payable is reconciled here.</p>		
Early Retirement Benefits - Stipened Pay and Health Insurance	<u>294,703</u>	294,703
<p>Changes in net pension liability, the related changes in deferred outflows and deferred inflows of resources are not recognized as expenses in the government funds:</p>		
		(104,033)
<p>Changes in net RHIA PERS liability, the related changes in deferred outflows and deferred inflows of resources are not recognized as expenses in the government funds:</p>		
		6,454
<p>Long-term and short-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt increases fund liabilities. Similarly, repayment of bond principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position</p>		
Loans Payable		
QSCB	40,000	
QZAB	<u>10,399</u>	50,399
Change in Net Position - Governmental Activities		<u>\$ 434,460</u>

Notes to Financial Statements

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Douglas County School District No. 15 was organized under the provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is government by a separately elected seven-member Board of Directors who approve the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

The basic financial statements of Douglas County School District No. 15 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

A. **Reporting Entity**

In determining the financial reporting entity, Douglas County School District No. 15 complies with Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity." The criteria for including organizations as component units within the District's reporting entity, include whether 1) the District appoints a voting majority of the organization's board; 2) the District is able to impose its will on the organization; 3) the organization has the potential to impose a financial benefit or burden on the District; and 4) there is fiscal dependency by the organization on the District.

Based on the fiscal dependency criteria above, Douglas County School District No. 15 has no component units.

B. **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, State and County aid, and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements - The government-wide financial statements are reported using the *economic resource management focus* and the *accrual basis of accounting*, as is the fiduciary financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule the effect of interfund activity has been eliminated from the governmental-wide financial statements.

Fund Financial Statements - Governmental fund financial statements are reported using the *current financial resources measurement focus* and *modified accrual basis of accounting*. Under this method of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenue available if collected within 60 days after year end.

Expenditures are recorded when the related fund liability is incurred, except for expenditures for principal and interest on long-term debt which is recognized when due, 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.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Delinquent property taxes and property taxes for which there is an enforceable legal claim which are not collected within 60 days of the fiscal year end, have been recorded as deferred revenue.

The major governmental funds reported by the District include:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

The major governmental funds reported by the District include: (Cont'd)

Capital Improvement Fund - This fund accounts for the building operation and maintenance expenditures. The revenues in this fund are transfers in.

The other Governmental Funds included in the District's Financial Statements are considered Non-major Funds.

Additionally, the District reports the following fund types:

Special Revenue Funds - accounts for grant proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Funds include Grants and Project Fund, Student Body Fund, Food Service Fund, Curriculum Fund, and the PERS Reserve Fund.

Debt Service Fund – accounts for QZAB and QSCB bonds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Standards Board.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type. The district has no Fiduciary Funds

D. Budgeting

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

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

Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the District Board of Directors.

Budget amounts shown in the budgetary comparison schedules include both the original and, when applicable, the revised amount. The combining fund financial statements and individual fund financial statements include, in the budget column, any revisions to the budget since original budget amounts were adopted.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash & Investments

Cash and cash equivalents include cash on hand, checking, savings and money market accounts and any short-term, highly liquid investments with initial maturity dates of three months or less. The District has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the District to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

The District's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The District's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short Term Fund (OSTF) which was established by the State Treasurer. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

The funds deposited in the banks are collateralized by the banks with certificates of participation and with the Federal Deposit Insurance Corporation.

Investments are recorded at cost which approximates market value.

F. Property Taxes

Real and personal property taxes attach as an enforceable lien on property as of January 1. All taxes are levied as of the lien date and are payable in three installments on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

G. Receivables

Uncollected property taxes and revenues from other sources that are earned but not received by the fiscal year end are reported as receivable in the current assets section in the government-wide statement of net position by the District. Government grant reimbursement and entitlement amounts for which all eligibility requirements imposed by the provider have been met, but which were not received by the fiscal year end, are reported as due from other governments in the current assets section in the government-wide statement of net position by the District. All receivables are considered fully collectible; consequently, no allowance for uncollectible taxes has been established.

Under the modified accrual basis of accounting used in the governmental fund financial statements, property taxes which have been collected within sixty days subsequent to year-end are considered measurable and available and are therefore recognized as revenue. All other property taxes receivable are offset by deferred inflows of resources and, accordingly, have not been recognized as revenue. All taxes are considered collectible; consequently, no allowance for uncollectible taxes has been established.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

G. Receivables (Cont'd)

Government grant reimbursement and entitlement amounts for which all eligibility requirements imposed by the provider have been met, but which were not received by the fiscal year end, are reported as due from other governments in the fund financial statements by the District. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

H. Inventory

Food & supplies inventories in the Food Services Fund are valued at cost determined on the First In First Out (FIFO) method. Commodities inventory in the Food Services 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.

I. Capital Assets

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

In the government-wide financial statements, all reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the estimated useful lives as follows: 5-40 years

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

Proceeds from sales of capital assets are recorded as revenue in the fund originally financing the purchase if identifiable; if not, then the revenue is recorded in the General Fund.

J. Compensated Absences and Accrued Liabilities

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual vacation.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

L. Fund Balance & Net Position

Government-wide Statements

Equity is classified as net position, which represents the difference between (assets plus deferred outflows) and (liabilities plus deferred inflows). Net position is displayed in three components:

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

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

Fund Financial Statements

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

- Non-spendable: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. Fund Balance & Fund Equity (Cont'd)

Fund Financial Statements (Cont'd)

- Committed: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision making authority, the Board of Directors, and does not lapse at year-end.
- Assigned: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

M. Deferred Inflows of Resources

In the governmental funds, property taxes which have not been collected within sixty days subsequent to year-end are not considered measurable and available and are therefore not recognized as revenue, but rather as deferred inflows of resources.

N. Interfund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Use of Estimates

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

2. CASH & INVESTMENTS

At year-end the carrying amount of the District's cash consisted of the following:

Checking	\$ 748,257
Certificate of Deposit	2,527
State Pool	1,405,024
	<u>\$ 2,155,808</u>

For discussion of deposit and investment policies and other related information, see Note 1.E.

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized at Note 1.E.

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

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FD1C insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website. Qualifying depository banks must pledge securities with a particular value based on the bank's level of capitalization. The balances in excess of the FDIC insurance are considered exposed to custodial credit risk.

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

Investments

The Local Government Investment Pool (LGIP) is included in the Oregon Short Term Fund (OSTF), which was established by the State Treasurer. OSTF is not subject to SEC regulation and does not receive credit quality ratings from nationally recognized statistical rating organizations. OSTF is subject to requirements established in Oregon Revised Statutes, investment policies adopted by the Oregon Investment Council, and portfolio guidelines established by the Oregon Short Term Fund Board. The Governor appoints the members of the Oregon Investment Council and the Oregon Short Term Fund Board. The OSTF financial statements are available at <http://www.ost.state.or.us/>. The fair value of the District's deposit with the LGIP approximates the cost.

2. CASH & INVESTMENTS (Cont'd)

The Local Government Investment Pool (LGIP) is included in the Oregon Short Term Fund (OSTF), which was established by the State Treasurer. OSTF is not subject to SEC regulation and does not receive credit quality ratings from nationally recognized statistical rating organizations. OSTF is subject to requirements established in Oregon Revised Statutes, investment policies adopted by the Oregon Investment Council, and portfolio guidelines established by the Oregon Short Term Fund Board. The Governor appoints the members of the Oregon Investment Council and the Oregon Short Term Fund Board. The OSTF financial statements are available at <http://www.ost.state.or.us/>. The fair value of the District's deposit with the LGIP approximates the cost.

Credit Risk. The LGIP's portfolio concentration of credit risk at June 30, 2019 included: U.S. Government and Agency securities (19.06%), Municipal Government Securities (4.64%), Non U.S. Government Debt Obligations (8.03%), Corporate Securities (2.80%), Corporate Obligations (42.83%), Asset-Backed Securities (20.58%) Certificates of Deposits (1.65%), Cash in various banks (0.41%).

Interest Rate Risk. While the District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, it has historically invested only in the LGIP. As of June 30, 2019 59.50% of the investments in the LGIP mature within 93 days, 18.93% mature within 94 days to one year, and 21.57% mature within one to three years.

The carrying amount and market value of the investment was:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	\$ 1,405,024	N/A
Total Investments	<u>\$ 1,405,024</u>	

Amounts in the state local government pool are not required by law to be collateralized.

3. RECEIVABLES

Receivables as of the end of the year for the District's individual major funds and non-major funds in the aggregate are as follows:

	<u>General Fund</u>	<u>Total</u>
Property Tax Receivable	\$ 52,961	\$ 52,961
	<u>\$ 52,961</u>	<u>\$ 52,961</u>

4. DEFERRED OUTFLOW OF RESOURCES

As of the end of the year the District had pre-paid interest for the QSCB Bond. BNY Mellon started collecting interest in advance from the District to make the semi-annual bond payments. The Department of the Treasury picks up a portion of the interest for each payment, but does so after the District has deposited enough money with BNY Mellon to make the interest payments. The over deposit of interest is a Deferred Outflow of Resources.

Douglas County School District #15

Notes to
Financial Statements

June 30, 2019

5. **CAPITAL ASSETS**

The following is a summary of changes in the Capital Assets Account Group:

	July 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	June 30, <u>2019</u>
Capital Assets Not Being Depreciated:				
Land	\$ 35,000	\$ -	\$ -	\$ 35,000
Land Improvements	<u>36,000</u>	<u>-</u>	<u>-</u>	<u>36,000</u>
Total Capital Assets Not Being Depreciated	71,000	-	-	71,000
Depreciable Capital Assets:				
Buildings & Improvements	2,216,752	\$ 202,495	-	2,419,247
Vehicles	117,402	35,709	-	153,111
Equipment	<u>121,897</u>	<u>-</u>	<u>-</u>	<u>121,897</u>
Total Depreciable Capital Assets	2,456,051	238,204	-	2,694,255
Total Capital Assets	<u>2,527,051</u>	<u>238,204</u>	<u>-</u>	<u>2,765,255</u>
Depreciation-Land Improvements	(36,000)	-	-	(36,000)
Depreciation-Buildings & Improvements	(1,070,688)	(89,681)	-	(1,160,369)
Depreciation-Vehicles	(117,402)	(3,571)	-	(120,973)
Depreciation-Equipment	<u>(70,666)</u>	<u>(6,011)</u>	<u>-</u>	<u>(76,677)</u>
Total Depreciation	(1,294,756)	(99,263)	-	(1,394,019)
Net Capital Assets	<u>\$ 1,232,295</u>	<u>\$ 138,941</u>	<u>\$ -</u>	<u>\$ 1,371,236</u>

Estimated historical cost was used to value approximately seventy-five percent of the fixed assets.

6. **ACCOUNTS PAYABLE**

Expenses incurred during the current fiscal year which were unpaid at the end of the year have been accrued and reflected as a liability in the combined balance sheet. The amounts are recorded as fund expenditures under the appropriate function and object expenditure category.

Douglas County School District #15

Notes to
Financial Statements

June 30, 2019

7. LONG TERM DEBT

A Summary of debt transactions for the year ended June 30, 2019 is as follows:

	<u>Outstanding July 01, 2018</u>	<u>Redeemed</u>	<u>Outstanding June 30, 2019</u>	<u>Due Within One Year</u>
Installment Notes:				
Qualified Zone Academy Bond (QZAB)				
For qualified improvements and equipment				
Original Balance \$200,000				
Dated July 15, 2005				
Interest Rate - 0%				
Principal	\$ 31,197	\$ 10,399	\$ 20,798	\$ 10,399
Totals	<u>31,197</u>	<u>10,399</u>	<u>20,798</u>	<u>10,399</u>
Qualified School Construction Bond (QSCB)				
For funding facilities construction & improvements				
Original Balance \$600,000				
Dated July 15, 2015				
Interest Rate - 3.50%-5.50%				
Principal	280,000	40,000	240,000	40,000
Totals	<u>280,000</u>	<u>40,000</u>	<u>240,000</u>	<u>40,000</u>
TOTAL DEBT AGREEMENTS:				
Principal	311,197	50,399	260,798	50,399
Totals	<u>\$ 311,197</u>	<u>\$ 50,399</u>	<u>\$ 260,798</u>	<u>\$ 50,399</u>

7. LONG TERM DEBT (Cont'd)

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

	Fiscal Year Ended June 30,	Principal	Interest	Total
QZAB & QSCB Bonds	2020	50,399	19,500	\$ 69,899
	2021	50,399	11,000	61,399
	2022	40,000	11,000	51,000
	2023	40,000	11,000	51,000
	2024	40,000	11,000	51,000
	2025	40,000	11,000	51,000
	Total	<u>\$ 260,798</u>	<u>\$ 74,500</u>	<u>\$ 335,298</u>

*In the 2018-19 Fiscal Year \$18,291 of interest was paid by a federal subsidy.

8. PENSION PLAN

General Information about the Pension Plan

Plan Description

Employees of the district are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at <https://www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf>

Benefits Provided

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

8. PENSION PLAN (Cont'd)

Benefits Provided (Cont'd)

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238 (Cont'd)

Pension Benefits (Cont'd)

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. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

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

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

Disability Benefits

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

Benefit Changes

After Retirement Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. 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.

2. OPSRP Pension Program (OPSRP DB) (Cont'd)

Pension Benefits (Cont'd)

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

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

Death Benefits

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

8. PENSION PLAN (Cont'd)

3. OPSRP Individual Account Program (OPSRP IAP) (Cont'd)

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2016 actuarial valuation as subsequently modified by 2018 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2018 were \$339,138, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2019 were 27.20 percent for Tier One/Tier Two General Service Member, 21.87 percent for OPSRP Pension Program General Service Members, and 6 percent for OPSRP Individual Account Program.

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

At June 30, 2019, the district reported a liability of \$2,319,706 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. The district's proportion of the net pension liability was based on a projection of the district's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the district's proportion was 0.0153 percent, which did not change from its proportion of 0.0153 measured as of June 30, 2017.

For the year ended June 30, 2019, the district's recognized pension expense of \$104,033. At June 30, 2019, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Douglas County School District #15

Notes to
Financial Statements

June 30, 2019

8. PENSION PLAN (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	<u>Deferred Outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Differences between expected and actual experience	\$ 78,909	-
Changes of assumptions	539,327	-
Net difference between projected and actual earnings on investments	-	103,008
Changes in proportion	2,888	\$ 264,551
Difference between employer contributions and proportionate share of contributions	<u>98,330</u>	<u>10,804</u>
Total(prior to post-MD contributions)	719,454	378,363
Contributions subsequent to the MD	<u>339,138</u>	
Total	<u>\$ 1,058,592</u>	<u>\$ 378,363</u>

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Deferred Outflows</u>		<u>Deferred Inflows</u>	
Amortization Period		Amortization Period	
FY2019	\$ 198,416	FY2019	
FY2020	133,875	FY2020	-
FY2021		FY2021	42,176
FY2022	35,231	FY2022	
FY2023	<u>15,746</u>	FY2023	
	<u>\$ 383,268</u>		<u>\$ 42,176</u>

Actuarial Assumptions

The employer contribution rates effective July 1, 2017, through June 30, 2019 and effective July 1, 2018, through June 30, 2019, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

8. PENSION PLAN (Cont'd)

Actuarial Assumptions (Cont'd)

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

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date, Measurement Date	December 31, 2016 rolled forward to June 30, 2018
Experience Study Report	2016, published July 26, 2017
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.50%
Real Wage Growth	1.00%
Investment Rate of Return	7.20%
Projected Salary Increases	3.50% overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with MORO decision, blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational 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.

8. PENSION PLAN (Cont'd)

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. 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.

<u>Asset Class/ Strategy</u>	<u>Assumed Asset Allocation</u>		
	<u>Low Range</u>	<u>High Range</u>	<u>Target</u>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	14.0%	21.0%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</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 Foreign Equities	4.13%	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	<u>1.88%</u>	3.84%
Total	<u>100.00%</u>	
Assumed Inflation - Mean		2.50%

8. PENSION PLAN (Cont'd)

Depletion Date Projection

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

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

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

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

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.

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

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

8. PENSION PLAN (Cont'd)

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
District's proportionate share of the net pension liability (asset)	\$ 3,876,666	\$ 2,319,706	\$ 1,034,562

Pension Plan Fiduciary Net Position

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

Changes in Plan Provisions During the Measurement Period

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS will make restoration payments to those benefit recipients.

OPERS members who have accrued benefits before and after the effective periods of the 2013 legislation will have a blended COLA rate when they retire.

This change in benefit terms were reflected in the current valuation.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2018 measurement date.

8a. OTHER POST EMPLOYMENT BENEFITS RHIA (GASB 75)

Plan Description:

As a member of Oregon Public Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. 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 provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy:

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 OPERS at the time of retirement or receive a disability allowance

8a. OTHER POST EMPLOYMENT BENEFITS RHIA (GASB 75) (Cont'd)

as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS 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 OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.50% of annual covered OPERF payroll and 0.43% of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortized any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2016, 2017 and 2018 were \$0.3 million, \$0.3 million and \$0.3 million, respectively, which equaled the required contributions each year.

At June 30, 2019, the District reported a net OPEB asset of \$12,331 for its proportionate share of the net OPEB liability. The OPEB asset was measured as of June 30, 2018, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2016. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2018, the District's proportion was 0.011 percent. OPEB expense for the year ended June 30, 2019 was \$(1,151).

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/Income	(1,157)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share	6
-Differences between employer contributions and employer's proportionate share of system contributions	
Employer's Total OPEB Expense/(Income)	<u>(1,151)</u>

Douglas County School District #15

Notes to
Financial Statements

June 30, 2019

8a. OTHER POST EMPLOYMENT BENEFITS RHIA (GASB 75) (Cont'd)

Components of Deferred Outflows/Inflows of Resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 699
Changes of assumptions	-	39
Net difference between projected and actual earnings on investments	-	2,658
Changes in proportion	13	5
Difference between employer contributions and proportionate share of contributions	-	-
Total (prior to post-MD contributions)	-	3,401
Contributions subsequent to the MD	-	-
Total	<u>\$ -</u>	<u>\$ 3,401</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2019.

Amounts reported as deferred outflows or inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2018	\$ (1,113)
2019	(1,116)
2020	(895)
2021	(264)
2022	-
Thereafter	-
Total	<u>(3,388)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of

8a. OTHER POST EMPLOYMENT BENEFITS RHIA (GASB 75) (Cont'd)

and for the Year Ended June 30, 2018. That independently audited report was dated March 4, 2019 and can be found at:

http://www.oregon.gov/pers/EMP/Documents/GASB/2018/GASB_75_06.30.2018.pdf

Actuarial Methods and Assumptions:

Valuation Date, Measurement Date	December 31, 2016 rolled forward to June 30, 2018
Experience Study Report	2016, published July 26, 2017
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.50%
Real Wage Growth	1.00%
Investment Rate of Return	7.20%
Projected Salary Increases	3.50% overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with MORO decision, blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based in the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2016

Discount Rate:

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

8a. OTHER POST EMPLOYMENT BENEFITS RHIA (GASB 75) (Cont'd)

investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2016 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumption team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</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 Foreign Equities	4.13%	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	1.88%	3.84%
Total	100%	
Assumed Inflation - Mean		2.50%

Sensitivity of the District’s proportionate share of the net OPEB liability/(asset) to changes in the discount rate - The following presents the District’s proportionate share of the net OPEB liability/(asset)

8a. OTHER POST EMPLOYMENT BENEFITS RHIA (GASB 75) (Cont'd)

calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.2 percent) than the current rate.

	<u>1% Decrease (6.2%)</u>	<u>Discount Rate (7.2%)</u>	<u>1% Increase (8.2%)</u>
District's proportionate share of the net RHIA liability (asset)	\$ (7,180)	\$(12,331)	\$(16,715)

9. OTHER POST-EMPLOYMENT BENEFITS:

The District provides eligible retirees a monthly stipend equal to 1 to 1.5% of the individual's final annual salary, depending on the length of service with the District. During the fiscal year ended June 30, 2018, three retirees have met these eligibility requirements and one is currently receiving benefits. The District provides this stipend for eligible early retirees for a maximum of 72 months or until the retiree becomes eligible for Social Security, whichever comes first. Beginning with the existing employment contract, this retirement benefit is no longer available to employees.

Expenditures for post-retirement benefits are recognized when an obligation is incurred. During the 2018-2019 fiscal year, expenditures of \$11,012 in stipends were recognized by the District for other post-employment benefits.

Eligible employees are those who retire from the District with fifteen years or more of service within the District. As of June 30, 2019 there are no retirees who met the eligibility requirements for post-retirement health care benefits and three received benefits. The District provides medical and dental insurance for early retirees for a maximum of 72 months or until the retiree becomes eligible for Medicare, whichever comes first. Beginning with existing employment contract, this retirement benefit is no longer available to employees.

At June 30, 2019 there is no liability reported. All retirees no longer live in the district or have aged out of eligibility.

10. CONTINGENT LIABILITIES

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

The potential effects of an illegal act or of material revenue derived from transactions involving illegal acts or significant unusual risks may constitute a liability of the applicable fund. The District expects such liability amount, if any, to be immaterial.

The District is not currently named as a defendant in any pending or threatened litigation.

11. ACCRUED VACATION PAY

As of June 30, 2019, employees of the District had earned vacation pay. The liability is not reflected on the combined balance sheet in the general fund because the amount is immaterial.

12. COMMODITIES RECEIVED IN FOOD SERVICE FUND

During the year the District received USDA commodities. Fair market value of the amount of commodities used during the 2018-2019 fiscal year is \$6,785. The amount is reflected as federal revenue received and as a food expenditure in the Food Service Fund in the financial statements. Fair market value is determined by the Oregon Department of Education.

13. COMMITMENTS

The District receives from the State of Oregon a substantial portion of its operating funds through basic school support based on student enrollment. Since there are funding uncertainties at the state level, future funding from basic state school support may be reduced. A possible reduction in funding for the District's future operations is not determinable.

14. RISK MANAGEMENT

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The District is joined together with other school districts and special districts in the state, which are members of Special Districts of Oregon (SDOA). SDOA oversees the Special Districts Insurance Services Trust, a public entity risk pool currently operating as a common risk management and insurance program for member governments.

The District has an annually renewable contract to pay SDOA an annual premium for its general liability, property liability, automobile liability, boiler and machinery, comprehensive crime, and umbrella insurance coverage.

The District carries commercial insurance for all other losses, including workers' compensation and employee health and accident insurance. Premiums to the health insurance company are paid through a combination of employer contributions and payroll withholdings for eligible employees.

The District came under the State Unemployment Act as of July 1, 1974. The District has elected to pay State Unemployment insurance to the State of Oregon to pay for any claims paid to former employees.

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

15. **INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The following is a summary of interfund transfers reported in the fund financial statements:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		\$ 665,900
Grants & Projects Fund	\$ 50,000	
Lunch Fund	15,000	
Curriculum	50,000	
PERS Reserve	100,000	
Debt Service	50,900	
Capital Project Fund	400,000	
	<u>\$ 665,900</u>	<u>\$ 665,900</u>

The transfers were to build up reserves for future purchases and improvements for the District. Food Service fund transfer made to eliminate the deficit fund balance.

16. **FUND BALANCE COMPARISONS**

	Actual	Budgeted
	<u>June 30, 2019</u>	<u>July 01, 2019</u>
General Fund	\$ 1,195,310	\$ 1,056,077
Grants & Projects Fund	50,806	49,866
Student Body Fund	46,980	50,000
Food Service Fund	48,582	30,000
Curriculum Fund	47,259	27,000
PERS Reserve Fund	164,115	164,115
Debt Service Fund	31,259	20,158
Capital Improvement Fund	529,583	550,000

17. **IMPLEMENTATION OF GASB STATEMENT NO. 54 – NEW FUND BALANCE**

The District was required to implement GASB Statement No. 54 for year ending June 30, 2016. GASB Statement 54 requires analysis and presentation of fund balance in five categories. The new fund balance categories are:

- 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 Education, by formal board action.
- Assigned – Includes items assigned for specific uses, authorized by the District’s Superintendent and/or Director of Finance Operations.
- Unassigned – This is the residual classification used for those balances not assigned to another company.

Douglas County School District #15

17. IMPLEMENTATION OF GASB STATEMENT NO. 54 – NEW FUND BALANCE Cont'd

Below is a schedule of ending fund balances, based on GASB Statement No. 54 implementation:

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
<u>Non-Spendable</u>				
Reserved for Inventory	\$ -	\$ -	\$ 211	\$ 211
	<u>-</u>	<u>-</u>	<u>211</u>	<u>211</u>
<u>Restricted:</u>				
Grants Funds			50,806	50,806
Food Service Fund			48,370	48,370
PERS Reserve Fund			164,115	164,115
Debt Service			31,259	31,259
Curriculum Replacment Fund			47,259	47,259
	<u>-</u>	<u>-</u>	<u>341,809</u>	<u>341,809</u>
<u>Assigned to:</u>				
Student Body Fund	-	-	46,980	46,980
Capital Improvements Fund	-	529,583	-	529,583
	<u>-</u>	<u>529,583</u>	<u>46,980</u>	<u>576,563</u>
<u>Unassigned:</u>	<u>1,195,582</u>	<u>-</u>	<u>-</u>	<u>1,195,582</u>
Total Fund Balances	<u>\$ 1,195,582</u>	<u>\$ 529,583</u>	<u>\$ 389,000</u>	<u>\$ 2,114,165</u>

18. OVER EXPENDITURES OF APPROPRIATIONS

The District overspent its appropriation in the following funds:

	<u>Actual</u>	<u>Appropriation</u>	<u>Over</u>
Special Revenue Funds			
Support Services	\$ 211,791	\$ 184,714	\$ 27,077

19. TAX ABATEMENT- GASB 77

As of June 30, 2019, Douglas County does not provide any tax abatements that impact Douglas County School District No. 15.

20. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 6, 2019, the date on which the financial statements were available to be issued. No subsequent events were noted.

Required Supplementary Information

Douglas County School District No. 15

Budgetary Comparison Schedule for the General Fund

For the Fiscal Year Ended June 30, 2019

	Actual	Original Budget	Final Budget	Over (Under) Budget
REVENUES:				
Local Sources:				
Tax Levy-Current Year & Offsets	\$ 448,329	\$ 440,784	\$ 440,784	\$ 7,545
Tax Levy-Prior Years	19,262	18,242	18,242	1,020
County Land Sales	2,742	-	-	2,742
Earnings on Investments	56,655	15,000	15,000	41,655
Pupil Activities Income	10,422	7,500	7,500	2,922
Rental	10,831	10,800	10,800	31
Contributions & Donations From Private Sources	500	-	-	500
Miscellaneous Local Sources & Refunds	48,050	20,000	20,000	28,050
Total Local Sources	<u>596,791</u>	<u>512,326</u>	<u>512,326</u>	<u>84,465</u>
Intermediate Sources:				
County School Funds	2,864	-	-	2,864
ESD Apportionment	34,173	34,000	34,000	173
Total Intermediate Sources	<u>37,037</u>	<u>34,000</u>	<u>34,000</u>	<u>3,037</u>
State Sources:				
Basic School Support	2,576,022	2,411,519	2,661,519	(85,497)
Common School Fund	19,684	10,000	10,000	9,684
Total State Sources	<u>2,595,706</u>	<u>2,421,519</u>	<u>2,671,519</u>	<u>(75,813)</u>
Federal Sources:				
Federal Forest Fees	20,008	-	-	20,008
Total Federal Sources	<u>20,008</u>	<u>-</u>	<u>-</u>	<u>20,008</u>
Total Revenues	<u>3,249,542</u>	<u>2,967,845</u>	<u>3,217,845</u>	<u>31,697</u>
EXPENDITURES: Schedule C-2	<u>2,944,752</u>	<u>3,367,550</u>	<u>3,367,550</u>	<u>(422,798)</u>
Excess of Revenues Over (Under) Expenditures	304,790	(399,705)	(149,705)	454,495
OTHER FINANCING SOURCES (USES):				
Operating Transfers (Out)	(665,900)	(665,900)	(665,900)	-
Total Other Financing Sources (Uses)	<u>(665,900)</u>	<u>(665,900)</u>	<u>(665,900)</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(361,110)	(1,065,605)	(815,605)	454,495
FUND BALANCE, July 1, 2018	<u>1,556,692</u>	<u>1,565,605</u>	<u>1,565,605</u>	<u>(8,913)</u>
FUND BALANCE, June 30, 2019	<u>\$ 1,195,582</u>	<u>\$ 500,000</u>	<u>\$ 750,000</u>	<u>\$ 445,582</u>

Douglas County School District No. 15

Budgetary Comparison Schedule for General Fund Expenditures

For the Fiscal Year Ended June 30, 2019

	Salaries	Employees Benefits	Purchased Services	Supplies and Materials
INSTRUCTION:				
Regular Programs:				
Primary, K-3	\$ 241,535	\$ 140,408	\$ 38,707	\$ 4,088
Middle/Junior High Programs	108,341	71,690	10,063	4,132
Extracurricular	6,400	1,877	885	2,852
High School Programs	413,227	238,476	39,906	30,073
Extracurricular	30,872	5,708	29,585	7,068
Special Programs:				
Resource Rooms	54,193	35,236	4,031	1,430
Total Instruction	<u>854,567</u>	<u>493,394</u>	<u>123,176</u>	<u>49,642</u>
SUPPORTING SERVICES:				
Students:				
Attendance & Social Work	49,481	28,998	-	-
Psychological Services	-	-	14,420	-
Service Direction, Student Support	-	-	-	-
Instructional Staff:				
Service Area Direction	231	-	-	-
Educational Media Services	1,200	492	-	1,520
Assessment & Testing	-	-	-	4,233
Instructional Staff Development	-	2,788	1,417	-
Board of Education Services	-	-	26,645	476
Executive Administration Services	44,033	10,066	3,960	390
Office of Principal	111,057	73,077	12,692	2,992
Business:				
Fiscal Services	-	64	49,328	76
Operation & Maintenance of Plant	146,882	105,283	99,180	37,040
Student Transportation	-	-	-	16,533
Vehicle Operation Services	-	-	183,603	-
Special Education Transportation	-	-	68,917	-
Other Student Transportation Services	-	-	25,007	-
Central Services:				
Staff Services	-	-	10,268	-
Technology Services	29,331	12,066	56,455	50,137
Supplemental Retirement Program	11,012	11,814	-	-
Total Supporting Services	<u>393,227</u>	<u>244,648</u>	<u>551,891</u>	<u>113,398</u>
CONTINGENCIES	-	-	-	-
TOTAL EXPENDITURES	<u><u>\$ 1,247,794</u></u>	<u><u>\$ 738,043</u></u>	<u><u>\$ 675,068</u></u>	<u><u>\$ 163,040</u></u>

(1) Level of Budget Appropriation

<u>Capital Outlay</u>	<u>Other</u>	<u>Total Expenditures</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Over (Under) Budget</u>
\$ -	\$ -	\$ 424,737			
-	-	194,225			
-	-	12,014			
-	150	721,831			
-	4,155	77,387			
-	-	94,889			
<u>-</u>	<u>4,305</u>	<u>1,525,084</u>	<u>\$ 1,597,866</u>	<u>\$ 1,597,866</u>	(1) <u>\$ (72,781)</u>
-	-	78,479			
-	-	14,420			
-	595	595			
-	-	231			
-	-	3,212			
-	-	4,233			
-	-	4,205			
-	2,056	29,178			
-	1,898	60,348			
-	208	200,026			
-	1,699	51,167			
76,542	31,260	496,187			
-	1,710	18,244			
-	-	183,603			
-	-	68,917			
-	-	25,007			
-	460	10,728			
-	75	148,064			
-	-	22,826			
<u>76,542</u>	<u>39,962</u>	<u>1,419,668</u>	<u>1,547,684</u>	<u>1,547,684</u>	(1) <u>(128,016)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>222,000</u>	<u>222,000</u>	(1) <u>(222,000)</u>
<u>\$ 76,542</u>	<u>\$ 44,267</u>	<u>\$ 2,944,752</u>	<u>\$ 3,367,550</u>	<u>\$ 3,367,550</u>	<u>\$ (422,798)</u>

Douglas County School District No. 15
Required Supplementary Information

For the Fiscal Year Ended June 30, 2019

PERS

Schedule C-3

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll
2019	0.015 %	2,319,706	\$ 1,362,329	170.3 %
2018	0.015	2,059,476	1,305,722	157.7
2017	0.017	2,535,224	1,229,882	206.1
2016	0.022	1,253,890	1,087,960	115.3
2015	0.029	(653,960)	1,069,797	(61.1)

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

SCHEDULE OF CONTRIBUTIONS

Schedule C-4

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of PERS payroll
2019	\$ 339,138	\$ 339,138	\$ -	1,362,329	0.249 %
2018	350,071	350,071	-	1,305,722	0.268
2017	290,471	290,471	-	1,218,870	0.238
2016	271,902	271,902	-	1,087,960	0.250
2015	208,328	208,328	-	1,069,797	0.195

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

Other Supplementary Information

Douglas County School District No. 15

Budgetary Comparison Schedule for the Capital Improvements Fund

For the Fiscal Year Ended June 30, 2019

	Purchased Services	Supplies and Materials	Capital Outlay	Actual	Budget	Over (Under) Budget
REVENUES:						
State Sources:						
Total Revenue				<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:						
Support Services:						
Care & Upkeep of Buildings	\$ 7,268	\$ 70,186	\$ 66,562	144,016		
Total Support Services	<u>7,268</u>	<u>70,186</u>	<u>66,562</u>	<u>144,016</u>	<u>\$ 150,000</u>	<u>(1) (5,984)</u>
Facilities Acquisition and Construction:						
Total Facilities Acquisition and Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>800,000</u>	<u>(1) (800,000)</u>
Total Expenditures	<u>\$ 7,268</u>	<u>\$ 70,186</u>	<u>\$ 66,562</u>	<u>\$ 144,016</u>	<u>\$ 950,000</u>	<u>(1) \$ (805,984)</u>
OTHER FINANCING SOURCES & (USES)						
Operating Transfers In				400,000	400,000	-
Total Other Financing Sources				<u>400,000</u>	<u>400,000</u>	<u>-</u>
Excess of Receipts Over (Under) Expenditures				255,984	(550,000)	(805,984)
FUND BALANCE, July 1, 2018				<u>273,600</u>	<u>550,000</u>	<u>(276,400)</u>
FUND BALANCE, June 30, 2019				<u>\$ 529,583</u>	<u>\$ -</u>	<u>\$ 529,583</u>

(1) Level of Budget Appropriation

Douglas County School District No. 15Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
Debt Service Fund

For the Fiscal Year Ended June 30, 2019

	Other	Actual	Budget	Over (Under) Budget
REVENUES:				
Local Sources:				
Miscellaneous		\$ 7,280	\$ 7,000	\$ 280
Total Local Sources		<u>7,280</u>	<u>7,000</u>	<u>280</u>
Federal Sources:				
Federal Interest Subsidy		18,291	-	18,291
Total Federal Sources		<u>18,291</u>	<u>-</u>	<u>18,291</u>
Total Revenue:		<u>25,571</u>	<u>7,000</u>	<u>18,571</u>
Other Sources (Uses)				
Debt Reduction - Principal	\$ 50,399	50,399	50,900	(501)
Interest	19,500	19,500	20,000	(500)
Dues and Fees	805	805	1,000	(195)
Total Other Uses	<u>70,704</u>	<u>70,704</u>	<u>71,900</u>	<u>(1,196)</u>
Total Expenditures	<u>\$ 70,704</u>	<u>70,704</u>	<u>71,900</u>	<u>(1,196)</u>
Excess of Revenues Over (Under) Expenditures		(45,133)	(64,900)	19,767
OTHER FINANCING SOURCES:				
Operating Transfer In		50,900	50,900	-
Total Other Financing Sources		<u>50,900</u>	<u>50,900</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources		5,767	(14,000)	19,767
FUND BALANCE, July 1, 2018		<u>25,492</u>	<u>20,158</u>	<u>5,334</u>
FUND BALANCE, June 30, 2019		<u>\$ 31,259</u>	<u>\$ 6,158</u>	<u>\$ 25,101</u>

(1) Level of Budget Appropriation

Douglas County School District No. 15Combining Balance Sheet
All Non-Major Governmental Funds

June 30, 2019

	Special Revenue	Debt Service	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 304,038	\$ 21,489	\$ 325,526
Receivables:			
Due From Other Governments	2,686	-	2,686
Other Accounts Receivable	138,080	-	138,080
Deferred Outflow of Resources	-	9,770	9,770
Inventory-Food, Supplies & Commodities	211	-	211
Total Assets	<u>\$ 445,015</u>	<u>\$ 31,259</u>	<u>\$ 476,273</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Fund Balances:			
Nonspendable: Inventories	\$ 211	\$ -	\$ 211
Restricted: Debt Service	-	31,259	31,259
Restricted for Special Revenue	310,550		310,550
Assigned			
Education Programs	46,980	-	46,980
Unassigned		-	-
Total Fund Balances	<u>357,741</u>	<u>31,259</u>	<u>388,999</u>
Total Liabilities & Fund Balances	<u>\$ 445,015</u>	<u>\$ 31,259</u>	<u>\$ 476,273</u>

Douglas County School District No. 15Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
All Non-Major Governmental Funds - by Fund Type

For the Fiscal Year Ended June 30, 2019

	Special Revenue	Debt Service	Total (Memorandum Only)
REVENUES			
REVENUES:			
Local Sources	\$ 68,207	\$ 7,280	\$ 75,487
State Sources	183,327	-	183,327
Federal Sources	175,480	18,291	193,771
Total Revenues	<u>427,014</u>	<u>25,571</u>	<u>452,585</u>
EXPENDITURES			
Instruction	163,062	-	163,062
Supporting Services	211,791	-	211,791
Enterprise and Community Services	122,156	-	122,156
Debt Service	-	70,704	70,704
Total Expenditures	<u>497,009</u>	<u>70,704</u>	<u>567,713</u>
Excess (Deficiency) of Revenues Over Expenditures	(69,996)	(45,133)	(115,129)
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	215,000	50,900	265,900
Total Other Financing Sources (Uses)	<u>215,000</u>	<u>50,900</u>	<u>265,900</u>
Net Change in Fund Balance	145,004	5,767	150,771
FUND BALANCE - July 1, 2018	212,737	25,492	238,228
FUND BALANCE - June 30, 2019	<u>\$ 357,741</u>	<u>\$ 31,259</u>	<u>\$ 389,000</u>

Douglas County School District No. 15Combining Balance Sheet
Non-Major Special Revenue Funds

For the Fiscal Year Ended June 30, 2019

	Grants and Projects Fund	Student Body Fund	Food Service Fund	Curriculum Fund	PERS Reserve Fund	Totals
ASSETS						
Cash and Investments	\$ -	\$ 46,980	\$ 45,685	\$ 47,259	\$ 164,115	\$ 304,038
Receivables	138,080	-	-	-	-	138,080
Intergovernmental Accounts Receivable	-	-	2,686	-	-	2,686
Inventory	-	-	211	-	-	211
Total Assets	<u>\$ 138,080</u>	<u>\$ 46,980</u>	<u>\$ 48,582</u>	<u>\$ 47,259</u>	<u>\$ 164,115</u>	<u>\$ 445,015</u>
LIABILITIES & FUND BALANCE						
FUND BALANCE:						
Total Fund Balance	<u>\$ 50,806</u>	<u>\$ 46,980</u>	<u>\$ 48,582</u>	<u>\$ 47,259</u>	<u>\$ 164,115</u>	<u>\$ 357,741</u>
Total Liabilities & Fund Balance	<u>\$ 138,080</u>	<u>\$ 46,980</u>	<u>\$ 48,582</u>	<u>\$ 47,259</u>	<u>\$ 164,115</u>	<u>\$ 445,015</u>

Douglas County School District No. 15

All Non-Major Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Actual and Budget

For the Fiscal Year Ended June 30, 2019

	Grants and Projects Fund	Student Body Fund	Food Service Fund	Curriculum Fund	PERS Reserve Fund	Actual	Budget	Over (Under) Budget
REVENUES:								
Local Sources	\$ 3,000	\$ 47,719	\$ 17,488	\$ -	\$ -	\$ 68,207	\$ 88,000	\$ (19,793)
Intermediate Sources	-	-	-	-	-	-	2,000	(2,000)
State Sources	180,478	-	2,849	-	-	183,327	122,856	60,471
Federal Sources	86,017	-	89,464	-	-	175,480	168,983	6,497
Total Revenues	<u>269,494</u>	<u>47,719</u>	<u>109,801</u>	<u>-</u>	<u>-</u>	<u>427,014</u>	<u>381,839</u>	<u>45,175</u>
EXPENDITURES:								
Instruction	107,464	41,349	-	14,250	-	163,062	292,066	(129,004)
Supporting Services	208,291	-	-	3,500	-	211,791	184,714	27,077
Enterprise and Community Services	-	-	122,156	-	-	122,156	136,800	(14,644)
Total Expenditures	<u>315,755</u>	<u>41,349</u>	<u>122,156</u>	<u>17,750</u>	<u>-</u>	<u>497,009</u>	<u>613,580</u>	<u>(116,571)</u>
Excess of Receipts Over (Under) Expenditures	(46,261)	6,370	(12,355)	(17,750)	-	(69,996)	(231,741)	161,745
OTHER FINANCING SOURCES (USES):								
Operating Transfer In	50,000	-	15,000	50,000	100,000	215,000	225,000	(10,000)
Operating Contingency	-	-	-	-	-	-	(164,115)	164,115
Total Other Financing Sources	<u>50,000</u>	<u>-</u>	<u>15,000</u>	<u>50,000</u>	<u>100,000</u>	<u>215,000</u>	<u>60,885</u>	<u>154,115</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	3,739	6,370	2,645	32,250	100,000	145,004	(170,856)	315,860
FUND BALANCES,								
July 01, 2018	<u>47,067</u>	<u>40,610</u>	<u>45,937</u>	<u>15,008</u>	<u>64,115</u>	<u>212,737</u>	<u>170,856</u>	<u>41,881</u>
FUND BALANCES,								
June 30, 2019	<u>\$ 50,806</u>	<u>\$ 46,980</u>	<u>\$ 48,582</u>	<u>\$ 47,259</u>	<u>\$ 164,115</u>	<u>\$ 357,741</u>	<u>-</u>	<u>\$ 357,741</u>
Schedule:	E-3	E-4	E-5	E-6	E-7			

Douglas County School District No. 15

Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
Grants & Projects Fund

For the Fiscal Year Ended June 30, 2019

	Salaries	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Actual	Budget	Over (Under) Budget
REVENUES:								
Local Sources:								
Donations						\$ 3,000	\$ 50,000	\$ (47,000)
Total Local Sources						<u>3,000</u>	<u>50,000</u>	<u>(47,000)</u>
Intermediate Sources								
Restricted Revenue From Intermediate Sources						-	2,000	(2,000)
Total Intermediate Sources						<u>-</u>	<u>2,000</u>	<u>(2,000)</u>
State Sources								
Other Restricted Grants-in-Aid						180,478	120,856	59,622
Total State Sources						<u>180,478</u>	<u>120,856</u>	<u>59,622</u>
Federal Sources:								
IDEA Grant						35,991	41,022	(5,031)
Title I						33,310	34,633	(1,323)
Title II						5,187	13,708	(8,521)
Restricted Revenue From the Federal Government via State REAP Grant						199	7,919	(7,720)
Perkins Vocational Education						10,301	12,201	(1,900)
Total Federal Sources						<u>86,017</u>	<u>113,983</u>	<u>(27,966)</u>
Total Revenue						<u>269,494</u>	<u>286,839</u>	<u>(74,966)</u>
EXPENDITURES:								
Instructional Services:								
High School Programs	\$ -	\$ -	\$ 320	\$ 35,580	-	35,900		
Resource Rooms	23,849	14,206	199	-	-	38,254		
Title I Programs	16,647	16,260	220	183	-	33,310		
Total Instruction Services	<u>40,496</u>	<u>30,466</u>	<u>739</u>	<u>35,763</u>	<u>-</u>	<u>107,464</u>	<u>\$ 157,066</u>	<u>1 \$ (49,602)</u>
Support Services:								
Attendance & Social Work Services	-	-	-	14,044	34,483	48,528		
My Future My Choice	28,041	22,327	-	12,395	-	62,762		
Improvement of Instruction Services	3,689	1,498	-	-	-	5,187		
Library and Media Center	5,000	2,028	-	14,421	-	21,449		
Instructional Staff Development	-	-	1,028	14,979	-	16,008		
Operations and Maintenance of Plant Services	-	-	28,860	-	-	28,860		
Technology Services	-	-	-	25,497	-	25,497		
Total Support Services	<u>36,730</u>	<u>25,853</u>	<u>29,888</u>	<u>81,337</u>	<u>34,483</u>	<u>208,291</u>	<u>184,714</u>	<u>1 23,577</u>
Enterprise & Community Services:								
Total Enterprise & Community	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,800</u>	<u>1 (6,800)</u>
Total Expenditures	<u>\$ 77,225</u>	<u>\$ 56,319</u>	<u>\$ 30,628</u>	<u>\$ 117,100</u>	<u>\$ 34,483</u>	<u>315,755</u>	<u>348,580</u>	<u>1 (32,825)</u>
OTHER FINANCING SOURCES & (USES):								
Operating Transfers In								
						50,000	50,000	
						<u>50,000</u>	<u>50,000</u>	<u>1)</u>
Total Other Financing Sources								
(Under) Expenditures						3,739	(11,741)	(42,141)
FUND BALANCE, July 1, 2018						<u>47,067</u>	<u>11,741</u>	<u>35,326</u>
FUND BALANCE, June 30, 2019						<u>\$ 50,806</u>	<u>\$ -</u>	<u>\$ (6,816)</u>

(1) Level of Budget Appropriation

Douglas County School District No. 15

Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
Student Body Fund

For the Fiscal Year Ended June 30, 2019

	Supplies and Materials	Actual	Budget	Over (Under) Budget
REVENUES:				
Local Sources				
Extra Curricular Activities		\$ 47,719	\$ 20,000	\$ 27,719
Total Local Sources		<u>47,719</u>	<u>20,000</u>	<u>27,719</u>
Total Revenues		<u>47,719</u>	<u>20,000</u>	<u>27,719</u>
EXPENDITURES:				
Instruction Services:				
High School Extracurricular	\$ 41,349	41,349		
Total Instruction Services	<u>41,349</u>	<u>41,349</u>	70,000 ⁽¹⁾	<u>(28,651)</u>
Total Expenditures	<u>\$ 41,349</u>	<u>41,349</u>	<u>70,000</u>	<u>(28,651)</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources		6,370	(50,000)	56,370
FUND BALANCE, July 1, 2018		<u>40,610</u>	<u>50,000</u>	<u>(9,390)</u>
FUND BALANCE, June 30, 2019		<u>\$ 46,980</u>	<u>\$ -</u>	<u>\$ 46,980</u>

(1) Level of Budget Appropriation

Douglas County School District No. 15

Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
Days Creek School
Food Services Fund

For the Fiscal Year Ended June 30, 2019

	Salaries	Employee Benefits	Supplies and Materials	Other Objects	Actual	Budget	Over (Under) Budget
REVENUES:							
Local Sources:							
Interest on Investments							
Food Service Sales					\$ 17,488	\$ 18,000	\$ (512)
Total Local Sources					<u>17,488</u>	<u>18,000</u>	<u>(512)</u>
State Sources:							
State School Fund Match					925	-	925
State School Fund - Other					1,924	2,000	(76)
Total State Sources					<u>2,849</u>	<u>2,000</u>	<u>849</u>
Federal Sources:							
Child Nutrition Program					82,679	55,000	27,679
Commodities					6,785	-	6,785
Total Federal Sources					<u>89,464</u>	<u>55,000</u>	<u>34,464</u>
Total Revenues					<u>109,801</u>	<u>75,000</u>	<u>34,801</u>
EXPENDITURES:							
Enterprise and Community Services	\$ 37,309	\$ 29,004	\$ 54,585	\$ 1,258	122,156	130,000 (1)	(7,844)
Total Expenditures	<u>\$ 37,309</u>	<u>\$ 29,004</u>	<u>\$ 54,585</u>	<u>\$ 1,258</u>	<u>122,156</u>	<u>130,000</u>	<u>(7,844)</u>
Excess of Revenues Over (Under) Expenditures					(12,355)	(55,000)	42,645
OTHER FINANCING SOURCES & (USES):							
Operating Transfers In					15,000	25,000	(10,000)
Total Other Financing Sources					<u>15,000</u>	<u>25,000</u> (1)	<u>(10,000)</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					2,645	(30,000)	32,645
FUND BALANCE, July 1, 2018					<u>45,937</u>	<u>30,000</u>	<u>15,937</u>
FUND BALANCE, June 30, 2019					<u>\$ 48,582</u>	<u>\$ -</u>	<u>\$ 48,582</u>

(1) Level of Budget Appropriation

Douglas County School District No. 15

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Actual and Budget
 Days Creek School
 Curriculum Fund

For the Fiscal Year Ended June 30, 2019

	Supplies and Materials	Actual	Budget	Over (Under) Budget
REVENUES:				
Total Revenues		-	-	-
EXPENDITURES:				
Instruction				
Elementary School Textbooks	\$ 8,118	8,118	10,000	
Middle School Textbooks	330	330	27,000	
High School Textbooks	5,802	5,802	28,000	
Total Instruction Services	14,250	14,250	65,000	(1) \$ (50,750)
Support Services				
Non Consumable Items	3,500	3,500	-	3,500
Total Support Services	3,500	3,500	-	
Total Expenditures	\$ 17,750	17,750	65,000	(47,250)
Excess of Revenues Over (Under) Expenditures		(17,750)	(65,000)	47,250
OTHER FINANCING SOURCES & (USES):				
Operating Transfers In		50,000	50,000	-
Total Other Financing Sources		50,000	50,000	(1) -
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		32,250	(15,000)	47,250
FUND BALANCE, July 1, 2018		15,008	15,000	8
FUND BALANCE, June 30, 2019	\$	47,259	\$ -	\$ 47,259

(1) Level of Budget Appropriation

Douglas County School District No. 15

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Actual and Budget
 Days Creek School
 PERS Reserve Fund

For the Fiscal Year Ended June 30, 2019

	Actual	Budget	Over (Under) Budget
REVENUES:			
Local Sources:			
Miscellaneous Revenues	\$ -	\$ -	\$ -
Total Local Sources	-	-	-
Total Revenues	-	-	-
EXPENDITURES:			
Support Services			
Non Consumable Items	-	-	-
Total Expenditures	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-
OTHER FINANCING SOURCES & (USES):			
Operating Transfers In	\$ 100,000	\$ 100,000 (1)	-
Contingency	-	(164,115) (1)	164,115
Total Other Financing Sources	100,000	(64,115) (1)	164,115
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	100,000	(64,115)	164,115
FUND BALANCE, July 1, 2018	64,115	64,115	0
FUND BALANCE, June 30, 2019	\$ 164,115	\$ -	\$ 164,115

(1) Level of Budget Appropriation

2018-19 DISTRICT AUDIT REVENUE SUMMARY
Douglas County School District No. 15

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	\$ 470,333	\$ -	-	\$ -	\$ -	\$ -	\$ -
1500 Earnings on Investments	56,655	-	-				
1600 Food Service		17,488					
1700 Extracurricular Activities	10,422	47,719					
1910 Rentals	10,831						
1920 Contributions and Donations From Private Sources	500	3,000					
1990 Miscellaneous	48,050	-	7,280				
Total Revenue from Local Sources	\$ 596,791	\$ 68,207	\$ 7,280	\$ -	\$ -	\$ -	\$ -

Revenue from Intermediate Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
2101 County School Funds	\$ 2,864	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2102 General ESD Revenue	34,173						
Total Revenue from Intermediate Sources	\$ 37,037	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Revenue from State Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
3101 State School Fund - General Support	\$ 2,576,022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3102 State School Fund - School Lunch Match		925					
3103 Common School Fund	19,684						
3299 Other Restricted Grants-in-Aid	-	182,402		-			
Total Revenue from State Sources	\$ 2,595,706	\$ 183,327	\$ -	\$ -	\$ -	\$ -	\$ -

Revenue from Federal Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
4500 Restricted Revenue From the Federal Government Through the State	\$ -	\$ 175,480	\$ 18,291	\$ -	\$ -	\$ -	\$ -
4801 Federal Forest Fees	20,008						
Total Revenue from Federal Sources	\$ 20,008	\$ 175,480	\$ 18,291	\$ -	\$ -	\$ -	\$ -

Revenue from Other Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
5200 Interfund Transfers In	\$ -	\$ 215,000	\$ 50,900	\$ 400,000	\$ -	\$ -	\$ -
5400 Resources - Beginning Fund Balance	1,556,692	212,737	25,492	273,600			
Total Revenue from Other Sources	\$ 1,556,692	\$ 427,737	\$ 76,392	\$ 673,600	\$ -	\$ -	\$ -

Grand Totals

Grand Totals	\$ 4,806,234	\$ 854,750	\$ 101,963	\$ 673,600	\$ -	\$ -	\$ -
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2017-18 DISTRICT AUDIT REVENUE SUMMARY
Douglas County School District No. 15
Fund: 100 General Fund

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Disbursements								
1111 Primary, K-3	\$ 424,737	\$ 241,535	\$ 140,408	\$ 38,707	\$ 4,088	\$ -	\$ -	\$ -
1112 Intermediate Programs	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	194,225	108,341	71,690	10,063	4,132	-	-	-
1122 Middle/Junior High School Extracurricular	12,014	6,400	1,877	885	2,852	-	-	-
1131 High School Programs	721,831	413,227	238,476	39,906	30,073	-	150	-
1132 High School Extracurricular	77,387	30,872	5,708	29,585	7,068	-	4,155	-
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	94,889	54,193	35,236	4,031	1,430	-	-	-
1260 Treatment and Habilitation	-	-	-	-	-	-	-	-
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title I	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1290 Designated Programs	-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Disbursements	\$ 1,525,084	\$ 854,567	\$ 493,394	\$ 123,176	\$ 49,642	\$ -	\$ 4,305	\$ -
Support Services Disbursements								
2110 Attendance and Social Work Services	\$ 78,479	\$ 49,481	\$ 28,998	\$ -	\$ -	\$ -	\$ -	\$ -
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	14,420	-	-	14,420	-	-	-	-
2150 Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160 Other Student Treatment Services	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support Services	595	-	-	-	-	-	595	-
2210 Improvement of Instruction Services	231	231	-	-	-	-	-	-
2220 Educational Media Services	3,212	1,200	492	-	1,520	-	-	-
2230 Assessment & Testing	4,233	-	-	-	4,233	-	-	-
2240 Instructional Staff Development	4,205	-	2,788	1,417	-	-	-	-
2310 Board of Education Services	29,178	-	-	26,645	476	-	2,056	-
2320 Executive Administration Services	60,348	44,033	10,066	3,960	390	-	1,898	-
2410 Office of the Principal Services	200,026	111,057	73,077	12,692	2,992	-	208	-
2490 Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	51,167	-	64	49,328	76	-	1,699	-
2540 Operation and Maintenance of Plant Services	496,187	146,882	105,283	99,180	37,040	76,542	31,260	-
2550 Student Transportation Services	18,244	-	-	-	16,533	-	1,710	-
2552 Vehicle Operation Services	208,610	-	-	208,610	-	-	-	-
2558 Special Education Transportation	68,917	-	-	68,917	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	-	-	-	-	-	-	-	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	10,728	-	-	10,268	-	-	460	-
2660 Technology Services	148,064	29,331	12,066	56,455	50,137	-	75	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	22,826	11,012	11,814	-	-	-	-	-
Total Support Services Disbursements	\$ 1,419,668	\$ 393,227	\$ 244,648	\$ 551,891	\$ 113,398	\$ 76,542	\$ 39,962	\$ -
Enterprise and Community Services Disbursements								
3100 Food Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
Enterprise and Community Services Disbursements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facilities Acquisition and Construction Disbursements								
4110 Service Area Direction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Disbursements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Uses Disbursements								
5100 Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5200 Transfers of Funds	665,900	-	-	-	-	-	-	665,900
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Disbursements	\$ 665,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 665,900
Grand Total	\$ 3,610,652	\$ 1,247,794	\$ 738,043	\$ 675,068	\$ 163,040	\$ 76,542	\$ 44,267	\$ 665,900

2018-19 DISTRICT AUDIT REVENUE SUMMARY
Douglas County School District No. 15
Fund: 200 Special Revenue Funds

Instruction Disbursements

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$ 8,118	\$ -	\$ -	\$ -	\$ 8,118	\$ -	\$ -	\$ -
1121 Middle/Junior High Programs	330	-	-	-	330	-	-	-
1131 High School Programs	41,382	-	-	-	41,382	-	-	-
1132 High School Extracurricular	41,669	-	-	320	41,349	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	38,254	23,849	14,206	199	-	-	-	-
1272 Title I	33,310	16,647	16,260	220	183	-	-	-
Total Instruction Disbursements	\$ 163,062	\$ 40,496	\$ 30,466	\$ 739	\$ 91,361	\$ -	\$ -	\$ -

Support Services Disbursements

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$ 48,528	\$ -	\$ -	\$ -	\$ 14,044	\$ 34,483	\$ -	\$ -
2120 Guidance Services	62,762	28,041	22,327	-	12,395	-	-	-
2210 Improvement of Instruction Services	8,687	3,689	1,498	-	3,500	-	-	-
2222 Library & Media Services	21,449	5,000	2,028	-	14,421	-	-	-
2240 Instructional Staff Development	16,008	-	-	1,028	14,979	-	-	-
2540 Operation and Maintenance of Plant Services	28,860	-	-	28,860	-	-	-	-
2660 Technology Services	25,497	-	-	-	25,497	-	-	-
Total Support Services Disbursements	\$ 211,791	\$ 36,730	\$ 25,853	\$ 29,888	\$ 84,837	\$ 34,483	\$ -	\$ -

Enterprise and Community Services Disbursements

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$ 122,156	\$ 37,309	\$ 29,004	\$ -	\$ 54,585	\$ -	\$ 1,258	\$ -
Total Enterprise and Community Services Disbursements	\$ 122,156	\$ 37,309	\$ 29,004	\$ -	\$ 54,585	\$ -	\$ 1,258	\$ -

Grand Total

\$ 497,009	\$ 114,534	\$ 85,323	\$ 30,628	\$ 230,783	\$ 34,483	\$ 1,258	\$ -
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2018-19 DISTRICT AUDIT REVENUE SUMMARY
Douglas County School District No. 15
Fund: 300 Debt Service Fund

Other Uses Disbursements	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$ 70,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,704	\$ -
5200 Transfers of Funds	-							
5300 Apportionment of Funds by ESD	-							
5400 PERS UAL Bond Lump Sum	-							
Total Other Uses Disbursements	\$ 70,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,704	\$ -
Grand Total	\$ 70,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,704	\$ -

2018-19 DISTRICT AUDIT REVENUE SUMMARY
Douglas County School District No. 15
Fund: 400 Capital Improvement Fund

Support Services Disbursements
 2540 Operation and Maintenance of Plant Services

Grand Total

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
\$ 144,016	\$ -	\$ -	\$ 7,268	\$ 70,186	\$ 66,562	\$ -	\$ -
\$ 144,016	\$ -	\$ -	\$ 7,268	\$ 70,186	\$ 66,562	\$ -	\$ -

Douglas County School District No.15

Schedule of Federal Financial Assistance

For the Fiscal Year Ended June 30, 2019

Federal Grantor/Pass Through Grantor/Program Title	Federal			Grant Amount	2018-19 Revenues	2018-19 Expenditures
	CFDA Number	Grant Period	Grant Number			
CHILD NUTRITION CLUSTER						
<u>U.S. Department of Agriculture</u>						
Passed through Oregon Department of Education:						
National School Breakfast Program	10.553	7/1/18-6/30/19		\$23,825	\$23,825	\$23,825
National School Lunch Program	10.555	7/1/18-6/30/19		52,455	52,455	52,455
Fresh Fruit and Vegetable Program	10.582	10/1/18-9/30/19	50536	10,200	5,553	5,553
Fresh Fruit and Vegetable Program	10.582	10/1/17-9/30/18	46317	10,800	805	805
National School Lunch-Admin	10.560	7/1/18-9/30/19		41	41	41
Commodities	10.555	7/1/18-6/30/19		6,785	6,785	6,785
			Total Child Nutrition Cluster	104,106	89,464	89,464
SPECIAL EDUCATION CLUSTER						
<u>U.S. Department of Education</u>						
Passed through Oregon Department of Education:						
IDEA Part B Special Education	84.027	7/1/18-9/30/20	49867	32,599	32,599	32,599
IDEA Enhancement 17-18	84.027	10/1/17-9/30/18	46414	1,591	1,591	1,591
IDEA Enhancement 18-19	84.027	10/1/18-9/30/19	51244	1,591	1,591	1,591
IDEA Part B Special Education-SPR&I	84.027	7/1/18-6/30/19	49495	1,125	199	199
Post School Outcomes-Interviews 2018	84.027	7/1/18-9/30/18	52226	210	210	210
			Total Special Education Cluster	37,116	36,190	36,190
OTHER PROGRAMS						
<u>U.S. Department of Agriculture</u>						
Passed Through Douglas County:						
Federal Forest Fees	10.665	7/1/18-6/30/19		2,008	20,008	20,008
			Total U.S. Department of Agriculture	2,008	20,008	20,008
<u>U.S. Department of Education</u>						
Direct Program from Federal Government						
Rural Education Achievement Program	84.358	7/1/18-6/30/19	S358A14087	10,301	10,301	10,301
Interest Subsidized for Loan Program		7/1/18-6/30/19		18,291	18,291	18,291
Passed Through Douglas ESD:						
Carl Perkins - Vocational Education	84.048	7/1/18-6/30/19		5,850	1,028	1,028
Passed Through State Department of Education:						
Title I Grants to Local Education Agencies	84.010	7/1/17-9/30/18	45576	34,633	9,285	9,285
Title I Grants to Local Education Agencies	84.010	7/1/18-9/30/19	50374	34,305	24,025	24,025
Title IVA Student Support and Academic	84.424	7/1/18-9/30/19	50704	10,000	-	-
Title IIA	84.367	7/1/18-9/30/19	49288	5,187	5,187	5,187
			Total U.S. Department of Education	118,567	68,117	68,117
			Total Other Programs	120,575	88,125	88,125
			TOTAL FEDERAL ASSISTANCE	\$ 261,797	\$ 213,779	\$ 213,779

Douglas County School District No. 15
Oregon Public Employees Retirement System
 Schedule of Pension Amounts under GASB 68
 Employer #3318: Days Creek School District #15

Measurement Date [MD] of the Net Pension Liability/(Asset) [NPL(A)]	June 30, 2018
Actuarial Valuation Date (liability rolled forward to MD)	December 31, 2016
Discount rate	7.20%
Employer's proportionate share at prior MD	0.01527797%
Employer's proportionate share at MD	0.01531292%
Employer's proportionate share of system NPL(A) at prior MD	\$ 2,059,476
Employer's proportionate share of system NPL(A) at MD	\$ 2,319,706
• Sensitivity: NPU(A) using discount rate 1.00% lower	\$ 3,876,666
• Sensitivity: NPU(A) using discount rate 1.00% higher	\$ 1,034,562

Employer Pension Expense for Measurement Period	
• Employer's proportionate share of system Pension Expense/(Income)	\$ 450,512
• Net amortization of deferred amounts from:	
o Changes in proportionate share (per paragraph 54 of GASB 68)	\$ (114,017)
o Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 54 of GASB 68)	\$ 20,954
Employer's Total Pension Expense/(Income)	\$ 357,449

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 78,909	\$ -
Changes of assumptions	\$ 539,327	\$ -
Net difference between projected and actual earnings on investments	\$ -	\$ 103,008
Changes in proportion share	\$ 2,888	\$ 264,551
Differences between employer contributions and proportionate share of system contributions	\$ 98,330	\$ 10,804
Total (prior to post-MD contributions)	\$ 719,454	\$ 378,363
Contributions subsequent to the MD	\$ 339,138	\$ -
Total Deferred Outflow/(Inflow) of Resources	\$ 1,058,592	\$ 378,363
Net Deferred Outflow/(Inflow) of Resources		\$ 680,229

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense/(income) as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ 198,416
2nd Fiscal Year	\$ 133,875
3rd Fiscal Year	\$ (42,176)
4th Fiscal Year	\$ 35,231
5th Fiscal Year	\$ 15,746
Thereafter	\$ 0
Total	\$ 341,091

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 4, 2019.

Douglas County School District No. 15
Oregon Public Employees Retirement System
 Schedule of Pension Amounts under GASB 75
 Employer #3318: Days Creek School District #15

Measurement Date [MD] of the Net Pension Liability/(Asset) [NPL(A)]**June 30, 2018**

Actuarial Valuation Date (liability rolled forward to MD)		December 31, 2016
Discount rate		7.20%
Employer's proportionate share at prior MD		0.01101437%
Employer's proportionate share at MD		0.01104635%
Employer's proportionate share of system NPL(A) at prior MD	\$	(4,597)
Employer's proportionate share of system NPL(A) at MD	\$	(12,331)
• Sensitivity: NPU(A) using discount rate 1.00% lower	\$	(7,180)
• Sensitivity: NPU(A) using discount rate 1.00% higher	\$	(16,715)

Employer Pension Expense for Measurement Period

• Employer's proportionate share of system Pension Expense/(Income)	\$	(1,157)
• Net amortization of deferred amounts from:		
o Changes in proportionate share (per paragraph 54 of GASB 68)	\$	6
o Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 54 of GASB 68)	\$	-
Employer's Total Pension Expense/(Income)	\$	(1,151)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 699
Changes of assumptions	\$ -	\$ 39
Net difference between projected and actual earnings on investments	\$ -	\$ 2,658
Changes in proportion share	\$ 13	\$ 5
Differences between employer contributions and proportionate share of system contributions	\$ -	\$ -
Total (prior to post-MD contributions)	\$ 13	\$ 3,401
Contributions subsequent to the MD	\$ -	\$ -
Total Deferred Outflow/(Inflow) of Resources	\$ 13	\$ 3,401
Net Deferred Outflow/(Inflow) of Resources		\$ (3,388)

Amounts reported as deferred outflows or inflow of resources related to OPEB will be recognized in OPEB expense/(income) as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (1,113)
2nd Fiscal Year	\$ (1,116)
3rd Fiscal Year	\$ (895)
4th Fiscal Year	\$ (264)
5th Fiscal Year	\$ 0
Thereafter	\$ 0
Total	\$ (3,388)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 75 reporting summary dated March 4, 2019.

Auditor's Comments and Disclosures
Required by State Law



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Douglas County School District #15
PO Box 10
Days Creek, OR 97429

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 basic financial statements of Douglas County School District No. 15 as of and for the year ended June 30, 2019, and have issued our report thereon dated December 6, 2019.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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

Restriction on Use

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

Neuner Davidson & Co
Certified Public Accountants

Jeffrey R. Cooley, CPA
Roseburg, Oregon
December 6, 2019



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
Douglas County School District No. 15
PO Box 10
Days Creek, OR 97429

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 Douglas County School District No. 15, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Douglas County School District No. 15's basic financial statements, and have issued our report thereon dated December 6, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Douglas County School District No. 15'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 Douglas County School District No. 15's internal control. Accordingly, we do not express an opinion on the effectiveness of the Douglas County School District No. 15's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs 2019-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Douglas County School District No. 15's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Neuner Davidson & Co
Roseburg, Oregon
December 6, 2019

INDEPENDENT'S AUDITORS SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DOUGLAS COUNTY SCHOOL DISTRICT NO. 15
JUNE 30, 2019

2019-1

Management Override

Criteria: Administrative expenses that do not fall within the district's policies or contracts.

Condition: Of the expenditures tested, we found transactions of non-compliance.

Effect: The district did not expend funds in accordance with the approved policies for reimbursements in administrative positions.

Form 581-3211-C

SUPPLEMENTAL INFORMATION, 2018-2019

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 ESEA, Title I & other Federal Funds for Education.

A. Energy Bill for Heating - **All Funds:**

Please enter your expenditures for electricity & heating fuel for these Functions & Objects.

	Objects 325 & 326
Function 2540	\$61,156
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:

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

Exclude these functions:

4150 Construction
 2550 Pupil Transportation
 3100 Food Service
 3300 Community Services

\$40,833
