

**DOUGLAS COUNTY SCHOOL DISTRICT No 19**  
Myrtle Creek, Oregon

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**FISCAL YEAR ENDED JUNE 30, 2018**

**WITH**

**INDEPENDENT AUDITOR'S REPORTS**



**Certified Public Accountants, LLP**

audit | tax | advisory | wealth management | cfo

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19  
Myrtle Creek, Oregon  
June 30, 2018**

**BOARD OF DIRECTORS AS OF JUNE 30, 2018**

|                  |             |
|------------------|-------------|
| Jerry O'Sullivan | Chairperson |
| Jeff Johnson     | Vice-Chair  |
| David Stevens    | Director    |
| Judy Coleman     | Director    |
| Suzie Rogers     | Director    |
| Jeannie Weakley  | Director    |
| Lonnie Rainville | Director    |

**ADMINISTRATIVE STAFF**

**558 S.W. Chadwick Lane  
Myrtle Creek, Oregon 97457**

|                |                      |
|----------------|----------------------|
| Tim Porter     | Superintendent-Clerk |
| Chris Davidson | Business Manager     |

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**

**Myrtle Creek, Oregon**

**Year Ended June 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Douglas County School District No. 19  
Myrtle Creek, Oregon

### **Report on the financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Douglas County School District No. 19 (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimated 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 and each major fund of the District as of June 30, 2018, 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, the General Fund and major Special Revenue Fund budgetary comparison information, certain other postemployment benefit schedules, and certain pension schedules as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, certain other postemployment benefit schedules, and certain pension schedules, as listed in the Table of Contents, 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 management's discussion and analysis, certain other postemployment benefit schedules, and certain pension schedules, as listed in the Table of Contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The General Fund and major Special Revenue Fund budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund and major Special Revenue Fund budgetary comparison information is fairly stated in all material respects, in relation to the financial statements as a whole.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as listed in the Table of Contents, is presented for the purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards, as listed in the Table of Contents, is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the supplementary information and the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards and Oregon State Regulation***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 19, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

In accordance with Oregon State Regulation, we have also issued our report dated December 19, 2018 on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-10-0000 through 162-10-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.

*Stewart C. Parmele CPA, Partner*

Stewart C. Parmele CPA, Partner  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
December 19, 2018

DOUGLAS COUNTY SCHOOL DISTRICT No. 19  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2018

As management of the Douglas County School District #19 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

**Financial Highlights**

- The District's financial status reflects an increase in government-wide net position for the 2018 fiscal year. Overall net position increased by \$1,278,917 or 28.6% from the previous year.
- General revenues accounted for \$14.93 million in revenue, or 81.5% of all fiscal year revenues. Program specific revenues in the form of charges for services, grants and donations accounted for \$3.40 million or 18.5% of total fiscal 2018 revenues.
- The District had \$17.05 million in expenses related to governmental activities; of which \$3.40 million were expenses offset by program specific charges for services, grants and donations. General revenues of \$14.93 million were more than adequate to provide for the remaining costs of these programs and services which accounts for the increase in net assets.
- The General Fund had \$15.26 million in fiscal year 2018 revenues, which primarily consisted of state school support and property taxes. Expenditures totaled \$13.38 million. The General Fund's fund balance, before interfund transfers, increased \$1.88 million from the previous year.
- The Special Revenue Fund, a District major fund, had \$2.72 million in fiscal year 2018 revenues and \$2.87 million in expenditures before interfund transfers.
- The Debt Service Fund, another District major fund, had \$1.37 million in fiscal year 2018 revenues and \$1.60 million in expenditures before interfund transfers.
- The Capital Projects Fund is the last District major fund. It had revenues of \$251 thousand for fiscal year 2018 and \$373 thousand in expenditures before interfund transfers.
- The District's total long-term debt decreased by \$631,586 during the current fiscal year.

**Overview of the Financial Statements**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.



DOUGLAS COUNTY SCHOOL DISTRICT No. 19  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2018

| Figure A-1: Major Features of the Government-Wide Fund Financial Statements |  |   |  |  |
|---|--|---|--|--|
|   | Government-Wide Statements   | Fund Financial Statements   |  |  |
|   |  | Governmental Funds  | Proprietary Funds  | Fiduciary Funds  |
| Scope   | Entire district (except fiduciary funds)   | The activities of the district not proprietary or fiduciary, such as special education and building maintenance.  | Activities the district operates similar to private businesses                         | Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies. |
| Required financial statements   | * Statement of net position<br>* Statement of activities                           | * Balance Sheet<br><br>* Statement of revenues, expenditures, and changes in fund balances  | * Statement of net assets<br><br>*Statement of cash flows                              | * Statement of fiduciary net assets<br><br>*Statement of changes in fiduciary net assets   |
| Accounting Basis and measurement focus                                      | Accrual accounting and economic resources focus                                    | Modified accrual accounting and current financial focus   | Accrual accounting and economic resources focus  | Accrual accounting and economic resources focus  |
| Type of asset/liability information   | All assets and liabilities, both financial and capital, short-term and long-term   | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included                     | All assets and liabilities, both financial and capital, and short-term and long-term   | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can                  |
| Type of inflow/outflow information  | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable | All revenues and expenses during the year, regardless of when cash is received or paid | All additions and deductions during the year, regardless of when cash is received or paid  |

DOUGLAS COUNTY SCHOOL DISTRICT No. 19  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2018

**Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide financial statements report the District's *net position* and how it has changed. Net position, the difference between the District's assets and deferred outflows, and the District's deferred inflows and liabilities, is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's enrollment, which dictates the majority of revenue to be collected through the State Funding Formula, and the condition of school buildings and other facilities.

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

The government-wide financial statements outline functions of the District that are principally supported by intergovernmental revenues (*State School Support*) and property tax revenues. The governmental activities of the District include instruction, instructional support services, operation and maintenance of plant facilities and services, student transportation, and non-instructional support services. The government-wide financial statements can be found on pages 1-2 of this report.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

*Governmental funds.* Governmental funds are used essentially to account for the ongoing activities of government that are financed with general government revenues in the form of taxes, license fees, grants and entitlements. They are also used to record the acquisition of general governmental assets. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's short-term financial requirements. Statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 4 and 6, respectively.

DOUGLAS COUNTY SCHOOL DISTRICT No. 19  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2018

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue Fund, Debt Service Fund, and Capital Projects Fund, which are all considered major funds. The basic governmental fund financial statements can be found on pages 3 and 5 of this report.

*Fiduciary funds.* Fiduciary funds are used to account for assets held by the District as trustee or agent. Each trust fund is treated for accounting measurement purposes in a manner similar to either a governmental fund or a proprietary fund. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds and pension trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations.

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. This information is essential to a full understanding of the data provided in this report. The notes to the financial statements can be found on pages 7 - 41 of this report.

### **Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the General Fund and the major Special Revenue Fund. Figure A-1 shows how the various parts of this annual report are arranged and related to one another. The required supplementary information can be found on pages 42 - 47 of this report.

Additionally, other major fund budget comparisons for the Debt Service Fund and Capital Projects Fund not required to be presented are included for further clarity and understanding. These fund schedules can be found on pages 48 and 49 of this report.

### **Government-Wide Financial Analysis**

The District's combined net position reflects an increase of approximately 28.6% as of June 30, 2018. This increase is primarily due to increased income from the State governments combined with a minimal increase in spending during the current year.

By far the largest portion of the District's net position is reflected in its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

DOUGLAS COUNTY SCHOOL DISTRICT No. 19  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2018

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2018 and June 30, 2017:

|  | <u>June 30, 2018</u>  | <u>June 30, 2017</u>  |
|--|-----------------------|-----------------------|
| Current Assets                                     | \$ 5,920,232          | \$ 4,492,478          |
| Capital Assets - Net                               | 7,513,756             | 7,609,803             |
| Total Assets                                       | <u>13,433,988</u>     | <u>12,102,281</u>     |
| Deferred Outflows Related to Pensions              | <u>1,551,022</u>      | <u>891,232</u>        |
| Total Assets and Deferred Outflows                 | <u>\$ 14,985,010</u>  | <u>\$ 12,993,513</u>  |
| Current Liabilities                                | \$ 2,501,750          | \$ 2,660,985          |
| Long Term Liabilities                              | 15,476,511            | 14,753,001            |
| Total Liabilities                                  | <u>17,978,261</u>     | <u>17,413,986</u>     |
| Deferred Inflows Related to Pensions               | <u>206,855</u>        | <u>58,550</u>         |
| Total Liabilities and Deferred Inflows             | <u>\$ 18,185,116</u>  | <u>\$ 17,472,536</u>  |
| Invested in Capital Assets,<br>Net of Related Debt | \$ 5,170,308          | \$ 4,949,207          |
| Restricted Net Assets                              | 511,107               | 443,110               |
| Unrestricted Net Assets                            | <u>(8,881,521)</u>    | <u>(9,871,340)</u>    |
| Total Net Position                                 | <u>\$ (3,200,106)</u> | <u>\$ (4,479,023)</u> |

DOUGLAS COUNTY SCHOOL DISTRICT No. 19  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2018

The District's total revenues for the fiscal year ended June 30, 2018, were \$18.3 million. The total cost of programs and services was \$17.05 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2018 and June 30, 2017:

| Revenues                              | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
|---------------------------------------|----------------------|----------------------|
| Program Revenues                      |                      |                      |
| Charges for Services                  | \$ 597,324           | \$ 588,184           |
| Operating Grants & Contributions      | 2,551,860            | 2,525,596            |
| Capital Grants & Contributions        | 250,758              | -                    |
| General Revenues                      |                      |                      |
| Property Taxes                        | 3,139,015            | 3,033,589            |
| Earnings on Investments               | 100,091              | 42,851               |
| State School Support                  | 11,320,833           | 10,415,159           |
| Common School Fund                    | 144,005              | 169,083              |
| Federal Forest Fees                   | 174,474              | 26,382               |
| Gain (Loss) on Sale of Fixed Assets   | (36,507)             | -                    |
| Miscellaneous Other Sources           | 90,104               | 90,554               |
| Total Revenues                        | <u>18,331,957</u>    | <u>16,891,398</u>    |
| Expenses                              |                      |                      |
| Instruction                           | 8,569,229            | 8,343,724            |
| Support Services                      | 6,762,877            | 5,917,631            |
| Community Services                    | 995,697              | 454,128              |
| Facilities Acquisition & Construction | 2,699                | 79,717               |
| Interest on Long Term Debt            | 722,538              | 772,049              |
| Total Expenses                        | <u>17,053,040</u>    | <u>15,567,249</u>    |
| Change in Net Position                | <u>\$ 1,278,917</u>  | <u>\$ 1,324,149</u>  |

Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues in the amount of \$3.40 million. The resulting net cost of governmental activities of \$13.65 million was financed by general revenues, which are primarily made up of state school support funds, property taxes, federal forest fees, and the utilization of reserves.

**Financial Analysis of the District's Funds**

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

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

DOUGLAS COUNTY SCHOOL DISTRICT No. 19  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2018

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$4,948,221, an increase of \$1,377,913 from the prior year. The fund balance constitutes unassigned, assigned, committed, restricted and nonspendable amounts. Of the current fund balance, \$2,863,776 is unassigned and available for spending at the District's discretion, \$116,915 is assigned for student body purposes or for purposes defined by the federal Title grants, \$511,107 is restricted for debt service, \$55,505 is nonspendable and reserved to pay prepaids, \$1,399,847 is committed for the payment of pension bond debt and \$1,071 is committed for capital projects.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$1,190,054, namely a result of increasing revenues. The combined fund balances of all other funds increased by \$187,859 during the fiscal year. Gains in the Debt Service Fund and slight decreases in the Special Revenue Fund and Capital Projects Fund account for the remaining increase.

### **Budgetary Highlights**

General Fund revenues were budgeted and anticipated to be collected in the amount of \$13.99 million during the fiscal year. State funding increased for the new biennium. Enrollment continued to remain relatively stable within the District. Even with the increase in funding from the State, the uncertainty of State funding going forward prompted the District to continue to be conservative on its revenue and expenditure budgeting. The District received \$15.26 million in revenue during the fiscal year. Revenues for the year exceeded spending, leading to an increase in the General Fund ending balance of \$1,190,054.

### **Capital Assets**

As of June 30, 2018, the District had invested \$27.86 million in capital assets, including school buildings, athletic facilities, land, vehicles, computers and other equipment and furnishings. This amount represents a net decrease, prior to depreciation, of \$1,473,645 from last year. Total depreciation expense for the year was \$574,729. Additional information on the District's capital assets can be found in Note 1 and Note 5 on pages 11 and 19, respectively, of this report.

### **Economic Factors, Next Year's Budget, and Rates**

The District is in a good financial position for the remainder of the 2017-19 biennium. Conservative budgeting and spending practices have provided the District with an unexpected uptick in State funding and a healthy reserve. This should allow the District to maintain people and programs through the end of the biennium while keeping a cautious eye to the future. The District does not anticipate an increase in its Tier I/II PERS costs in the next biennium. Minimizing payroll growth has helped keep PERS rates from increasing for the last few biennia but the District will need to remain vigilant with payroll growth going forward to mitigate significant rate increases in the future as PERS rates are set to continue to significantly increase for some time to come.

The District continues to make rough budget projections three years out in an effort to judge the effects of enrollment trends, the economy, and collective bargaining agreements on the District's current and future resources and reserves. This process of looking forward helps the District understand implications that current budgets could have on future years.

Revenue in the District's budget was increased over \$2.2 million in 2018-19 to \$22.7 million, mainly due to increased per student funding from the State and a healthy reserve from 2017-18. Outside the State School Fund, other revenues either remained relatively flat or were projected to have slight increases or decreases. Based on these and other factors, the budgeted expenditures in the General Fund were increased to \$17.4 million for fiscal year 2018-19.

DOUGLAS COUNTY SCHOOL DISTRICT No. 19  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2018

Based on the October 24, 2018 estimates from the Oregon Department of Education, for fiscal year 2018-19 the District is expected to receive \$74 thousand more from the State School Support Fund in comparison to the prior year. This increase is due to a increase in per student funding from the State.

District enrollment is currently stable. Until there are greater employment and housing opportunities in our area, however, it is difficult to predict future trends. Looking ahead to 2018-19, the District's financial outlook appears stable. State funding has increased and reserves are healthy. These conditions have not been seen in the District in over a decade.

The District's facilities remain in desperate need of repair or replacement but three attempts at a bond levy to remedy the situation have failed so the District is evaluating its next steps. The District is evaluating another bond levy and what that facility plan looks like. As the District's reserves have increased the plan is to use some of the surplus for some much needed deferred maintenance. The District has commenced a seismic rehabilitation project at Tri-City Elementary to improve the structural integrity of the facilities. The District is currently submitting plans to upgrade the facilities at South Umpqua High School and Myrtle Creek Elementary.

**Contacting the District's Financial Management**

This financial report is designed to provide our constituents, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of its resources. If you have any questions about this report or need additional information, contact the Business Office, South Umpqua School District No. 19, 558 S.W. Chadwick Lane, Myrtle Creek, Oregon 97457.

**BASIC FINANCIAL STATEMENTS**



**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**SOUTH UMPQUA SCHOOL DISTRICT NO. 19**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

|  | Governmental<br>Activities  |
|--|-----------------------------|
|  | <u>                    </u> |
| <b>ASSETS AND DEFERRED OUTFLOWS:</b>                                 |                             |
| <b>ASSETS:</b>   |                             |
| Cash and investments   | \$ 4,276,323                |
| Receivables  | 1,050,353                   |
| Prepaid expenses   | 55,505                      |
| Assets held in trust   | 511,107                     |
| Other post employment benefit (RHIA)                                 | 26,944                      |
| Capital assets, net  |                             |
| Land   | 1,248,172                   |
| Construction in Progress   | 296,433                     |
| Land Improvements  | 30,811                      |
| Buildings and improvements   | 5,236,066                   |
| Vehicles and equipment   | <u>702,274</u>              |
| <b>TOTAL ASSETS</b>  | <u>13,433,988</u>           |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                               |                             |
| Deferred outflows related to pension                                 | 1,520,057                   |
| Deferred outflows related to other post employment benefits (RHIA)   | <u>30,965</u>               |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                          | <u>1,551,022</u>            |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>                            | <u>14,985,010</u>           |
| <b>LIABILITIES AND DEFERRED INFLOWS:</b>                             |                             |
| <b>LIABILITIES:</b>  |                             |
| Accounts payable   | 260,798                     |
| Accrued payroll liabilities  | 392,604                     |
| Accrued interest payable   | 1,787,843                   |
| Unearned revenue   | 684                         |
| Accrued compensated absences payable                                 | 59,821                      |
| Other post employment benefit obligation (due in more than one year) | 1,174,729                   |
| Pension liability (stipend) (due in more than one year)              | 30,952                      |
| Net pension liability (OPERS) (due in more than one year)            | 2,426,618                   |
| Debt payable, net of amortized discount/premium                      |                             |
| Due within one year  | 621,896                     |
| Due in more than one year  | <u>11,222,316</u>           |
| <b>TOTAL LIABILITIES</b>   | <u>17,978,261</u>           |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                |                             |
| Deferred inflows related to pension                                  | 194,132                     |
| Deferred inflows related to other post employment benefits (RHIA)    | <u>12,723</u>               |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                           | <u>206,855</u>              |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>                        | <u>18,185,116</u>           |
| <b>NET POSITION:</b>   |                             |
| Net investment in capital assets                                     | 5,170,308                   |
| Restricted for debt service  | 511,107                     |
| Unrestricted   | <u>(8,881,521)</u>          |
| <b>TOTAL NET POSITION</b>  | <u>\$ (3,200,106)</u>       |

**SOUTH UMPQUA SCHOOL DISTRICT NO. 19  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018**

| Functions/Programs                         | Expenses             | Program Revenues        |  |  | Net (Expense)<br>Revenue and<br>Change<br>In Net Position |
|--|----------------------|-------------------------|--|--|---|
|  |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |   |
| Governmental activities:                   |                      |                         |  |  |   |
| Instruction                                | \$ 8,569,229         | \$ 204,414              | \$ 1,221,641                             | \$ -                                   | \$ (7,143,174)  |
| Supporting services                        | 6,762,877            | 178,914                 | 433,926                                  | -                                      | (6,150,037)   |
| Community services                         | 995,697              | 213,996                 | 896,293                                  | -                                      | 114,592   |
| Facilities acquisition and construction    | 2,699                | -                       | -  | 250,758                                | 248,059   |
| Interest on long-term debt                 | 722,538              | -                       | -  | -                                      | (722,538)   |
| <b>Total government activities</b>         | <b>\$ 17,053,040</b> | <b>\$ 597,324</b>       | <b>\$ 2,551,860</b>                      | <b>\$ 250,758</b>                      | <b>(13,653,098)</b>                                       |
| General revenues:                          |                      |                         |  |  |   |
| Property taxes levied for general purposes |                      |                         |  |  | 3,139,015   |
| State school fund - general support        |                      |                         |  |  | 11,320,833  |
| Common school fund                         |                      |                         |  |  | 144,005   |
| Federal forest fees                        |                      |                         |  |  | 174,474   |
| Earnings on investments                    |                      |                         |  |  | 100,091   |
| Gain (Loss) on sale of fixed assets        |                      |                         |  |  | (36,507)  |
| Miscellaneous                              |                      |                         |  |  | 90,104  |
| <b>Total general revenues</b>              |                      |                         |  |  | <b>14,932,015</b>   |
| <b>CHANGE IN NET POSITION</b>              |                      |                         |  |  | <b>1,278,917</b>  |
| <b>NET POSITION - July 1, 2017</b>         |                      |                         |  |  | <b>(4,479,023)</b>  |
| <b>NET POSITION - June 30, 2018</b>        |                      |                         |  |  | <b>\$ (3,200,106)</b>                                     |

**FUND FINANCIAL STATEMENTS**

**SOUTH UMPQUA SCHOOL DISTRICT NO. 19  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

|   | <b>General<br/>Fund</b> | <b>Special<br/>Revenue<br/>Fund</b> | <b>Debt<br/>Service<br/>Fund</b> | <b>Capital<br/>Projects<br/>Fund</b> | <b>Total</b>        |
|---|-------------------------|-------------------------------------|----------------------------------|--------------------------------------|---------------------|
| <b>ASSETS</b>   |                         |                                     |                                  |                                      |                     |
| Equity in pooled cash and investments                                     | \$ 2,876,476            | \$ -                                | \$ 1,399,847                     | \$ -                                 | \$ 4,276,323        |
| Assets held by trustee  | -                       | -                                   | 511,107                          | -                                    | 511,107             |
| Receivables   | 416,928                 | 382,667                             | -                                | 250,758                              | 1,050,353           |
| Interfund receivables   | 422,382                 | -                                   | -                                | -                                    | 422,382             |
| Prepays   | 53,250                  | 2,255                               | -                                | -                                    | 55,505              |
| <b>TOTAL ASSETS</b>   | <b>\$ 3,769,036</b>     | <b>\$ 384,922</b>                   | <b>\$ 1,910,954</b>              | <b>\$ 250,758</b>                    | <b>\$ 6,315,670</b> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>       |                         |                                     |                                  |                                      |                     |
| Liabilities:  |                         |                                     |                                  |                                      |                     |
| Accounts payable  | \$ 205,456              | \$ 45,947                           | \$ -                             | \$ 9,395                             | \$ 260,798          |
| Interfund payable   | -                       | 182,090                             | -                                | 240,292                              | 422,382             |
| Accrued payroll liabilities   | 355,573                 | 37,031                              | -                                | -                                    | 392,604             |
| Unearned revenue  | -                       | 684                                 | -                                | -                                    | 684                 |
| <b>TOTAL LIABILITIES</b>  | <b>561,029</b>          | <b>265,752</b>                      | <b>-</b>                         | <b>249,687</b>                       | <b>1,076,468</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                         |                                     |                                  |                                      |                     |
| Unavailable revenue - property taxes                                      | 290,981                 | -                                   | -                                | -                                    | 290,981             |
| <b>TOTAL DEFERRED INFLOWS</b>   | <b>290,981</b>          | <b>-</b>                            | <b>-</b>                         | <b>-</b>                             | <b>290,981</b>      |
| Fund Balances:  |                         |                                     |                                  |                                      |                     |
| Nonspendable  |                         |                                     |                                  |                                      |                     |
| Prepays   | 53,250                  | 2,255                               | -                                | -                                    | 55,505              |
| Restricted  |                         |                                     |                                  |                                      |                     |
| Debt service  | -                       | -                                   | 511,107                          | -                                    | 511,107             |
| Committed   |                         |                                     |                                  |                                      |                     |
| Debt service  | -                       | -                                   | 1,399,847                        | -                                    | 1,399,847           |
| Capital projects  | -                       | -                                   | -                                | 1,071                                | 1,071               |
| Assigned  |                         |                                     |                                  |                                      |                     |
| Student groups  | -                       | 116,915                             | -                                | -                                    | 116,915             |
| Unassigned  | 2,863,776               | -                                   | -                                | -                                    | 2,863,776           |
| <b>TOTAL FUND BALANCES</b>  | <b>2,917,026</b>        | <b>119,170</b>                      | <b>1,910,954</b>                 | <b>1,071</b>                         | <b>4,948,221</b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> | <b>\$ 3,769,036</b>     | <b>\$ 384,922</b>                   | <b>\$ 1,910,954</b>              | <b>\$ 250,758</b>                    | <b>\$ 6,315,670</b> |

**SOUTH UMPQUA SCHOOL DISTRICT NO. 19  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET POSITION  
JUNE 30, 2018**

|   |                     |                       |
|---|---------------------|-----------------------|
| <b>TOTAL FUND BALANCES</b>  |                     | \$ 4,948,221          |
| Capital assets are not financial resources and therefore are not reported in the governmental funds:  |                     |                       |
| Cost  | \$ 27,859,957       |                       |
| Accumulated depreciation  | <u>(20,346,201)</u> | 7,513,756             |
| The net deferred outflow/(inflow) associated with the District's pension (OPERS) is not recorded in the governmental funds as it is not available nor payable currently.  |                     |                       |
|   |                     | 1,344,167             |
| A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.                                      |                     |                       |
|   |                     | 290,981               |
| The asset (liability) associated with the District's pension (OPERS) is not recorded in the governmental funds as it is not available nor payable currently.  |                     |                       |
|   |                     | (2,426,618)           |
| Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due. These liabilities consist of: |                     |                       |
| Pension liability (Stipend)   |                     | (30,952)              |
| Compensated absences payable  |                     | (59,821)              |
| Bonds payable, net  |                     | (11,844,212)          |
| Accrued interest  |                     | (1,787,843)           |
| The other post employment benefit asset (liability) obligation is not reported with the governmental funds.   |                     |                       |
| Medical benefit   | (1,174,729)         |                       |
| RHIA  | <u>26,944</u>       | <u>(1,147,785)</u>    |
| <b>TOTAL NET POSITION</b>   |                     | <u>\$ (3,200,106)</u> |

**SOUTH UMPQUA SCHOOL DISTRICT NO. 19**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2018**

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Total</u>        |
|--|-------------------------|-------------------------------------|----------------------------------|--------------------------------------|---------------------|
| <b>REVENUES</b>  |                         |                                     |                                  |                                      |                     |
| Property taxes and other taxes                               | \$ 3,146,631            | \$ -                                | \$ -                             | \$ -                                 | \$ 3,146,631        |
| Intergovernmental  | 11,722,104              | 2,273,647                           | 39,121                           | 250,758                              | 14,285,630          |
| Charges for services   | 171,374                 | 445,791                             | 1,226,864                        | -                                    | 1,844,029           |
| Investment earnings  | 653                     | -                                   | 99,438                           | -                                    | 100,091             |
| Restricted revenue   | 121,968                 | -                                   | -                                | -                                    | 121,968             |
| Miscellaneous  | 100,538                 | 4,057                               | -                                | -                                    | 104,595             |
| <b>TOTAL REVENUES</b>  | <u>15,263,268</u>       | <u>2,723,495</u>                    | <u>1,365,423</u>                 | <u>250,758</u>                       | <u>19,602,944</u>   |
| <b>EXPENDITURES</b>  |                         |                                     |                                  |                                      |                     |
| Current  |                         |                                     |                                  |                                      |                     |
| Instruction  | 7,316,475               | 1,395,671                           | -                                | -                                    | 8,712,146           |
| Support services   | 6,066,721               | 466,592                             | -                                | -                                    | 6,533,313           |
| Enterprise and community services                            | -                       | 1,010,359                           | -                                | -                                    | 1,010,359           |
| Facilities and acquisition                                   | -                       | -                                   | -                                | 373,327                              | 373,327             |
| Debt service   | -                       | -                                   | 1,597,686                        | -                                    | 1,597,686           |
| <b>TOTAL EXPENDITURES</b>                                    | <u>13,383,196</u>       | <u>2,872,622</u>                    | <u>1,597,686</u>                 | <u>373,327</u>                       | <u>18,226,831</u>   |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b> | <u>1,880,072</u>        | <u>(149,127)</u>                    | <u>(232,263)</u>                 | <u>(122,569)</u>                     | <u>1,376,113</u>    |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                         |                                     |                                  |                                      |                     |
| Proceeds from the sale of fixed assets                       | 1,800                   | -                                   | -                                | -                                    | 1,800               |
| Transfers in   | -                       | 6,684                               | 600,259                          | 84,875                               | 691,818             |
| Transfers out  | (691,818)               | -                                   | -                                | -                                    | (691,818)           |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>              | <u>(690,018)</u>        | <u>6,684</u>                        | <u>600,259</u>                   | <u>84,875</u>                        | <u>1,800</u>        |
| <b>NET CHANGE IN FUND BALANCE</b>                            | 1,190,054               | (142,443)                           | 367,996                          | (37,694)                             | 1,377,913           |
| <b>FUND BALANCE, July 1, 2017</b>                            | <u>1,726,972</u>        | <u>261,613</u>                      | <u>1,542,958</u>                 | <u>38,765</u>                        | <u>3,570,308</u>    |
| <b>FUND BALANCE, June 30, 2018</b>                           | <u>\$ 2,917,026</u>     | <u>\$ 119,170</u>                   | <u>\$ 1,910,954</u>              | <u>\$ 1,071</u>                      | <u>\$ 4,948,221</u> |

**SOUTH UMPQUA SCHOOL DISTRICT NO. 19  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018**

**NET CHANGE IN FUND BALANCE** \$ 1,377,913

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

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

|                                 |                  |          |
|---------------------------------|------------------|----------|
| Expenditures for capital assets | \$ 516,989       |          |
| Loss on disposal of assets      | (38,307)         |          |
| Less current year depreciation  | <u>(574,729)</u> | (96,047) |

In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expense when due. 243,562

Governmental funds do not report inventory balances under the purchase method of accounting for inventory while the Statement of Net Position does. This is the change in inventory in the current period. (34,306)

Governmental funds report the effect of premiums, deferred charges and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences:  
Amortization of premium (discount) 15,516

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied. (7,616)

The change in the net post employment benefit obligation (OPEB) is not recognized in the governmental funds (including deferred outflows and inflows). (34,634)

The issuance on long-term debt provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.  
Debt principal repaid 616,070

Governmental funds report pension contributions as expenditures. In the statement of activities, the cost of pension benefits earned (actuarially determined) net of employee contributions is reported as either pension expense or income. This is the net change in pension related items (OPERS and stipend, including deferred outflows and inflows). (827,219)

The change in the net post employment benefit obligation (OPEB) RHIA is not recognized in the governmental funds (including deferred outflows and inflows). 45,186

Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as an expenditure when earned. (19,508)

**CHANGE IN NET POSITION** \$ 1,278,917



**NOTES TO FINANCIAL STATEMENTS**

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 1 – Summary of Significant Accounting Policies**

**The Reporting Entity**

Douglas County School District No. 19 (the District), Myrtle Creek, Oregon, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected seven-member Board of Education (Board) who approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

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

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

**Basis of Presentation**

The financial statements of Douglas County School District No. 19 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Government-wide Financial Statements**

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

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

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Government-wide Financial Statements (continued)**

The District operates and reports only governmental funds. Therefore, financial statements have only been prepared for the governmental funds.

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

*Debt Service Fund* - This fund accounts for the servicing of general long-term debt not being financed by the General Fund. For the District, this includes the 2002, 2003 and 2012 PERS Bonds, the 2007 and 2012 and 2017 Full Faith Obligation Bonds and the QZAB and QSCB Bonds. The principal source of revenues are interest subsidies and other local revenues.

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

**Measurement Focus and Basis of Accounting**

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. As a general rule the effect of interfund activity has been eliminated from the governmental-wide financial statements.

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Measurement Focus and Basis of Accounting (continued)**

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

**Cash, Cash Equivalents and Investments**

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

The District's investments, authorized under state statute, consist of banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). Banker's acceptances, commercial paper and U.S. Government Agency securities are stated at amortized cost which approximates fair value. 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 no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

**Assets Held by Trustee (Sinking Fund)**

During the fiscal year 2011-12 the District entered into a new loan agreement with the Bank of New York Mellon Trust Company, N.A. for \$350,000 at 4.80% interest to finance repairs and weatherization projects throughout the District. The District entered into an irrevocable election that the 2012B Obligations are treated as Qualified School Construction Bonds (QSCB). In addition to semi-annual interest payments, the District is to deposit annual payments of \$19,444 into a principal subaccount (sinking funds) every June 30 of each year starting in 2013 and ending in 2030. At June 30, 2018 the sinking fund for the Series 2012B Obligations was \$134,161.

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Assets Held by Trustee (Sinking Fund) (continued)**

During the fiscal year 2005-06 the District issued Qualified Zone Academy Bonds (QZAB) in the amount of \$500,000. The bonds were purchased by Bank of America in accordance with Section 1397E of the Internal Revenue Code, and as such qualified for tax credits relating to the transaction. The bond proceeds must be used to provide for facility preservation and major maintenance in accordance with the District's QZAB financing plan. Initial funding for SB 1149 energy efficiency projects will be provided by QZAB proceeds so that projects can move forward in a timely manner. As SB 1149 funds become available in future years, they will then be utilized to repay a portion of the QZAB debt. In addition the District is to deposit annual payments of \$25,804 into a principal subaccount (sinking funds) every August 30 of each year starting in 2006 and ending in 2021. At June 30, 2018 the sinking fund for the Series 2012B Obligations was \$364,126.

**Investment Income**

Investment income is composed of interest and net changes in the fair value of applicable investments. Investment income is included in other local revenue in the fund financial statements, and is allocated monthly to all funds based on the fund's average cash balance.

**Property Taxes Receivable**

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

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

**Accounts and Other Receivables**

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

**Grants**

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

**Interfund Transactions**

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

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Interfund Transactions (continued)**

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

**Capital Assets**

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

|                                      |                |
|--------------------------------------|----------------|
| Land improvements -                  | 20 to 25 years |
| Buildings and improvements -         | 20 to 50 years |
| Vehicles, furniture, and equipment - | 5 to 15 years  |

**Post-Employment Benefits**

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

**Pensions**

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

**Compensated Absences**

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

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

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position (government-wide financials and proprietary funds) and the balance sheet (governmental funds) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two types of deferred outflows, which arise only under the full accrual of accounting (i.e. government-wide financials) that qualify for reporting in this category. Accordingly, the items, a deferred amount related to pensions and a deferred amount related to other post employment benefit (OPEB) obligation, is reported only in the government-wide statement of net position.

The governmental funds report expense related to pension contributions. These amounts are deferred and recognized as an outflow of resources in the period that is actuarially determined.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of deferred inflows. One arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The District has two types of deferred inflows which arise only under the full accrual basis of accounting that qualify for reporting in this category. Accordingly, the items, deferred amounts related to pensions and deferred amounts related to other post employment benefit (OPEB) obligations, are reported in the government-wide statement of net position.

**Long-term Debt**

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

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

**Net Position and Fund Balances**

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

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

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Net Position and Fund Balances (continued)**

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

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

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

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

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

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

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

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

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

**Budget**

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

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

Supplemental budgets less than 10% of a fund’s original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund’s original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers within a fund between the levels of control (major function levels) with Board approval. Appropriations lapse at the end of each fiscal year.



**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Use of Estimates**

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

**Note 2 – New Pronouncements Implemented**

**New GASB Pronouncements Adopted**

During the fiscal year ended June 30, 2018, the District implemented the following GASB Pronouncements:

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. Issued March 2016, this statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 85, Omnibus 2017. Issued March 2017, this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as good will and "negative" goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest-earning investment contract at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 2 – New Pronouncements Implemented**

**New GASB Pronouncements Adopted (continued)**

GASB Statement No. 86, Certain Debt Extinguishment Issues. Issued May 2017, the purpose of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is deceased in substance.

**Future GASB Pronouncements**

The following GASB pronouncements have been issued, but are not effective as of June 30, 2018:

GASB Statement No. 80, *Blending Requirements for Certain Component Units*. Issued January 2016, this Statement improves financial reporting by clarifying the financial statement presentation requirements for certain component units.

GASB Statement No. 83, Certain Asset Retirement Obligations. Issued November 2016, this statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). GASB 83 will be effective fiscal year ending June 30, 2019.

GASB Statement No. 84, Fiduciary Activities. Issued January 2017, this statement establishes criteria for identifying fiduciary activities of all state and local governments. GASB 84 will be effective fiscal year ending June 30, 2020.

GASB Statement No. 87, Leases. Issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 will be effective for the District for fiscal year ending June 30, 2021.

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements, issued March 2018 to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB Statement No. 88 will be effective for the District for fiscal year ending June 30, 2019.

GASB Statement No. 89, Accounting for Interest Costs Incurred Before the End of a Construction Period. This statement was issued June 2018 to establish accounting requirements for interest cost incurred before the end of a construction period. The objectives of the Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 will be effective for the District for fiscal year ending June 30, 2021.

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 2 – New Pronouncements Implemented (continued)**

**Future GASB Pronouncements (continued)**

GASB Statement No. 90, Majority Equity Interests. Issued August 2018, the primary objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization; and to improve the relevance of financial statement information for certain component units. GASB Statement No. 90 will be effective for the District for fiscal year ending June 30, 2020.

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

**Note 3 – Equity in Pooled Cash and Investments**

Cash and investments are comprised of the following as of June 30, 2018:

|  |                     |
|--|---------------------|
| Carrying amount of demand deposits         | \$ 578,471          |
| Carrying amount of investments             | 4,208,959           |
| Total deposits with financial institutions | <u>\$ 4,787,430</u> |

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

|                           |                     |
|---------------------------|---------------------|
| Statement of Net Position |                     |
| Cash and Investments      | \$ 4,276,323        |
| Assets held by trustee    | 511,107             |
|                           | <u>\$ 4,787,430</u> |

**Deposits.** Deposits with financial institutions are comprised of bank demand deposits. For deposits in excess of federal depository insurance currently limited to balances less than \$250,000; Oregon Revised Statute 295 effective July 1, 2008 created a multiple financial institution collateral pool and eliminated Certificates of Participation. As a result, all balances over the \$250,000 FDIC limit are collateralized. As of June 30, 2018, the carrying amounts of the District deposits in various qualifying financial institutions were \$578,471 and the bank balances were \$697,516. Of this balance, \$447,516 was not covered by the federal depository insurance.

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

Effective July 1, 2008, House Bill 2901 created a shared liability structure for participating bank depositories in Oregon. Barring any exceptions, a qualifying bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of the quarter-end public fund deposits if they are adequately capitalized, or 110% of the quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public bank depositories is available to repay the deposits of public funds of governmental entities.

*Custodial Credit Risk.* Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk.

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

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

**Investments.** Douglas County School District No. 19 has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool. The Oregon Short-term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an external investment pool managed by the State Treasurer's office, which allow governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB statement No. 40. LGIP is not rated.

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

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the District's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at amortized cost, which approximated fair value.

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool. As of June 30, 2018 and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.

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

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

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

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

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

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

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

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

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

| Investments Measured at Fair Value: | Totals as of<br>6/30/2018 | Level One         | Level Two         | Level Three | Not Measured<br>at Fair Value |
|-------------------------------------|---------------------------|-------------------|-------------------|-------------|-------------------------------|
| Local Government Investment Pool    | \$ 3,697,852              | \$ -              | \$ -              | \$ -        | \$ 3,697,852                  |
| FHLMC Securities                    | 376,946                   | -                 | 376,946           | -           | -                             |
| Cash Held for Investment            | 134,161                   | 134,161           | -                 | -           | -                             |
|                                     | <u>\$ 4,208,959</u>       | <u>\$ 134,161</u> | <u>\$ 376,946</u> | <u>\$ -</u> | <u>\$ 3,697,852</u>           |

As of June 30, 2018, the District's investments had the following maturities and credit ratings:

|                                    | Total Investments   | Investment Maturities |           |                   |
|------------------------------------|---------------------|-----------------------|-----------|-------------------|
|                                    |                     | Less than 1 yr        | 1-5 years | 6-10 years        |
| Cash held in sinking fund accounts | \$ 134,161          | \$ 134,161            | \$ -      | \$ -              |
| Local Government Investment Pool   | 3,697,852           | 3,697,852             | -         | -                 |
| FHLMC Securities                   | 376,946             | -                     | -         | 376,946           |
| Total Investments                  | <u>\$ 4,208,959</u> | <u>\$ 3,832,013</u>   | <u>-</u>  | <u>\$ 376,946</u> |

|                                    | Moody's<br>Rating | Standard & Poor<br>Rating | Percentage of Total Investment |
|------------------------------------|-------------------|---------------------------|--------------------------------|
| Cash held in sinking fund accounts | N/R               | N/R                       | 3.19%                          |
| Local Government Investment Pool   | N/R               | N/R                       | 87.85%                         |
| FHLMC Securities                   | Aaa               | AA+                       | 8.96%                          |
| Total Investments                  |                   |                           | <u>100.00%</u>                 |

N/R = Not Rated

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 4 – Receivables**

Receivables are comprised of the following as of June 30, 2018:

|                          | <u>Property<br/>Taxes</u> | <u>Grants</u>            | <u>Other</u>            | <u>Total</u>               |
|--------------------------|---------------------------|--------------------------|-------------------------|----------------------------|
| General Fund             | \$ 335,241                | \$ -                     | \$ 81,687               | \$ 416,928                 |
| Special Revenue Fund     | -                         | 382,667                  | -                       | 382,667                    |
| Capital Projects Fund    | -                         | 250,758                  | -                       | 250,758                    |
| <b>Total Receivables</b> | <b><u>\$ 335,241</u></b>  | <b><u>\$ 633,425</u></b> | <b><u>\$ 81,687</u></b> | <b><u>\$ 1,050,353</u></b> |

**Note 5 – Capital Assets**

The changes in capital assets for the year ended June 30, 2018, are as follows:

|   | <u>Balance<br/>July 1, 2017</u> | <u>Additions</u>          | <u>Deletions</u>          | <u>Balance<br/>June 30, 2018</u> |
|---|---------------------------------|---------------------------|---------------------------|----------------------------------|
| Capital assets not being depreciated:                 |                                 |                           |                           |                                  |
| Land  | \$ 1,248,172                    | \$ -                      | \$ -                      | \$ 1,248,172                     |
| Construction in Progress                              | -                               | 296,433                   | -                         | 296,433                          |
| <b>Total capital assets not<br/>being depreciated</b> | <b><u>1,248,172</u></b>         | <b><u>296,433</u></b>     | <b><u>-</u></b>           | <b><u>1,544,605</u></b>          |
| Capital assets being depreciated:                     |                                 |                           |                           |                                  |
| Land Improvements                                     | 148,224                         | -                         | -                         | 148,224                          |
| Buildings and Improvements                            | 24,929,425                      | 11,705                    | (1,990,634)               | 22,950,496                       |
| Machinery/Equipment/Vehicles                          | 3,007,781                       | 208,851                   | -                         | 3,216,632                        |
| <b>Totals</b>   | <b><u>28,085,430</u></b>        | <b><u>220,556</u></b>     | <b><u>(1,990,634)</u></b> | <b><u>26,315,352</u></b>         |
| Less accumulated depreciation for:                    |                                 |                           |                           |                                  |
| Land Improvements                                     | (112,331)                       | (5,082)                   | -                         | (117,413)                        |
| Buildings and Improvements                            | (19,199,746)                    | (467,011)                 | 1,952,327                 | (17,714,430)                     |
| Machinery/Equipment/Vehicles                          | (2,411,722)                     | (102,636)                 | -                         | (2,514,358)                      |
| <b>Total</b>  | <b><u>(21,723,799)</u></b>      | <b><u>(574,729)</u></b>   | <b><u>1,952,327</u></b>   | <b><u>(20,346,201)</u></b>       |
| <b>Total capital assets:</b>                          |                                 |                           |                           |                                  |
| Land  | 1,248,172                       | -                         | -                         | 1,248,172                        |
| Construction in Progress                              | -                               | 296,433                   | -                         | 296,433                          |
| Land Improvements                                     | 35,893                          | (5,082)                   | -                         | 30,811                           |
| Buildings and Improvements                            | 5,729,679                       | (455,306)                 | (38,307)                  | 5,236,066                        |
| Machinery/Equipment/Vehicles                          | 596,059                         | 106,215                   | -                         | 702,274                          |
| <b>Totals</b>   | <b><u>\$ 7,609,803</u></b>      | <b><u>\$ (57,740)</u></b> | <b><u>\$ (38,307)</u></b> | <b><u>\$ 7,513,756</u></b>       |

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 5 – Capital Assets (continued)**

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

| <u>Program</u>      |                              |
|---------------------|------------------------------|
| Instruction         | \$ 328,745                   |
| Supporting Services | 220,696                      |
| Community Services  | <u>25,288</u>                |
| <br>Total           | <br><u><u>\$ 574,729</u></u> |

**Note 6 – Deferred Inflows / Unearned Revenues**

Governmental funds, under the modified accrual basis of accounting, accrue deferred revenue for revenue amounts unearned or unavailable. Government-wide reporting use full accrual accounting and report only unearned revenue. Unavailable revenue (deferred inflows) result in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Unearned revenue result in connection with resources that have been received, but not yet earned. At the end of the current fiscal year the various components of unavailable (deferred inflow) and unearned revenue in the governmental funds consisted of the following:

|                      | <u>Unavailable</u>           | <u>Unearned</u>          | <u>Total</u>                 |
|----------------------|------------------------------|--------------------------|------------------------------|
| General Fund         |                              |                          |                              |
| Property Taxes       | \$ 290,981                   | \$ -                     | \$ 290,981                   |
| Special Revenue Fund |                              |                          |                              |
| Federal programs     | <u>-</u>                     | <u>684</u>               | <u>684</u>                   |
| <br>Total            | <br><u><u>\$ 290,981</u></u> | <br><u><u>\$ 684</u></u> | <br><u><u>\$ 291,665</u></u> |

**Note 7 – Interfund Transactions**

Interfund transfers during the year ended June 30, 2018, were as follows:

|  | Transfers                    | Transfers                    |
|--|------------------------------|------------------------------|
|  | <u>In</u>                    | <u>Out</u>                   |
| General Fund                               | \$ -                         | \$ 691,818                   |
| Special Revenue Fund                       | 6,684                        | -                            |
| Debt Service Fund                          | 600,259                      | -                            |
| Capital Projects Fund                      | <u>84,875</u>                | <u>-</u>                     |
| <br>Total Transfers for governmental funds | <br><u><u>\$ 691,818</u></u> | <br><u><u>\$ 691,818</u></u> |

The District made transfers from the General Fund of \$691,818. Debt Service Fund received \$600,259 to pay debt service on various debt issues. Capital Projects Fund received \$84,875 to pay for various capital asset purchases.

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 7 – Interfund Transactions (continued)**

Interfund receivables and interfund payables as of June 30, 2018, were as follows:

|                       | Interfund<br>Receivable | Interfund<br>Payable |
|-----------------------|-------------------------|----------------------|
| General Fund          | \$ 422,382              | \$ -                 |
| Special Revenue Fund  | -                       | 182,090              |
| Capital Projects Fund |                         | 240,292              |
|                       | \$ 422,382              | \$ 422,382           |

**Note 8 – Operating Leases**

The District leases copiers and a postage machine under non-cancellable operating leases. Total costs for such leases were \$23,537 for the fiscal year ended June 30, 2018. The future minimum lease payments for these leases are as follows:

| Fiscal<br>Year ending<br>June 30, | Amount    |
|-----------------------------------|-----------|
| 2019                              | \$ 21,217 |
| 2020                              | 15,521    |
| 2021                              | 14,039    |
|                                   | \$ 50,777 |

**Note 9 – Long-Term Debt**

**Limited Tax Pension Bond – 2002**

On October 31, 2002, Douglas County School District No. 19 issued bonds as a part of the Oregon School Boards Association Limited Tax Pension Bond Pool. Certain Oregon school districts and education service districts issued limited tax obligations (Pension Obligation), the proceeds of which were used to finance a portion of the estimated unfunded actuarial liability of each issuer with the Oregon Public Employees Retirement System (PERS). The full faith and credit of the District was pledged for the punctual payment of the principal of and interest on its Pension Obligation, and debt service on the Pension Obligation is not subject to annual appropriation. The Pension Obligation is further secured by an Intercept Agreement under which an amount equal to the debt service on each issuer's Pension Obligation will be diverted from Sate Education Revenues.

The 2002A Obligations were issued in the aggregate original principal amount of \$6,393,627. Interest on the 2002A Obligations will be payable only at maturity (maturity dates range from 6/30/2004 to 6/30/2020), and will be compounded semiannually (for the accreted value of the Obligations of each maturity as of each June 30 and December 30). Interest on the 2002A Obligations ranges between 2.06% and 6.10% based upon the maturity date. The 2002A Obligations were not subject to optional prepayment prior to maturity. Accrued interest associated with the 2002A deferred interest obligations was \$418,797 at June 30, 2018.



**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 9 – Long-Term Debt (continued)**

On January 31, 2012, the District participated in a partial refunding of its Limited Tax Pension Bond -2002, as part of the Oregon School Board Association’s Limited Tax Pension Bond Pool. This partial refunding was for the 2021 year for \$450,000. The District represents 2.05% of the aggregate principal amount of the 2012 Obligation. The interest rate for this refunded portion is 2.75% versus 6.10%. Interest paid for the fiscal year was \$12,375.

The Limited Tax Pension Bond - 2002 schedule does not include this refunding.

| Year Ending<br>June 30th | Principal           | Interest            | Total               | Interest Rate |
|--------------------------|---------------------|---------------------|---------------------|---------------|
| 2019                     | \$ 133,963          | \$ 465,685          | \$ 599,648          | 5.30%         |
| 2020                     | 136,635             | 498,023             | 634,658             | 5.67%         |
| 2021                     | -                   | 239,648             | 239,648             | 5.67%         |
| 2022                     | 485,000             | 213,071             | 698,071             | 5.50 - 5.55%  |
| 2023                     | 545,000             | 183,150             | 728,150             | 5.50 - 5.55%  |
| 2024-2028                | 3,299,998           | 590,963             | 3,890,961           | 5.50 - 5.55%  |
| Total                    | <u>\$ 4,600,596</u> | <u>\$ 2,190,540</u> | <u>\$ 6,791,136</u> |               |

The partial refunding of the Series 2002 bonds is as follows:

| Year Ending<br>June 30th | Principal         | Interest         | Total             | Balance |
|--------------------------|-------------------|------------------|-------------------|---------|
| 2019                     | \$ -              | \$ 12,375        | \$ 12,375         | 2.75%   |
| 2020                     | -                 | 12,375           | 12,375            | 2.75%   |
| 2021                     | 450,000           | 12,375           | 462,375           | 2.75%   |
| Total                    | <u>\$ 450,000</u> | <u>\$ 37,125</u> | <u>\$ 487,125</u> |         |

**Limited Tax Pension Bond – 2003**

On April 21, 2003, Douglas County School District No. 19 participated in a second Limited Tax Pension Bond Pool. Certain Oregon school districts and education service districts issued limited tax obligations (Pension Obligation), the proceeds of which were used to finance a portion of the estimated unfunded actuarial liability of each issuer with the Oregon Public Employees Retirement System (PERS). The full faith and credit of the District was pledged for the punctual payment of the principal of and interest on its Pension Obligation, and debt service on the Pension Obligation is not subject to annual appropriation. The Pension Obligation is further secured by an Intercept Agreement under which an amount equal to the debt service on each issuer’s Pension Obligation will be diverted from Sate Education Revenues.

The 2003 Obligations were issued in the aggregate original principal amount of \$6,776,652. Interest on the 2003 Obligations will be payable only at maturity (maturity dates range from 6/30/2004 to 6/30/2020), and will be compounded semiannually (for the accreted value of the Obligations of each maturity as of each June 30 and December 30). Interest on the 2003 Obligations ranges between 1.5% and 6.27% based upon the maturity date. The 2003 Obligations were not subject to optional prepayment prior to maturity. Accrued interest associated with the 2003 deferred interest obligations was \$1,362,946 at June 30, 2018.

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 9 – Long-Term Debt (continued)**

**Limited Tax Pension Bond – 2003 (continued)**

| Year Ending<br>June 30th | Principal           | Interest            | Total               | Interest Rate |
|--------------------------|---------------------|---------------------|---------------------|---------------|
| 2019                     | \$ 180,386          | \$ 496,073          | \$ 676,459          | 5.71%         |
| 2020                     | 180,015             | 531,444             | 711,459             | 5.71%         |
| 2021                     | 178,842             | 567,617             | 746,459             | 5.71%         |
| 2022                     | 177,689             | 603,770             | 781,459             | 5.71%         |
| 2023                     | 178,238             | 643,221             | 821,459             | 5.68 - 6.22%  |
| 2024-2028                | 3,554,998           | 589,119             | 4,144,117           | 5.68 - 6.22%  |
| Total                    | <u>\$ 4,450,168</u> | <u>\$ 3,431,244</u> | <u>\$ 7,881,412</u> |               |

**Qualified Zone Academy Bonds – 2005**

On August 30, 2005, the District issued Qualified Zone Academy Bonds (QZAB) in the amount of \$500,000. The bonds were purchased by Bank of America in accordance with Section 1397E of the Internal Revenue Code, and as such qualified for tax credits relating to the transaction. The bond proceeds must be used to provide for facility preservation and major maintenance in accordance with the District's QZAB financing plan.

To qualify for use of the QZAB proceeds, individual schools must qualify by meeting federal guidelines for certain economic demographics. The primary uses of the funds will be for renovations of the secondary schools in the District. In addition, initial funding for SB 1149 energy efficiency projects will be provided by QZAB proceeds so that projects can move forward in a timely manner. As SB 1149 funds become available in future years, they will then be utilized to repay a portion of the QZAB debt.

As a result of the structure of the QZAB issue and the Bank tax credits, the District will be required to repay \$412,864 in total payments over the 16-year term. The difference between the bond proceeds in the amount of \$500,000 and the repayment of \$412,864 was recognized during the year of issuance.

The District will make annual principal payments in the amount of \$25,804 through 2022. The agreement bears no interest and imputed interest of 2 percent was considered immaterial to the financial statements. The payments will be placed in escrow at the purchaser's discretion, and principal payments and guaranteed interest payments on the escrow will be applied to the District obligation.

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 9 – Long-Term Debt (continued)**

**Qualified Zone Academy Bonds – 2005 (continued)**

| Year Ending<br>June 30th | Principle         | Sinking Fund<br>Deposits<br>(District) | Subsidy<br>Received | Balance           |
|--------------------------|-------------------|--|---------------------|-------------------|
|                          |                   |  |                     | \$ 360,748        |
| 2019                     | \$ -              | \$ 25,804                              | \$ 9,391            | 35,195            |
| 2020                     | -                 | 25,804                                 | 10,283              | 36,087            |
| 2021                     | -                 | 25,804                                 | 16,362              | 42,166            |
| 2022                     | 500,000           | 25,804                                 | -                   | 25,804            |
| Total                    | <u>\$ 500,000</u> | <u>\$ 103,216</u>                      | <u>\$ 36,036</u>    | <u>\$ 500,000</u> |

**Qualified School Construction Bond (QSCB)**

On October 12, 2010, the District issued Qualified School Construction Bonds (QSCB) in the amount of \$500,000. The monies were used for repairs and upgrades and weatherization projects through the District. The QSCB's are eligible to receive subsidy payments from the United States Treasury. The District plans to apply any subsidy payments received to offset the interest component of the financing, but those subsidy payments are not pledged for this purpose. Interest is payable semi-annually each December 31 and June 30, commencing June 30, 2013. Final maturity on these bonds is June 30, 2027. The District will receive approximately \$212,000 in direct subsidy payments from the United States Treasury over the life of the bond. Interest paid for the fiscal year was \$15,150.

| Year<br>Ending<br>June 30th | Principal         | Interest<br>(District<br>Payments Net) | Interest<br>(Federal<br>Subsidy) | Total             |
|-----------------------------|-------------------|--|----------------------------------|-------------------|
| 2019                        | \$ 30,000         | \$ 675                                 | \$ 12,960                        | \$ 43,635         |
| 2020                        | 30,000            | 600                                    | 11,520                           | 42,120            |
| 2021                        | 30,000            | 525                                    | 10,080                           | 40,605            |
| 2022                        | 30,000            | 450                                    | 8,640                            | 39,090            |
| 2023                        | 30,000            | 375                                    | 7,200                            | 37,575            |
| 2024-2028                   | 120,000           | 750                                    | 14,400                           | 135,150           |
| Total                       | <u>\$ 270,000</u> | <u>\$ 3,375</u>                        | <u>\$ 64,800</u>                 | <u>\$ 338,175</u> |

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 9 – Long-Term Debt (continued)**

**Qualified School Construction Bond (QSCB) 2012**

On January 19, 2012, the District issued Qualified School Construction Bonds (QSCB) in the amount of \$350,000. The monies are for repairs and weatherization projects throughout the District. Interest is payable semi-annually each December and June, commencing December 2012. The final maturity on these bonds is June 2030. The interest rate on these bonds is 4.80%. Interest paid for the fiscal year was \$16,188.

| Year Ending<br>June 30th | Principal         | Interest (Federal<br>Subsidy) | Total Debt<br>Service | Sinking Fund<br>Deposits |
|--------------------------|-------------------|-------------------------------|-----------------------|--------------------------|
| 2019                     | \$ -              | \$ 16,187                     | \$ 16,187             | \$ 19,444                |
| 2020                     | -                 | 16,188                        | 16,188                | 19,444                   |
| 2021                     | -                 | 16,187                        | 16,187                | 19,444                   |
| 2022                     | -                 | 16,188                        | 16,188                | 19,444                   |
| 2023                     | -                 | 16,187                        | 16,187                | 19,444                   |
| 2024-2028                | -                 | 80,937                        | 80,937                | 97,222                   |
| 2029-2030                | 350,000           | 32,376                        | 382,376               | 38,889                   |
| Total                    | <u>\$ 350,000</u> | <u>\$ 210,438</u>             | <u>\$ 560,438</u>     | <u>\$ 252,775</u>        |

**Full Faith Obligation Bonds – 2017**

On July 15, 2016, the District entered into a Full Faith and Credit Obligation financing agreement with Umpqua Bank to borrow \$1,500,000.00 at an interest rate of 2.326%. The loan is earmarked for improvements to the South Umpqua High School and is to be amortized over sixty months, with the entire balance due on the maturity date. Payments are due quarterly, with the first four installments being interest only, beginning October 14, 2016. Subsequently, quarterly payments of \$76,156 are due with the final installment due July 14, 2022. Interest paid for the fiscal year was \$32,885.

| Year Ending<br>June 30th | Principal           | Interest         | Total               | Balance |
|--------------------------|---------------------|------------------|---------------------|---------|
| 2019                     | \$ 278,094          | \$ 26,529        | \$ 304,623          | 2.326%  |
| 2020                     | 284,663             | 19,960           | 304,623             | 2.326%  |
| 2021                     | 291,483             | 13,140           | 304,623             | 2.326%  |
| 2022                     | 298,418             | 6,205            | 304,623             | 2.326%  |
| 2023                     | 75,710              | 446              | 76,156              | 2.326%  |
|                          | <u>\$ 1,228,368</u> | <u>\$ 66,280</u> | <u>\$ 1,294,648</u> |         |

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 9 – Long-Term Debt (continued)**

The changes in long-term obligations for year ended June 30, 2018, are as follows:

| Issue Date:                             | Outstanding<br>July 1,<br>2017 | Matured<br>and<br>Redeemed | Outstanding<br>June 30,<br>2018 | Due<br>Within<br>One Year |
|---|--------------------------------|----------------------------|---------------------------------|---------------------------|
| <b>PERS Bonds</b>                       |                                |                            |                                 |                           |
| October 31, 2002                        | \$ 4,732,695                   | \$ (132,099)               | \$ 4,600,596                    | \$ 133,963                |
| April 30, 2003                          | 4,632,507                      | (182,339)                  | 4,450,168                       | 180,386                   |
| January 31, 2012                        | 450,000                        | -                          | 450,000                         | -                         |
| <b>Full Faith and Credit Obligation</b> |                                |                            |                                 |                           |
| July 15, 2016                           | 1,500,000                      | (271,632)                  | 1,228,368                       | 278,094                   |
| <b>Total Bonds</b>                      | <u>11,315,202</u>              | <u>(586,070)</u>           | <u>10,729,132</u>               | <u>592,443</u>            |
| <b>QZAB Installment</b>                 | <u>500,000</u>                 | <u>-</u>                   | <u>500,000</u>                  | <u>-</u>                  |
| <b>QSCB Agreement 2010</b>              | 300,000                        | (30,000)                   | 270,000                         | 30,000                    |
| <b>QSCB Agreement 2012</b>              | <u>350,000</u>                 | <u>-</u>                   | <u>350,000</u>                  | <u>-</u>                  |
| <b>Total</b>                            | <u>12,465,202</u>              | <u>(616,070)</u>           | <u>11,849,132</u>               | <u>622,443</u>            |
| <b>Unamortized premium/(discount)</b>   | <u>10,596</u>                  | <u>(15,516)</u>            | <u>(4,920)</u>                  | <u>(547)</u>              |
| <b>Total</b>                            | <u>\$ 12,475,798</u>           | <u>\$ (631,586)</u>        | <u>\$ 11,844,212</u>            | <u>\$ 621,896</u>         |

The annual debt service requirements on long-term debt outstanding as of June 30, 2018 are as follows:

| Year ended June 30          | Principal            | Interest            | Total                |
|-----------------------------|----------------------|---------------------|----------------------|
| 2019                        | \$ 622,443           | \$ 1,030,484        | \$ 1,652,927         |
| 2020                        | 631,313              | 1,090,110           | 1,721,423            |
| 2021                        | 950,325              | 859,572             | 1,809,897            |
| 2022                        | 1,491,107            | 848,324             | 2,339,431            |
| 2023                        | 753,238              | 850,133             | 1,603,371            |
| 2024-2028                   | 7,050,706            | 1,276,615           | 8,327,321            |
| 2029-2033                   | <u>350,000</u>       | <u>32,376</u>       | <u>382,376</u>       |
| <b>Total Long Term Debt</b> | <u>\$ 11,849,132</u> | <u>\$ 5,987,614</u> | <u>\$ 17,836,746</u> |

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 9 – Long-Term Debt (continued)**

The District also has the following changes in Long Term Debt:

|                      | Balance<br>7/1/2017 | Earned    | Used       | Balance<br>6/30/2018 |
|----------------------|---------------------|-----------|------------|----------------------|
| Compensated absences | \$ 40,313           | \$ 54,468 | \$(34,960) | \$ 59,821            |

**Note 10 – Postemployment Benefits Other Than Pensions (OPEB)**

***Single-Employer Defined Benefit Health Care Plan –***

***Plan Description*** – The District maintains a single-employer defined benefit OPEB plan that provides post-employment health benefits to eligible employees and their spouses.

Different contracts govern the employees.

Eligible administrative and licensed staff must be at least 58 years of age and have at least fifteen years of service with the District. Eligible confidential/central office and supervisors/directors must be at least 58 years of age with at least fifteen years of service with the District. Monthly payments continue until the earlier of the retiree’s age 62 (age 65 for classified retirees), or death.

Benefits for administrative and supervisors/directors include employee only medical coverage. Eligible classified participants are eligible for \$400 per month. Confidential/central office employees are eligible for full family medical, dental and vision coverage. Licensed participants are eligible for \$200 per month. Certain other retirees have special arrangements with the District for benefits. Administrative and licensed retirees are required to be available to volunteer fifteen days of work in order to receive full benefits.

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

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

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 10 – Postemployment Benefits Other Than Pensions (OPEB) (continued)**

**Employees Covered by Benefit Terms** – The explicit benefit for the single-employer defined benefit OPEB plan was ceased to licensed employees entering employment subsequent to September 1, 1990. As a result, the total plan members receiving the explicit benefit will decrease over time. As of the actuarial valuation report date of July 1, 2016, the following employees were covered by the explicit benefit terms:

|  |     |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefit payments | 14  |
| Active plan members  | 129 |
|  | 143 |
|  | 143 |

**Total OPEB Liability**

The districts total OPEB liability of \$1,174,729 was measured as of June 30, 2018, and was determined by an actuarial valuation date as of July 1, 2016.

**Actuarial Assumptions and Other Inputs**

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

| Input                                  | Assumption  |
|--|---|
| Actuarial Cost Method                  | Early age normal, level percent of salary   |
| Interest Rate Utilized for Discounting | 3.5% per year, based on all years discounted at municipal bond rate                                 |
| General Inflation                      | 2.5% per year   |
| Salary Scale                           | 3.5% per year   |
| Annual Premium Increase Rate           | Between 5% and 6.5% annually  |
| Mortality Rates                        | RP 2000 male and female tables  |
| Turnover Rates                         | As developed for the valuation of benefits under Oregon PERS, depending on YOS                      |
| Disability Rates                       | As developed for the valuation of benefits under Oregon PERS, age dependent                         |
| Retirement Rates                       | As developed for the valuation of benefits under Oregon PERS  |
| Plan Enrollment                        | Current and future retirees are assumed to remain enrolled in the plans in which currently enrolled |
| Marital Status                         | 80% of future retirees electing coverage are assumed to cover a spouse as well                      |
| Coverage of Eligible Children          | We have assumed no impact of dependent children on the implicit subsidy                             |

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 10 – Postemployment Benefits Other Than Pensions (OPEB) (continued)**

**Changes in the Total OPEB Liability –**

|                                 |             |
|---------------------------------|-------------|
| OPEB Liability at June 30, 2017 | \$1,140,300 |
| Changes for the year:           |             |
| Service cost                    | 53,648      |
| Interest                        | 39,816      |
| Benefit payments                | (59,035)    |
| OPEB Liability at June 30, 2018 | \$1,174,729 |

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

| District's OPEB Asset/(Liability)                | 1% Decrease<br>(2.50%) | Current Discount<br>(3.50%) | 1% Increase<br>(4.50%) |
|--|------------------------|-----------------------------|------------------------|
| Single Employer Defined Benefit Health Care Plan | \$ (1,244,993)         | \$ (1,174,729)              | \$ (1,108,116)         |

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

| District's OPEB Asset/(Liability)                | 1% Decrease 5.5%<br>Graded Down to 4% | Current Trend Rate<br>6.5% Graded Down to<br>5% Trend Rates | 1% Increase 7.5%<br>Graded Down to 6% |
|--|---------------------------------------|---|---------------------------------------|
| Single Employer Defined Benefit Health Care Plan | \$ (1,091,987)                        | \$ (1,174,729)  | \$ (1,348,354)                        |

**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources**

For the year ended June 30, 2018, the District recognized OPEB expense of \$93,464. At June 30, 2018, the District reported no deferred outflows or inflows associated with its OPEB plan.

***Retirement Health Insurance Account***

***Plan Description*** – The District contributes to the PERS 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 PERS. Oregon Revised Statute (ORS) 238.420 established this trust fund and authorizes the Oregon Legislature to establish and amend the benefit provisions. 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, telephone (503) 598-7377, or by URL:  
<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.



**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 10 – Postemployment Benefits Other Than Pensions (OPEB) (continued)**

***Retirement Health Insurance Account (continued)***

**Benefits Provided** – RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible employees. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the District, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. The plan has been closed to new entrants since January 1, 2004.

**Contributions** – Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. Participating Districts are contractually required to contribute to RHIA at a rate assessed each year by PERS.

The District's contractually required contribution rate for the year ended June 30, 2018, was 0.07% of annual covered OPERF payroll and 0.43% of OPSRP payroll, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year. Contributions to the OPEB plan from the District were \$30,965 for the year ended June 30, 2018. The District's contributions to RHIA for the years ended June 30, 2015, 2016 and 2017 were \$37,914, \$31,126, and \$32,370, respectively, which equaled the required contributions each year.

***OPEB Asset, Income, Deferred Outflows of Resources, and Deferred Inflows of Resources –***

At June 30, 2018, the District reported an asset of \$26,944 for its proportionate share of the total RHIA asset. The asset was measured as of June 30, 2017, and the total pension asset used to calculate the asset was determined by an actuarial valuation as of December 31, 2015. The District's proportion of the RHIA asset was based on a projection of the District's long-term share of contributions to the plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was approximately 0.06456119 percent.

For the year ended June 30, 2018, the District recognized expense related to RHIA of \$145. Pension expense was generated during the measurement period as a result of less than anticipated investment returns and factors associated with the Moro Decision. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|--|-----------------------------------|----------------------------------|
| Net difference between projected and actual earnings on investments: | \$ -                              | \$ 12,479                        |
| Change in proportionate share  | -                                 | 244                              |
| District's contributions subsequent to the measurement date:         | 30,965                            | -                                |
| <b>Total</b>   | <b>\$ 30,965</b>                  | <b>\$ 12,723</b>                 |

\$30,965 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a decrease to the net pension liability in the year ended June 30, 2018.

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 10 - Postemployment Benefits Other Than Pensions (OPEB) (continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

| Year Ended<br>June 30 | Deferred Outflow/Inflow of Resources<br>(prior to post-measurement date) |
|-----------------------|--|
| 2019                  | \$ (3,211)   |
| 2020                  | (3,211)  |
| 2021                  | (3,182)  |
| 2022                  | (3,119)  |
| 2023                  | -  |
| Thereafter            | -  |
| Total                 | <u>\$ (12,723)</u>   |

**Actuarial Methods and Assumptions** – The actuarial valuation used for RHIA is identical to the actuarial valuation details related to the OPERS Plan disclosed in Note 11 Pension and Retirement Plans (excluding the Actuarial Methods and Assumptions cost of living adjustment assumption, which has been removed, and a retiree healthcare participation assumption of 38% for healthy retirees and 20% for disabled retirees has been used). The actuarial valuation details are the Actuarial Methods and Assumptions, Discount Rate, Assumed Asset Allocation, and the Investment Rate of Return.

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

| District's Net Pension Asset/Liability | 1% Decrease<br>(6.50%) | Current Discount<br>Rate (7.50%) | 1% Increase<br>(8.50%) |
|--|------------------------|----------------------------------|------------------------|
| Retirement Health Insurance Account    | \$ (3,756)             | \$ 26,944                        | \$ 53,056              |

**Note 11 – Pension and Retirement Plans**

**Early Retirement Stipend Pension Plan –**

**Plan Description** - The District maintains a single-employer defined benefit pension early retirement supplemental plan for eligible teachers and administrators of the District (not administered through a trust). Different contracts govern the employees. Eligible administrative and licensed retirees must be at least 58 years of age and have at least fifteen years of service with the District. Licensed employees must have been hired by the District on or before September 1, 1990 to be eligible.

For both classes of retirees, the eligible benefit amount is \$300 per month. However, retirees are required to be available to volunteer fifteen days of work in order to receive full benefits. Monthly payments continue until the earlier of the retiree’s age 62 or death. Confidential and Classified employees are not eligible.

**Funding Policy** – The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required. The District funds this benefit as it comes due and the amount paid by the District for the benefit for the period ended June 30, 2018 was \$205. There are no assets accumulated in a trust.

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 11 – Pension and Retirement Plans (continued)**

**Early Retirement Stipend Pension Plan (continued) –**

**Employees Covered by Benefit Terms** – As of the actuarial valuation report date of July 1, 2016, the following employees were covered by the stipend benefit terms:

|  |     |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefit payments | 14  |
| Active plan members  | 129 |
|  | 143 |
|  | 143 |

**Total Stipend Pension Liability**

The districts total stipend pension liability of \$30,952 was measured as of June 30, 2018, and was determined by an actuarial valuation date as of July 1, 2016.

**Actuarial Assumptions and Other Inputs**

The total stipend pension liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| Input                                  | Assumption  |
|--|---|
| Actuarial Cost Method                  | Early age normal, level percent of salary   |
| Interest Rate Utilized for Discounting | 3.5% per year, based on all years discounted at municipal bond rate                                 |
| General Inflation                      | 2.5% per year   |
| Salary Scale                           | 3.5% per year   |
| Annual Premium Increase Rate           | Between 5% and 6.5% annually  |
| Mortality Rates                        | RP 2000 male and female tables  |
| Turnover Rates                         | As developed for the valuation of benefits under Oregon PERS, depending on YOS                      |
| Disability Rates                       | As developed for the valuation of benefits under Oregon PERS, age dependent                         |
| Retirement Rates                       | As developed for the valuation of benefits under Oregon PERS  |
| Plan Enrollment                        | Current and future retirees are assumed to remain enrolled in the plans in which currently enrolled |
| Marital Status                         | 80% of future retirees electing coverage are assumed to cover a spouse as well                      |
| Coverage of Eligible Children          | We have assumed no impact of dependent children on the implicit subsidy                             |

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 11 – Pension and Retirement Plans (continued)**

**Changes in the Stipend Pension Liability –**

|  |    |         |
|--|----|---------|
| Stipend Pension Liability at June 30, 2017 | \$ | 30,747  |
| Changes for the year:                      |    |         |
| Service cost                               |    | 697     |
| Interest                                   |    | 1,061   |
| Benefit payments                           |    | (1,553) |
| Stipend Pension Liability at June 30, 2018 | \$ | 30,952  |

**Sensitivity of the Total Stipend Pension Liability to Changes in the Discount Rate –**

The following presents the total stipend pension liability of the District, as well as what the District's total pension stipend liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

| District's Stipend Pension Asset/(Liability)     | 1% Decrease<br>(2.50%) | Current Discount<br>(3.50%) | 1% Increase<br>(4.50%) |
|--|------------------------|-----------------------------|------------------------|
| Single Employer Defined Benefit Health Care Plan | \$ (31,431)            | \$ (30,952)                 | \$ (30,437)            |

**Stipend Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resource**

For the year ended June 30, 2018, the District recognized stipend pension expense of \$1,758. At June 30, 2018, the District reported no deferred outflows or inflows associated with its stipend pension plan.

**Oregon Public Employees Retirement System (OPERS) Pension Plan**

**Plan Description -**

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

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

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

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 11 – Pension and Retirement Plans (continued)**

**Plan Benefits -**

All benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapter 238 and 238A.

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

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

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

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

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

*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% of the member's salary determined as of the last full month of employment before the disability occurred.

*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 (COLA). The COLA is capped at 2.0%.

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 11 – Pension and Retirement Plans (continued)**

***OPSRP Pension Program (Chapter 238A)***

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

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

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

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

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

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

*Benefit Changes After Retirement* - Under ORS 238A.210, monthly benefits are adjusted annually through cost-of-living adjustment (COLA). The COLA is capped at 2.0%.

**Contributions –**

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

The District's employer contributions for the year ended June 30, 2018 were \$435,503, excluding amounts to fund employer specific liabilities. The contribution rates in effect for the fiscal year ended June 30, 2018 for each pension program were: Tier1/Tier 2 – 0.50% and OPSRP general service – 0.43%.

**Pension Plan Comprehensive Annual Financial Report (CAFR) –**

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

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

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 11 – Pension and Retirement Plans (continued)**

**Actuarial Valuation -**

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from their date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

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

|                                   |   |
|-----------------------------------|---|
| Valuation date                    | December 31, 2014   |
| Measurement date                  | June 30, 2016   |
| Experience study                  | 2014, published September 2015  |
| Actuarial cost method             | Entry age normal  |
| Actuarial assumptions:            |   |
| Inflation rate                    | 2.50 percent (reduced from 2.75%)   |
| Long-term expected rate of return | 7.50 percent (reduced from 7.75%)   |
| Discount rate                     | 7.50 percent (reduced from 7.75%)   |
| Projected salary increases        | 3.50 percent (reduced from 3.75%)   |
| Cost of living adjustments (COLA) | Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.  |
| Mortality                         | <p><b><i>Healthy retirees and beneficiaries:</i></b><br/> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><b><i>Active members:</i></b><br/> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><b><i>Disabled retirees:</i></b><br/> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p> |

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

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 11 – Pension and Retirement Plans (continued)**

**Actuarial Valuations – (continued)**

**Discount Rate –**

The discount rate used to measure the total pension liability was 7.5 percent for the Defined 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.

**Investment Rate of Return –**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the OPERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means; see PERS' audited financial statements at:

[http://www.oregon.gov/pers/docs/financial\\_reports/2016\\_cafr.pdf](http://www.oregon.gov/pers/docs/financial_reports/2016_cafr.pdf).

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

At June 30, 2018, the District reported a net pension liability of \$2,426,618 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, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was approximately 0.01800157 percent.

For the year ended June 30, 2018, the District recognized pension expense of \$827,219. Pension expense was generated during the measurement period primarily as a result of less than anticipated investment returns at the OPERS level. The \$827,219 was treated as an increase of payroll related expense in the Statement of Activities and allocated to Instruction, Supporting Services, and community Services using allocation percentages of 55%, 42% and 3%, respectively.



**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 11 – Pension and Retirement Plans (continued)**

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

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience  | \$ 117,352                        | \$ -                             |
| Changes of assumptions  | 442,329                           | -                                |
| Net difference between projected and actual earnings investments                                      | 25,000                            | -                                |
| Changes in proportionate share  | 1,024,608                         | -                                |
| Differences between employer contributions and employer's proportionate share of system contributions | 2,485                             | 194,132                          |
| Contributions subsequent to measurement date  | (91,717)                          | -                                |
| Total   | \$ 1,520,057                      | \$ 194,132                       |

(\$91,717) reported as deferred inflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease to the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

| Year Ended<br>June 30, 2018 | Deferred Outflow/Inflow of<br>Resources (prior to post- |
|-----------------------------|---|
| 2018                        | \$ 327,698  |
| 2019                        | 524,538   |
| 2020                        | 422,849   |
| 2021                        | 99,142  |
| 2022                        | 43,415  |
| Thereafter                  | -   |
| Total                       | \$ 1,417,642  |

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 11 – Pension and Retirement Plans (continued)**

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

The following presents the District’s proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.50 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 (6.50 percent) or 1-percentage point higher (8.50 percent) than the current rate:

| District's Net Pension Asset/(Liability) | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% increase (8.50%) |
|--|---------------------|-------------------------------|---------------------|
| Defined Benefit Pension Plan             | \$ (4,135,401)      | \$ (2,426,618)                | \$ (997,760)        |

***Defined Contribution Plan - Individual Account Program (IAP)***

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

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

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

*Contributions.* During 2018, the District, as an employee benefit, paid the employees portion of the contribution. For 2018, the District paid \$404,568 for this contribution.

**Note 12 – Contingencies**

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

The School District has elected, under the State Unemployment Act of July 1, 1974, to reimburse the State Employment Department for any claims paid. Reimbursements are made from the District’s Unemployment Insurance Fund. The District is unable to determine at this time the amount of the contingent liability for potential unemployment insurance claims.

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 13 – Current Vulnerability Due to Certain Concentrations**

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

**Note 14 – Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Worker's compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year and the District has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years ending June 30, 2018.

**Note 15 – Tax Abatements**

As of June 30, 2018, Douglas county provides tax abatements through two programs: Non-Profit Low Income Rental Housing and Enterprise Zone.

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

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

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

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

**Enterprise Zone (ORS 285C.175):**

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

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**Note 15 – Tax Abatements (continued)**

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

For the fiscal year ended June 30, 2018, South Umpqua School District did not have any taxes abated under these programs.

**Note 16 – Subsequent Events**

Management of the District has evaluated events and transactions occurring after June 30, 2018 through December 19, 2018, the date of the financial statements were available for issuance, for recognition and/or disclosure in the financial statements. There were no additional events and/or transactions that required recognition and disclosure in the financial statements, except as follows:

**Changes in OPERS Pension Plan Provisions Subsequent to Measurement Date**

As its July 28, 2017 meeting, the PERS Board lowered its effective “assumed rate” from 7.5% to 7.2% effective, January 1, 2018 for OPERS and effective July 1, 2018 for the District. The assumed rate is the rate of investment return (including inflation) that the PERS Fund’s regular account is expected to earn over the long term. Oregon Administrative Rule 459-007-0001(2) states that the assumed rate “means the actuarial assumed rate of return on investments as adopted by the Board for the most recent actuarial valuation.”

The lowered rate is expected to increase the PERS net pension liability by an estimated \$2.0 to \$2.4 billion. Of this increase, the District’s portion is estimated at \$360 thousand to \$432 thousand.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SOUTH UMPQUA SCHOOL DISTRICT NO. 19  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2018**

|  | Budget             |                    | Actual              | Variance with                          |
|--|--------------------|--------------------|---------------------|--|
|  | Adopted            | Final              |                     | Final Budget<br>Positive<br>(Negative) |
| <b>REVENUES</b>  |                    |                    |                     |  |
| Local sources:   |                    |                    |                     |  |
| Property taxes   | \$ 3,010,000       | \$ 3,010,000       | \$ 3,146,631        | \$ 136,631                             |
| Charges for services   | 78,000             | 78,000             | 171,374             | 93,374                                 |
| Interest on investments                                      | -                  | -                  | 653                 | 653                                    |
| Miscellaneous  | 35,000             | 37,000             | 100,538             | 63,538                                 |
| Intermediate sources   |                    |                    |                     |  |
| Intergovernmental  | 20,000             | 20,000             | 37,255              | 17,255                                 |
| Restricted Revenue   | 100,000            | 100,000            | 121,968             | 21,968                                 |
| State sources  |                    |                    |                     |  |
| Basic school support   | 10,615,215         | 10,615,215         | 11,320,833          | 705,618                                |
| Intergovernmental  | 125,000            | 125,000            | 189,542             | 64,542                                 |
| Federal sources  |                    |                    |                     |  |
| Intergovernmental  | -                  | -                  | 174,474             | 174,474                                |
| <b>TOTAL REVENUES</b>  | <b>13,983,215</b>  | <b>13,985,215</b>  | <b>15,263,268</b>   | <b>1,278,053</b>                       |
| <b>EXPENDITURES</b>  |                    |                    |                     |  |
| Current  |                    |                    |                     |  |
| Instruction  | 7,705,682          | 7,705,682          | 7,316,475           | 389,207                                |
| Support services   | 6,072,754          | 6,072,754          | 6,066,721           | 6,033                                  |
| Enterprise and community services                            | 2,500              | 2,500              | -                   | 2,500                                  |
| Contingency  | 761,786            | 761,786            | -                   | 761,786                                |
| <b>TOTAL EXPENDITURES</b>                                    | <b>14,542,722</b>  | <b>14,542,722</b>  | <b>13,383,196</b>   | <b>1,159,526</b>                       |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b> | <b>(559,507)</b>   | <b>(557,507)</b>   | <b>1,880,072</b>    | <b>2,437,579</b>                       |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                    |                    |                     |  |
| Proceeds from the sale of fixed assets                       | 2,500              | 2,500              | 1,800               | (700)                                  |
| Transfers out  | (692,993)          | (694,993)          | (691,818)           | 3,175                                  |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>              | <b>(690,493)</b>   | <b>(692,493)</b>   | <b>(690,018)</b>    | <b>2,475</b>                           |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <b>(1,250,000)</b> | <b>(1,250,000)</b> | <b>1,190,054</b>    | <b>2,440,054</b>                       |
| <b>FUND BALANCE, July 1, 2017</b>                            | <b>1,250,000</b>   | <b>1,250,000</b>   | <b>1,726,972</b>    | <b>476,972</b>                         |
| <b>FUND BALANCE, June 30, 2018</b>                           | <b>\$ -</b>        | <b>\$ -</b>        | <b>\$ 2,917,026</b> | <b>\$ 2,917,026</b>                    |

**SOUTH UMPQUA SCHOOL DISTRICT NO. 19  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2018**

|  | Budget           |                  | Actual            | Variance with                          |
|--|------------------|------------------|-------------------|--|
|  | Adopted          | Final            |                   | Final Budget<br>Positive<br>(Negative) |
| <b>REVENUES</b>  |                  |                  |                   |  |
| Local sources:   |                  |                  |                   |  |
| Charges for services   | \$ 575,480       | \$ 575,480       | \$ 445,791        | \$ (129,689)                           |
| Miscellaneous  | 5,000            | 5,000            | 4,057             | (943)                                  |
| Intermediate sources   |                  |                  |                   |  |
| Intergovernmental  | -                | -                | 7,433             | 7,433                                  |
| State sources  |                  |                  |                   |  |
| Intergovernmental  | 250,000          | 480,000          | 328,812           | (151,188)                              |
| Federal sources  |                  |                  |                   |  |
| Intergovernmental  | 2,117,500        | 2,297,500        | 1,937,402         | (360,098)                              |
| <b>TOTAL REVENUES</b>  | <b>2,947,980</b> | <b>3,357,980</b> | <b>2,723,495</b>  | <b>(634,485)</b>                       |
| <b>EXPENDITURES</b>  |                  |                  |                   |  |
| Current  |                  |                  |                   |  |
| Instruction  | 1,452,647        | 1,662,647        | 1,395,671         | 266,976                                |
| Support services   | 448,153          | 648,153          | 466,592           | 181,561                                |
| Enterprise and community services                            | 1,032,564        | 1,032,564        | 1,010,359         | 22,205                                 |
| Contingency  | 439,616          | 439,616          | -                 | 439,616                                |
| <b>TOTAL EXPENDITURES</b>                                    | <b>3,372,980</b> | <b>3,782,980</b> | <b>2,872,622</b>  | <b>910,358</b>                         |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b> | <b>(425,000)</b> | <b>(425,000)</b> | <b>(149,127)</b>  | <b>275,873</b>                         |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                  |                  |                   |  |
| Transfers in   | 25,000           | 25,000           | 6,684             | (18,316)                               |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>              | <b>25,000</b>    | <b>25,000</b>    | <b>6,684</b>      | <b>(18,316)</b>                        |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <b>(400,000)</b> | <b>(400,000)</b> | <b>(142,443)</b>  | <b>257,557</b>                         |
| <b>FUND BALANCE, July 1, 2017</b>                            | <b>400,000</b>   | <b>400,000</b>   | <b>261,613</b>    | <b>(138,387)</b>                       |
| <b>FUND BALANCE, June 30, 2018</b>                           | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ 119,170</b> | <b>\$ 119,170</b>                      |

**SOUTH UMPQUA SCHOOL DISTRICT NO. 19  
SCHEDULE OF CHANGE IN THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS  
JUNE 30, 2018**

| <b>Total Pension Liability (Stipend):</b>   | <u>2018</u>             | <u>2017</u>             |
|---|-------------------------|-------------------------|
| Service cost  | \$ 697                  | \$ 697                  |
| Interest  | 1,061                   | 1,025                   |
| Changes of benefit terms  | -                       | -                       |
| Differences between expected and actual experience  | -                       | -                       |
| Changes of assumptions of other inputs  | -                       | -                       |
| Benefit payments  | <u>(1,553)</u>          | <u>188</u>              |
| <b>Net change in total pension liability (stipend)</b>                                    | 205                     | 1,910                   |
| Total Pension Liability (Stipend) - beginning   | <u>\$ 30,747</u>        | <u>\$ 28,837</u>        |
| Total Pension liability (Stipend) - ending  | <u><u>\$ 30,952</u></u> | <u><u>\$ 30,747</u></u> |
| Estimated Covered - employee payroll  | \$ 1,021,243            | \$ 991,498              |
| Total pension liability (Stipend) as a percentage of estimated covered - employee payroll | 3.03%                   | 3.10%                   |

**Notes to Schedule:**

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

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

***Changes in benefit terms:***

None noted.

***Other information:***

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 73 during fiscal 2017, as a result, only two years of information are presented.



**SOUTH UMPQUA SCHOOL DISTRICT NO. 19  
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
JUNE 30, 2018**

| <b>Total OPEB Liability:</b>   | <u>2018</u>                | <u>2017</u>                |
|--|----------------------------|----------------------------|
| Service cost   | \$ 53,648                  | \$ 53,648                  |
| Interest   | 39,816                     | 38,718                     |
| Changes of benefit terms   | -                          | -                          |
| Differences between expected and actual experience                           | -                          | -                          |
| Changes of assumptions of other inputs                                       | -                          | -                          |
| Benefit payments   | <u>(59,035)</u>            | <u>(62,923)</u>            |
| <b>Net change in total OPEB liability</b>                                    | 34,429                     | 29,443                     |
| Total OPEB liability - beginning   | <u>\$ 1,140,300</u>        | <u>\$ 1,110,857</u>        |
| Total OPEB liability - ending  | <u><u>\$ 1,174,729</u></u> | <u><u>\$ 1,140,300</u></u> |
| Estimated Covered - employee payroll   | \$ 7,583,304               | \$ 7,362,431               |
| Total OPEB liability as a percentage of estimated covered - employee payroll | 15.49%                     | 15.49%                     |

**Notes to Schedule:**

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

Significant methods and assumptions used in calculating the actuarially determined contributions are described in Note 10 to the financial statements. No assets are accumulated in a trust to pay related benefits.

***Changes in benefit terms:***

None noted.

***Other information:***

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 75 during fiscal 2017, as a result, only two years of information are presented.

**SOUTH UMPQUA SCHOOL DISTRICT NO. 19  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION  
ASSET/(LIABILITY) AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)  
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)**

**South Umpqua School District 19 Proportionate Share of Net Pension Asset / (Liability)**

|   | <b>2018</b>    | <b>2017</b>    |
|---|----------------|----------------|
| District's proportion of the net pension asset/(liability)  | 1.80015700%    | 0.00736832%    |
| District's proportion of the net pension asset/(liability)  | \$ (2,426,618) | \$ (1,106,156) |
| District's covered-employee payroll   | \$ 6,742,538   | \$ 6,631,395   |
| District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll | -35.99%        | -16.68%        |
| Plan fiduciary net position as a percentage of the total pension liability  | 83.10%         | 80.52%         |

**South Umpqua School District 19 Pension Contributions**

|   | <b>2018</b>  | <b>2017</b>  |
|---|--------------|--------------|
| Contractually required contributions                      | \$ (435,503) | \$ (430,237) |
| Contribution in relation to the contractually required    | \$ 435,503   | \$ 430,237   |
| Contributions deficiency (excess)                         | \$ -         | \$ -         |
| District's covered - employee payroll                     | \$ 6,742,538 | \$ 6,631,395 |
| Contributions as a percentage of covered-employee payroll | 6.46%        | 6.49%        |

**Note 1 - Changes of Benefit Terms and Assumptions**

A summary of assumption changes implemented since the December 31, 2016 valuation are outlined briefly below. A comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study for the system, which was published on September 23, 2015, and can be found at: <http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2015/Experience-Study.pdf>

**Changes in Actuarial Method and Allocation Procedures:**

General Service member weighting changed from 30% to 25% of proportional liability.

**Changes in Economic Assumptions:**

Inflation was lowered to 2.5%, and payroll growth was reduced from 3.75% to 3.5%. Investment return and interest crediting was reduced from 7.75% to 7.5%. With the implementation of GASB No. 67 and 68 this necessitated an explicit Tier 1/Tier 2 administrative expense assumption of \$33 million per year for December 31, 2014 and December 31, 2015. Health care cost inflation and implementation of the excise tax in 2018 was considered. Disability mortality tables were updated using the RP2000 generational tables, whereas RP2000 static tables were previously used. Rates for disability, retirement from active status, and termination were adjusted.

**Changes in Salary Increase Assumptions:**

Unused sick leave and vacation pay rates were adjusted. Retirement Health Insurance Account (RHIA) participation rate for healthy retirees was reduced from 45% to 38%. The RHIPA participation rate was changed from a uniform rate of 13% to a service-based table of rates.

**Other Information:**

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

**SOUTH UMPQUA SCHOOL DISTRICT NO. 19  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB (RHIA)  
ASSET/(LIABILITY) AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)  
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)**

**South Umpqua School District Proportionate Share of Net OPEB Asset/ (Liability)**

|  | <u>2018</u>  |
|--|--------------|
| District's proportion of the net OPEB RHIA asset/(liability)   | 0.06456119%  |
| District's proportion of the net OPEB RHIA asset/(liability)   | \$ 26,944    |
| District's covered-employee payroll  | \$ 6,742,538 |
| District's proportionate share of the net OPEB RHIA asset/(liability)<br>as a percentage of its covered-employee payroll | 0.40%        |
| Plan fiduciary net position as a percentage of the total<br>pension liability  | 108.88%      |

**South Umpqua School District Contributions**

|   | <u>2018</u>  |
|---|--------------|
| Contractually required contributions                      | \$ 30,965    |
| Contribution in relation to the contractually required    | \$ (30,965)  |
| Contributions deficiency (excess)                         | <u>\$ -</u>  |
| District's covered - employee payroll                     | \$ 6,742,538 |
| Contributions as a percentage of covered-employee payroll | 0.46%        |

**Note 1 - Changes of Benefit Terms and Assumptions -**

***Other Information:***

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

**OTHER SUPPLEMENTARY INFORMATION**

**SOUTH UMPQUA SCHOOL DISTRICT NO. 19  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2018**

|  | Budget             |                    | Actual              | Variance with          |
|--|--------------------|--------------------|---------------------|------------------------|
|  | Adopted            | Final              |                     | Final Budget           |
|  |                    |                    |                     | Positive<br>(Negative) |
| <b>REVENUES</b>  |                    |                    |                     |                        |
| Local sources:   |                    |                    |                     |                        |
| Charges for services   | \$ 1,240,000       | \$ 1,240,000       | \$ 1,226,864        | \$ (13,136)            |
| Interest on investments                                      | 10,000             | 10,000             | 99,438              | 89,438                 |
| Federal sources  |                    |                    |                     |                        |
| Intergovernmental  | 30,000             | 30,000             | 39,121              | 9,121                  |
| <b>TOTAL REVENUES</b>  | <b>1,280,000</b>   | <b>1,280,000</b>   | <b>1,365,423</b>    | <b>85,423</b>          |
| <b>EXPENDITURES</b>  |                    |                    |                     |                        |
| Debt service   | 1,643,352          | 1,643,352          | 1,597,686           | 45,666                 |
| Contingency  | 1,406,641          | 1,406,641          | -                   | 1,406,641              |
| <b>TOTAL EXPENDITURES</b>                                    | <b>3,049,993</b>   | <b>3,049,993</b>   | <b>1,597,686</b>    | <b>1,452,307</b>       |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b> | <b>(1,769,993)</b> | <b>(1,769,993)</b> | <b>(232,263)</b>    | <b>1,537,730</b>       |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                    |                    |                     |                        |
| Transfers in   | 669,993            | 669,993            | 600,259             | (69,734)               |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>              | <b>669,993</b>     | <b>669,993</b>     | <b>600,259</b>      | <b>(69,734)</b>        |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <b>(1,100,000)</b> | <b>(1,100,000)</b> | <b>367,996</b>      | <b>1,467,996</b>       |
| <b>FUND BALANCE, July 1, 2017</b>                            | <b>1,100,000</b>   | <b>1,100,000</b>   | <b>1,542,958</b>    | <b>442,958</b>         |
| <b>FUND BALANCE, June 30, 2018</b>                           | <b>\$ -</b>        | <b>\$ -</b>        | <b>\$ 1,910,954</b> | <b>\$ 1,910,954</b>    |

**SOUTH UMPQUA SCHOOL DISTRICT NO. 19  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2018**

|  | Budget           |                  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|------------------|---|
|  | Adopted          | Final            |                  |   |
| <b>REVENUES</b>  |                  |                  |                  |   |
| State sources  |                  |                  |                  |   |
| Intergovernmental  | \$ 1,500,000     | \$ 1,500,000     | \$ 250,758       | \$ (1,249,242)  |
| <b>TOTAL REVENUES</b>  | <u>1,500,000</u> | <u>1,500,000</u> | <u>250,758</u>   | <u>(1,249,242)</u>                                      |
| <b>EXPENDITURES</b>  |                  |                  |                  |   |
| Facilities acquisition and construction                      | <u>1,650,000</u> | <u>1,650,000</u> | <u>373,327</u>   | <u>1,276,673</u>  |
| <b>TOTAL EXPENDITURES</b>                                    | <u>1,650,000</u> | <u>1,650,000</u> | <u>373,327</u>   | <u>1,276,673</u>  |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b> | <u>(150,000)</u> | <u>(150,000)</u> | <u>(122,569)</u> | <u>27,431</u>   |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                  |                  |                  |   |
| Transfers in   | <u>-</u>         | <u>-</u>         | <u>84,875</u>    | <u>84,875</u>   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>              | <u>-</u>         | <u>-</u>         | <u>84,875</u>    | <u>84,875</u>   |
| <b>NET CHANGE IN FUND BALANCE</b>                            | (150,000)        | (150,000)        | (37,694)         | 112,306   |
| <b>FUND BALANCE, July 1, 2017</b>                            | <u>150,000</u>   | <u>150,000</u>   | <u>38,765</u>    | <u>(111,235)</u>  |
| <b>FUND BALANCE, June 30, 2018</b>                           | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 1,071</u>  | <u>\$ 1,071</u>   |

**OTHER FINANCIAL SCHEDULES**

**SCHOOL DISTRICT FINANCIAL**  
**ACCOUNTING SUMMARIES**



**2017-18 DISTRICT AUDIT ALL FUND REVENUE SUMMARY**

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19**

| <b>Revenue from Local Sources</b>                          | <b>Fund 100</b>   | <b>Fund 200</b>  | <b>Fund 300</b>  | <b>Fund 400</b> | <b>Fund 500</b> | <b>Fund 600</b> | <b>Fund 700</b> |
|--|-------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|
| 1110 Ad Valorem Taxes Levied by District                   | 3,146,631         | 0                | 0                | 0               | 0               | 0               | 0               |
| 1120 Local Option Ad Valorem Taxes Levied by District      | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 1190 Penalties and Interest on Taxes                       | 1,929             | 0                | 0                | 0               | 0               | 0               | 0               |
| 1200 Revenue from Local Gov't Units Other Than Districts   | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 1310 Regular Day School Tuition                            | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 1320 Adult/Continuing Education Tuition                    | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 1330 Summer School Tuition                                 | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 1400 Transportation Fees                                   | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 1500 Earnings on Investments                               | 653               | 0                | 99,438           | 0               | 0               | 0               | 0               |
| 1600 Food Service  | 0                 | 213,116          | 0                | 0               | 0               | 0               | 0               |
| 1700 Extracurricular Activities                            | 32,217            | 232,675          | 0                | 0               | 0               | 0               | 0               |
| 1800 Community Services Activities                         | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 1910 Rentals   | 33,175            | 0                | 0                | 0               | 0               | 0               | 0               |
| 1920 Contributions and Donations From Private Sources      | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 1930 Rental or Lease Payments From Private Contractors     | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 1940 Services Provided Other Local Education Agencies      | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 1950 Textbook Sales and Rentals                            | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 1960 Recovery of Prior Years' Expenditure                  | 55,388            | 153              | 0                | 0               | 0               | 0               | 0               |
| 1970 Services Provided Other Funds                         | 0                 | 0                | 1,226,864        | 0               | 0               | 0               | 0               |
| 1980 Fees Charged to Grants                                | 104,053           | 0                | 0                | 0               | 0               | 0               | 0               |
| 1990 Miscellaneous   | 45,150            | 3,904            | 0                | 0               | 0               | 0               | 0               |
| <b>Total Revenue from Local Sources</b>                    | <b>3,419,196</b>  | <b>449,848</b>   | <b>1,326,302</b> | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        |
| <b>Revenue from Intermediate Sources</b>                   | <b>Fund 100</b>   | <b>Fund 200</b>  | <b>Fund 300</b>  | <b>Fund 400</b> | <b>Fund 500</b> | <b>Fund 600</b> | <b>Fund 700</b> |
| 2101 County School Funds                                   | 37,255            | 0                | 0                | 0               | 0               | 0               | 0               |
| 2102 Education Service District Apportionment              | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 2105 Natural Gas, Oil, and Mineral Receipts                | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 2199 Other Intermediate Sources                            | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 2200 Restricted Revenue                                    | 121,968           | 7,433            | 0                | 0               | 0               | 0               | 0               |
| 2800 Revenue in Lieu of Taxes                              | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 2900 Revenue for/on Behalf of the District                 | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| <b>Total Revenue from Intermediate Sources</b>             | <b>159,223</b>    | <b>7,433</b>     | <b>0</b>         | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        |
| <b>Revenue from State Sources</b>                          | <b>Fund 100</b>   | <b>Fund 200</b>  | <b>Fund 300</b>  | <b>Fund 400</b> | <b>Fund 500</b> | <b>Fund 600</b> | <b>Fund 700</b> |
| 3000 Miscellaneous   | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 3100 Unrestricted Grants-in-Aid                            | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 3101 State School Fund - General Support                   | 11,320,833        | 0                | 0                | 0               | 0               | 0               | 0               |
| 3102 State School Fund - School Lunch Match                | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 3103 Common School Fund                                    | 144,005           | 0                | 0                | 0               | 0               | 0               | 0               |
| 3104 State Managed County Timber                           | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 3199 Other Unrestricted Grants-in-Aid                      | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 3200 Restricted Grants-in-Aid                              | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 3204 Driver Education                                      | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 3222 State School Fund (SSF) Transportation Equipment      | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 3299 Other Restricted Grants-in-Aid                        | 45,537            | 328,812          | 0                | 250,758         | 0               | 0               | 0               |
| 3800 Revenue in Lieu of Taxes                              | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 3900 Revenue for/on Behalf of the District                 | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| <b>Total Revenue from State Sources</b>                    | <b>11,510,375</b> | <b>328,812</b>   | <b>0</b>         | <b>250,758</b>  | <b>0</b>        | <b>0</b>        | <b>0</b>        |
| <b>Revenue from Federal Sources</b>                        | <b>Fund 100</b>   | <b>Fund 200</b>  | <b>Fund 300</b>  | <b>Fund 400</b> | <b>Fund 500</b> | <b>Fund 600</b> | <b>Fund 700</b> |
| 4100 Unrestricted Revenue Direct From the Federal Gov't    | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 4200 Unrest Rev From the Federal Gov't Through the State   | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 4300 Restricted Revenue From the Federal Government        | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 4500 Restricted Rev From the Fed Gov't Through the State   | 0                 | 1,878,445        | 0                | 0               | 0               | 0               | 0               |
| 4700 Grants-In-Aid From the Fed Gov't Through Intermediate | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 4800 Revenue in Lieu of Taxes                              | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 4801 Federal Forest Fees                                   | 174,474           | 0                | 0                | 0               | 0               | 0               | 0               |
| 4802 Impact Aid to School Districts for Operation (PL 874) | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 4803 Coos Bay Wagon Road Funds                             | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 4899 Other Revenue in Lieu of Taxes                        | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 4900 Revenue for/on Behalf of the District                 | 0                 | 58,957           | 39,121           | 0               | 0               | 0               | 0               |
| <b>Total Revenue from Federal Sources</b>                  | <b>174,474</b>    | <b>1,937,402</b> | <b>39,121</b>    | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        |
| <b>Revenue from Other Sources</b>                          | <b>Fund 100</b>   | <b>Fund 200</b>  | <b>Fund 300</b>  | <b>Fund 400</b> | <b>Fund 500</b> | <b>Fund 600</b> | <b>Fund 700</b> |
| 5100 Long Term Debt Financing Sources                      | 0                 | 0                | 0                | 0               | 0               | 0               | 0               |
| 5200 Interfund Transfers                                   | 0                 | 6,684            | 600,259          | 84,875          | 0               | 0               | 0               |
| 5300 Sale of or Compensation for Loss of Fixed Assets      | 1,800             | 0                | 0                | 0               | 0               | 0               | 0               |
| 5400 Resources - Beginning Fund Balance                    | 1,726,972         | 261,613          | 1,542,958        | 38,765          | 0               | 0               | 0               |
| <b>Total Revenue from Other Sources</b>                    | <b>1,728,772</b>  | <b>268,297</b>   | <b>2,143,217</b> | <b>123,640</b>  | <b>0</b>        | <b>0</b>        | <b>0</b>        |
| <b>Grand Totals</b>  | <b>16,992,040</b> | <b>2,991,792</b> | <b>3,508,640</b> | <b>374,398</b>  | <b>0</b>        | <b>0</b>        | <b>0</b>        |

2017-18 SCHOOL DISTRICT AUDIT EXPENDITURE SUMMARY

DOUGLAS COUNTY SCHOOL DISTRICT NO. 19

Fund: 100 General Fund

| Code Expenditure Description                         | 100               | 200              | 300              | 400                | 500            | 600            | 700            |                      |
|--|-------------------|------------------|------------------|--------------------|----------------|----------------|----------------|----------------------|
|  | Total             | Salaries         | P/R Costs        | Purchased Services | Materials      | Capital Outlay | Other Objects  | Transfers & Balances |
| 1111 Elementary Programs                             | 2,633,840         | 1,443,544        | 811,671          | 215,956            | 162,669        | 0              | 0              | 0                    |
| 1113 Elementary Extracurricular                      | 0                 |                  |                  |                    |                | 0              | 0              | 0                    |
| 1121 Middle/Junior High Programs                     | 1,256,720         | 756,194          | 407,608          | 80,144             | 12,774         | 0              | 0              | 0                    |
| 1122 Middle/Junior High Extracurricular              | 87,725            | 59,233           | 11,635           | 8,571              | 8,091          | 0              | 195            | 0                    |
| 1131 High School Programs                            | 1,520,808         | 870,217          | 498,388          | 118,194            | 32,334         | 0              | 1,675          | 0                    |
| 1132 High School Extracurricular                     | 215,599           | 128,734          | 30,222           | 28,831             | 16,448         | 0              | 11,364         | 0                    |
| 1140 Pre-Kindergarten Programs                       | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 1210 Talented & Gifted                               | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 1220 Restrict Prog for Students w/Disabilities       | 693,915           | 404,531          | 265,431          | 13,926             | 10,027         | 0              | 0              | 0                    |
| 1250 Less Restrict Prog Students w/Disabilities      | 893,387           | 535,353          | 333,284          | 19,812             | 4,938          | 0              | 0              | 0                    |
| 1260 Early Intervention                              | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 1271 Remediation                                     | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 1272 Title I   | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 1280 Alternative Education                           | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 1291 English as a Second Language                    | 16                | 12               | 4                | 0                  | 0              | 0              | 0              | 0                    |
| 1292 Teen Parent Program                             | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 1293 Migrant Education                               | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 1294 Youth Corrections Education                     | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 1299 Other Programs                                  | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 1300 Adult/Continuing Education Programs             | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 1400 Summer School Programs                          | 14,465            | 11,358           | 3,028            | 0                  | 79             | 0              | 0              | 0                    |
| <b>Total Instruction</b>                             | <b>7,316,475</b>  | <b>4,209,176</b> | <b>2,361,271</b> | <b>485,434</b>     | <b>247,360</b> | <b>0</b>       | <b>13,234</b>  | <b>0</b>             |
| 2110 Attendance & Social Work Services               | 261,190           | 125,826          | 90,364           | 45,000             | 0              | 0              | 0              | 0                    |
| 2120 Guidance Services                               | 173,143           | 103,611          | 69,053           | 0                  | 479            | 0              | 0              | 0                    |
| 2130 Health Services                                 | 9,201             | 0                | 0                | 5,806              | 3,395          | 0              | 0              | 0                    |
| 2140 Psychological Services                          | 92,817            | 58,419           | 33,734           | 0                  | 664            | 0              | 0              | 0                    |
| 2150 Speech Pathology & Audiology                    | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 2160 Other Treatment Services                        | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 2190 Service Direction, Student Support              | 158,873           | 106,484          | 46,959           | 2,045              | 2,195          | 0              | 1,190          | 0                    |
| 2210 Improvement of Instruction                      | 35,747            | 26,075           | 9,672            |                    |                | 0              | 0              | 0                    |
| 2220 Educational Media Services                      | 190,086           | 92,833           | 58,179           | 1,083              | 37,991         | 0              | 0              | 0                    |
| 2230 Assessment & Testing                            | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 2240 Instructional Staff Development                 | 53,254            | 8,595            | 26,041           | 18,618             | 0              | 0              | 0              | 0                    |
| 2310 Board of Education Services                     | 201,599           | 0                | 0                | 60,805             | 453            | 0              | 140,341        | 0                    |
| 2320 Executive Administration Services               | 181,945           | 125,913          | 41,533           | 3,579              | 9,726          | 0              | 1,194          | 0                    |
| 2410 Office of the Principal Services                | 1,664,362         | 833,214          | 422,714          | 337,794            | 64,380         | 0              | 6,260          | 0                    |
| 2490 Other Support Services - School Admin           | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 2510 Direction of Business Support Services          | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 2520 Fiscal Services                                 | 219,247           | 179,123          | 0                | 31,295             | 2,356          | 0              | 6,473          | 0                    |
| 2540 Operation & Maint of Plant Services             | 1,078,232         | 390,869          | 242,681          | 180,433            | 202,446        | 61,332         | 471            | 0                    |
| 2550 Student Transportation Services                 | 1,080,732         | 0                | 0                | 985,077            | 95,655         | 0              | 0              | 0                    |
| 2570 Internal Services                               | 53,221            | 0                | 0                | 53,221             |                | 0              | 0              | 0                    |
| 2610 Direction of Central Support Services           | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 2620 Planning, Research, Development, Evaluation     | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 2630 Information Services                            | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 2640 Staff Services                                  | 82,879            | 48,636           | 24,085           | 7,056              | 2,842          | 0              | 260            | 0                    |
| 2660 Technology Services                             | 519,069           | 0                | 0                | 134,198            | 316,758        | 60,700         | 7,413          | 0                    |
| 2670 Records Management Services                     | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 2690 Other Support Services                          | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 2700 Supplemental Retirement Program                 | 11,124            | 0                | 11,124           | 0                  | 0              | 0              | 0              | 0                    |
| <b>Total Support Services</b>                        | <b>6,066,721</b>  | <b>2,099,598</b> | <b>1,076,139</b> | <b>1,866,010</b>   | <b>739,340</b> | <b>122,032</b> | <b>163,602</b> | <b>0</b>             |
| 3100 Food Services                                   | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 3200 Other Enterprise Services                       | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 3300 Community Services                              | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 3500 Custody & Care of Children Services             | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| <b>Total Enterprise and Community Services</b>       | <b>0</b>          | <b>0</b>         | <b>0</b>         | <b>0</b>           | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>             |
| 4110 Service Area Direction                          | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 4120 Site Acquisition & Development Services         | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 4150 Bldg Acquisition, Construction & Improvement    | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 4190 Other Facilities Construction Services          | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| <b>Total Facilities Acquisition and Construction</b> | <b>0</b>          | <b>0</b>         | <b>0</b>         | <b>0</b>           | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>             |
| 5100 Debt Service                                    | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 5200 Transfers to Other Funds                        | 691,818           | 0                | 0                | 0                  | 0              | 0              | 0              | 691,818              |
| 5300 Apportionment of Funds by ESD                   | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 6000 Contingencies                                   | 0                 | 0                | 0                | 0                  | 0              | 0              | 0              | 0                    |
| 7000 Unappropriated Ending Fund Balance              | 2,917,026         | 0                | 0                | 0                  | 0              | 0              | 0              | 2,917,026            |
| <b>Total Requirements and Balances</b>               | <b>16,992,040</b> | <b>6,308,774</b> | <b>3,437,410</b> | <b>2,351,444</b>   | <b>986,700</b> | <b>122,032</b> | <b>176,836</b> | <b>3,608,844</b>     |

2017-18 SCHOOL DISTRICT AUDIT EXPENDITURE SUMMARY

DOUGLAS COUNTY SCHOOL DISTRICT NO. 19

Fund: 200 Special Revenue Fund

| Code Expenditure Description                         | 100              | 200              | 300            | 400                | 500            | 600            | 700            |                      |
|--|------------------|------------------|----------------|--------------------|----------------|----------------|----------------|----------------------|
|  | Total            | Salaries         | P/R Costs      | Purchased Services | Materials      | Capital Outlay | Other Objects  | Transfers & Balances |
| 1111 Elementary Programs                             | 50,691           | 0                | 0              | 0                  | 50,691         | 0              | 0              | 0                    |
| 1113 Elementary Extracurricular                      | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 1121 Middle/Junior High Programs                     | 43,673           | 0                | 0              | 0                  | 43,673         | 0              | 0              | 0                    |
| 1122 Middle/Junior High Extracurricular              | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 1131 High School Programs                            | 286,440          | 43,941           | 15,999         | 8,068              | 218,232        | 0              | 200            | 0                    |
| 1132 High School Extracurricular                     | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 1140 Pre-Kindergarten Programs                       | 148,145          | 72,249           | 44,258         | 2,230              | 17,989         | 0              | 11,419         | 0                    |
| 1210 Talented & Gifted                               | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 1220 Restrict Prog for Students w/Disabilities       | 102,100          | 64,517           | 37,517         | 0                  | 66             | 0              | 0              | 0                    |
| 1250 Less Restrict Prog Students w/Disabilities      | 92,709           | 54,657           | 33,550         | 2,762              | 1,740          | 0              | 0              | 0                    |
| 1260 Early Intervention                              | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 1271 Remediation                                     | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 1272 Title I   | 671,913          | 375,094          | 151,291        | 13,055             | 132,473        | 0              | 0              | 0                    |
| 1280 Alternative Education                           | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 1291 English as a Second Language                    | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 1292 Teen Parent Program                             | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 1293 Migrant Education                               | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 1294 Youth Corrections Education                     | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 1299 Other Programs                                  | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 1300 Adult/Continuing Education Programs             | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 1400 Summer School Programs                          | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| <b>Total Instruction</b>                             | <b>1,395,671</b> | <b>610,458</b>   | <b>282,615</b> | <b>26,115</b>      | <b>464,864</b> | <b>0</b>       | <b>11,619</b>  | <b>0</b>             |
| 2110 Attendance & Social Work Services               | 28,366           | 16,264           | 5,204          | 4,962              | 1,936          | 0              | 0              | 0                    |
| 2120 Guidance Services                               | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 2130 Health Services                                 | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 2140 Psychological Services                          | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 2150 Speech Pathology & Audiology                    | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 2160 Other Treatment Services                        | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 2190 Service Direction, Student Support              | 158,132          | 109,910          | 48,076         | 0                  | 146            | 0              | 0              | 0                    |
| 2210 Improvement of Instruction                      | 957              | 0                | 0              | 0                  | 957            | 0              | 0              | 0                    |
| 2220 Educational Media Services                      | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 2230 Assessment & Testing                            | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 2240 Instructional Staff Development                 | 132,650          | 20,666           | 6,462          | 98,546             | 6,976          | 0              | 0              | 0                    |
| 2310 Board of Education Services                     | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 2320 Executive Administration Services               | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 2410 Office of the Principal Services                | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 2490 Other Support Services - School Admin           | 146,412          | 23,908           | 11,199         | 0                  | 17,766         | 0              | 93,539         | 0                    |
| 2510 Direction of Business Support Services          | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 2520 Fiscal Services                                 | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 2540 Operation & Maint of Plant Services             | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 2550 Student Transportation Services                 | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 2570 Internal Services                               | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 2610 Direction of Central Support Services           | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 2620 Planning, Research, Development, Evaluation     | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 2630 Information Services                            | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 2640 Staff Services                                  | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 2660 Technology Services                             | 75               | 0                | 0              | 0                  | 75             | 0              | 0              | 0                    |
| 2670 Records Management Services                     | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 2690 Other Support Services                          | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 2700 Supplemental Retirement Program                 | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| <b>Total Support Services</b>                        | <b>466,592</b>   | <b>170,748</b>   | <b>70,941</b>  | <b>103,508</b>     | <b>27,856</b>  | <b>0</b>       | <b>93,539</b>  | <b>0</b>             |
| 3100 Food Services                                   | 1,005,114        | 219,094          | 123,094        | 583,859            | 15,269         | 60,303         | 3,495          | 0                    |
| 3200 Other Enterprise Services                       | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 3300 Community Services                              | 5,245            | 0                | 0              | 1,200              | 4,045          | 0              | 0              | 0                    |
| 3500 Custody & Care of Children Services             | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| <b>Total Enterprise and Community Services</b>       | <b>1,010,359</b> | <b>219,094</b>   | <b>123,094</b> | <b>585,059</b>     | <b>19,314</b>  | <b>60,303</b>  | <b>3,495</b>   | <b>0</b>             |
| 4110 Service Area Direction                          | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 4120 Site Acquisition & Development Services         | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 4150 Bldg Acquisition, Construction & Improvement    | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 4190 Other Facilities Construction Services          | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| <b>Total Facilities Acquisition and Construction</b> | <b>0</b>         | <b>0</b>         | <b>0</b>       | <b>0</b>           | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>             |
| 5100 Debt Service                                    | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 5200 Transfers to Other Funds                        | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 5300 Apportionment of Funds by ESD                   | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 6000 Contingencies                                   | 0                | 0                | 0              | 0                  | 0              | 0              | 0              | 0                    |
| 7000 Unappropriated Ending Fund Balance              | 119,170          | 0                | 0              | 0                  | 0              | 0              | 0              | 119,170              |
| <b>Total Requirements and Balances</b>               | <b>2,991,792</b> | <b>1,000,300</b> | <b>476,650</b> | <b>714,682</b>     | <b>512,034</b> | <b>60,303</b>  | <b>108,653</b> | <b>119,170</b>       |

2017-18 SCHOOL DISTRICT AUDIT EXPENDITURE SUMMARY

DOUGLAS COUNTY SCHOOL DISTRICT NO. 19

Fund: 300 Debt Service Fund

| Code Expenditure Description                         | 100              | 200      | 300       | 400                | 500       | 600              | 700              |
|--|------------------|----------|-----------|--------------------|-----------|------------------|------------------|
|  | Total            | Salaries | P/R Costs | Purchased Services | Materials | Capital Outlay   | Other Objects    |
| 1111 Elementary Programs                             | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 1112 Intermediate Programs                           | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 1113 Elementary Extracurricular                      | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 1121 Middle/Junior High Programs                     | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 1122 Middle/Junior High Extracurricular              | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 1131 High School Programs                            | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 1132 High School Extracurricular                     | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 1140 Pre-Kindergarten Programs                       | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 1210 Talented & Gifted                               | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 1220 Restrict Prog for Students w/Disabilities       | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 1250 Less Restrict Prog Students w/Disabilities      | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 1260 Early Intervention                              | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 1271 Remediation                                     | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 1272 Title I   | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 1280 Alternative Education                           | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 1291 English as a Second Language                    | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 1292 Teen Parent Program                             | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 1293 Migrant Education                               | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 1294 Youth Corrections Education                     | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 1299 Other Programs                                  | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 1300 Adult/Continuing Education Programs             | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 1400 Summer School Programs                          | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| <b>Total Instruction</b>                             | <b>0</b>         | <b>0</b> | <b>0</b>  | <b>0</b>           | <b>0</b>  | <b>0</b>         | <b>0</b>         |
| 2110 Attendance & Social Work Services               | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2120 Guidance Services                               | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2130 Health Services                                 | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2140 Psychological Services                          | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2150 Speech Pathology & Audiology                    | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2160 Other Treatment Services                        | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2190 Service Direction, Student Support              | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2210 Improvement of Instruction                      | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2220 Educational Media Services                      | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2230 Assessment & Testing                            | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2240 Instructional Staff Development                 | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2310 Board of Education Services                     | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2320 Executive Administration Services               | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2410 Office of the Principal Services                | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2490 Other Support Services - School Admin           | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2510 Direction of Business Support Services          | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2520 Fiscal Services                                 | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2540 Operation & Maint of Plant Services             | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2550 Student Transportation Services                 | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2570 Internal Services                               | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2610 Direction of Central Support Services           | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2620 Planning, Research, Development, Evaluation     | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2630 Information Services                            | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2640 Staff Services                                  | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2660 Technology Services                             | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2670 Records Management Services                     | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2690 Other Support Services                          | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 2700 Supplemental Retirement Program                 | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| <b>Total Support Services</b>                        | <b>0</b>         | <b>0</b> | <b>0</b>  | <b>0</b>           | <b>0</b>  | <b>0</b>         | <b>0</b>         |
| 3100 Food Services                                   | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 3200 Other Enterprise Services                       | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 3300 Community Services                              | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 3500 Custody & Care of Children Services             | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| <b>Total Enterprise and Community Services</b>       | <b>0</b>         | <b>0</b> | <b>0</b>  | <b>0</b>           | <b>0</b>  | <b>0</b>         | <b>0</b>         |
| 4110 Service Area Direction                          | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 4120 Site Acquisition & Development Services         | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 4150 Bldg Acquisition, Construction & Improvement    | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 4190 Other Facilities Construction Services          | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| <b>Total Facilities Acquisition and Construction</b> | <b>0</b>         | <b>0</b> | <b>0</b>  | <b>0</b>           | <b>0</b>  | <b>0</b>         | <b>0</b>         |
| 5100 Debt Service                                    | 1,597,686        | 0        | 0         | 0                  | 0         | 0                | 1,597,686        |
| 5200 Transfers to Other Funds                        | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 5300 Apportionment of Funds by ESD                   | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 6000 Contingencies                                   | 0                | 0        | 0         | 0                  | 0         | 0                | 0                |
| 7000 Unappropriated Ending Fund Balance              | 1,910,954        | 0        | 0         | 0                  | 0         | 0                | 1,910,954        |
| <b>Total Requirements and Balances</b>               | <b>3,508,640</b> | <b>0</b> | <b>0</b>  | <b>0</b>           | <b>0</b>  | <b>1,597,686</b> | <b>1,910,954</b> |

2017-18 SCHOOL DISTRICT AUDIT EXPENDITURE SUMMARY

DOUGLAS COUNTY SCHOOL DISTRICT NO. 19

Fund: 400 Capital Projects Fund

| Code Expenditure Description                         | Total          | 100      | 200       | 300                | 400       | 500            | 600           | 700                  |
|--|----------------|----------|-----------|--------------------|-----------|----------------|---------------|----------------------|
|  |                | Salaries | P/R Costs | Purchased Services | Materials | Capital Outlay | Other Objects | Transfers & Balances |
| 1111 Elementary Programs                             | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 1112 Intermediate Programs                           | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 1113 Elementary Extracurricular                      | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 1121 Middle/Junior High Programs                     | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 1122 Middle/Junior High Extracurricular              | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 1131 High School Programs                            | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 1132 High School Extracurricular                     | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 1140 Pre-Kindergarten Programs                       | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 1210 Talented & Gifted                               | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 1220 Restrict Prog for Students w/Disabilities       | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 1250 Less Restrict Prog Students w/Disabilities      | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 1260 Early Intervention                              | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 1271 Remediation                                     | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 1272 Title I   | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 1280 Alternative Education                           | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 1291 English as a Second Language                    | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 1292 Teen Parent Program                             | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 1293 Migrant Education                               | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 1294 Youth Corrections Education                     | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 1299 Other Programs                                  | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 1300 Adult/Continuing Education Programs             | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 1400 Summer School Programs                          | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| <b>Total Instruction</b>                             | <b>0</b>       | <b>0</b> | <b>0</b>  | <b>0</b>           | <b>0</b>  | <b>0</b>       | <b>0</b>      | <b>0</b>             |
| 2110 Attendance & Social Work Services               | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2120 Guidance Services                               | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2130 Health Services                                 | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2140 Psychological Services                          | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2150 Speech Pathology & Audiology                    | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2160 Other Treatment Services                        | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2190 Service Direction, Student Support              | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2210 Improvement of Instruction                      | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2220 Educational Media Services                      | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2230 Assessment & Testing                            | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2240 Instructional Staff Development                 | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2310 Board of Education Services                     | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2320 Executive Administration Services               | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2410 Office of the Principal Services                | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2490 Other Support Services - School Admin           | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2510 Direction of Business Support Services          | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2520 Fiscal Services                                 | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2540 Operation & Maint of Plant Services             | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2550 Student Transportation Services                 | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2570 Internal Services                               | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2610 Direction of Central Support Services           | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2620 Planning, Research, Development, Evaluation     | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2630 Information Services                            | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2640 Staff Services                                  | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2660 Technology Services                             | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2670 Records Management Services                     | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2690 Other Support Services                          | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 2700 Supplemental Retirement Program                 | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| <b>Total Support Services</b>                        | <b>0</b>       | <b>0</b> | <b>0</b>  | <b>0</b>           | <b>0</b>  | <b>0</b>       | <b>0</b>      | <b>0</b>             |
| 3100 Food Services                                   | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 3200 Other Enterprise Services                       | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 3300 Community Services                              | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 3500 Custody & Care of Children Services             | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| <b>Total Enterprise and Community Services</b>       | <b>0</b>       | <b>0</b> | <b>0</b>  | <b>0</b>           | <b>0</b>  | <b>0</b>       | <b>0</b>      | <b>0</b>             |
| 4110 Service Area Direction                          | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 4120 Site Acquisition & Development Services         | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 4150 Bldg Acquisition, Construction & Improvement    | 373,327        | 0        | 0         | 63,501             | 9         | 309,435        | 382           | 0                    |
| 4190 Other Facilities Construction Services          | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| <b>Total Facilities Acquisition and Construction</b> | <b>373,327</b> | <b>0</b> | <b>0</b>  | <b>63,501</b>      | <b>9</b>  | <b>309,435</b> | <b>382</b>    | <b>0</b>             |
| 5100 Debt Service                                    | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 5200 Transfers to Other Funds                        | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 5300 Apportionment of Funds by ESD                   | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 6000 Contingencies                                   | 0              | 0        | 0         | 0                  | 0         | 0              | 0             | 0                    |
| 7000 Unappropriated Ending Fund Balance              | 1,071          | 0        | 0         | 0                  | 0         | 0              | 0             | 1,071                |
| <b>Total Requirements and Balances</b>               | <b>374,398</b> | <b>0</b> | <b>0</b>  | <b>63,501</b>      | <b>9</b>  | <b>309,435</b> | <b>382</b>    | <b>1,071</b>         |

SUPPLEMENTAL INFORMATION, 2017-2018

School District Business Managers and Auditors:

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

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

A. Energy Bill for Heating - **All Funds:**  
 Please enter your expenditures for electricity, heating fuel, and water & sewage for these Functions & Objects.

|               |   |
|---------------|---|
|               | <b>Objects 325 &amp; 326 &amp; *327</b> |
| Function 2540 | \$ 259,277                              |
| Function 2550 | \$ -                                    |

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 | 4150 | Construction         |
| 1140              | Pre-Kindergarten         | 2550 | Pupil Transportation |
| 1300              | Continuing Education     | 3100 | Food Service         |
| 1400              | Summer School            | 3300 | Community Services   |

|           |
|-----------|
| \$ 44,047 |
|-----------|

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

**Independent Auditor's Report  
Required by Oregon State Regulations**

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

Board of Directors  
Douglas County School District No. 19  
Myrtle Creek, Oregon

We have audited the basic financial statements of Douglas County School District No. 19 (the District) as of and for the year ended June 30, 2018, and have issued our report thereon dated December 19, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 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 the objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our audit, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administration Rules 162-10-0000 through 162-10-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, except as disclosed in Note 1 of the financial statements.

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

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



## **Restrictions on Use**

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

*Stewart C. Parmele CPA, Partner*

Stewart C. Parmele CPA, Partner  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
December 19, 2018

**Items required by the Uniform Guidance**

**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. 19  
Myrtle Creek, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Douglas County School District No. 19 (the District) as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 19, 2018.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

## **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.

*Stewart C. Parmele CPA, Partner*

Stewart C. Parmele CPA, Partner  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
December 19, 2018

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

Board of Directors  
Douglas County School District No. 19  
Myrtle Creek, Oregon

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

We have audited Douglas County School District No. 19 (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on

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

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

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

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



Stewart C. Parmele CPA, Partner  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
December 19, 2018

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2018**

| Federal Grantor/Pass-Through<br>Grantor/Program Title         | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor's<br>Number | 2017-18<br>Expenditures    |
|---|---------------------------|-------------------------------------|----------------------------|
| <b><u>U.S. Department of Education:</u></b>                   |                           |                                     |                            |
| Passed Through Oregon Department of Education:                |                           |                                     |                            |
| Title I   | 84.010                    | 45701                               | \$ 757,132                 |
| Title I   | 84.010                    | 41165                               | 20,734                     |
| Total CFDA 84.010   |                           |                                     | <u>777,866</u>             |
| Special Education Grants - IDEA                               | 84.027                    | 45264                               | 280,612                    |
| Special Education Grants - IDEA                               | 84.027                    | 41626                               | 68,958                     |
| Special Education Grants - IDEA Enhancement                   | 84.027                    | 46548                               | 289                        |
| Special Education Grants-SPRI                                 | 84.027                    | 44502                               | 2,447                      |
| Special Education Grants - IDEA                               | 84.173                    | 45509                               | 5,094                      |
| Total Special Education Cluster (IDEA)                        |                           |                                     | <u>357,400</u>             |
| Title IIA Improving Teacher Quality                           | 84.367                    | 45916                               | 67,308                     |
| Title IIA Improving Teacher Quality                           | 84.367                    | 41420                               | 16,649                     |
| Total CFDA 84.367   |                           |                                     | <u>83,957</u>              |
| Student Support and Academic Enrichment                       | 84.424                    | 47830                               | 7,732                      |
| Total CFDA 84.424   |                           |                                     | <u>7,732</u>               |
| Title VI Rural and Low Income Schools                         | 84.358                    | 47638                               | 17,719                     |
| Title VI Rural and Low Income Schools                         | 84.358                    | 42563                               | 11,300                     |
| Total CFDA 84.358   |                           |                                     | <u>29,019</u>              |
| MTSS LEA Coaches  | 84.323                    | 47646                               | 3,762                      |
| Total CFDA 84.323   |                           |                                     | <u>3,762</u>               |
| Passed through Douglas Education Service District:            |                           |                                     |                            |
| Perkins Basic   | 84.048                    | N/A                                 | 7,853                      |
| Total CFDA 84.048   |                           |                                     | <u>7,853</u>               |
| Passed through University of Oregon/Oregon University System: |                           |                                     |                            |
| Gear Up   | 84.334S                   | N/A                                 | 9,502                      |
| Total CFDA 84.334S  |                           |                                     | <u>9,502</u>               |
| <b>Total Department of Education</b>                          |                           |                                     | <b><u>1,277,091</u></b>    |
| <b><u>U.S. Department of Agriculture:</u></b>                 |                           |                                     |                            |
| Passed Through Riddle SD:                                     |                           |                                     |                            |
| National School Lunch (commodities)                           | 10.555                    | N/A                                 | 12,521                     |
| Passed Through Oregon Department of Education:                |                           |                                     |                            |
| National School Lunch (commodities)                           | 10.555                    | N/A                                 | 46,436                     |
| National School Lunch   | 10.553                    | N/A                                 | 411,448                    |
| School Breakfast Program                                      | 10.555                    | N/A                                 | 171,354                    |
| National School Lunch - Summer                                | 10.559                    | N/A                                 | 17,383                     |
| Total Child Nutrition Cluster                                 |                           |                                     | <u>659,142</u>             |
| National School Lunch - Admin                                 | 10.560                    | N/A                                 | 1,169                      |
| Total CFDA 10.560   |                           |                                     | <u>1,169</u>               |
| Passed through Douglas ESD:                                   |                           |                                     |                            |
| Schools and Roads - Grants to Counties                        | 10.666                    | N/A                                 | 174,474                    |
| Total CFDA 10.666   |                           |                                     | <u>174,474</u>             |
| <b>Total Department of Agriculture</b>                        |                           |                                     | <b><u>834,785</u></b>      |
| <b>Total Federal Financial Assistance</b>                     |                           |                                     | <b><u>\$ 2,111,876</u></b> |

**Note A - Significant accounting policies**

The schedule of expenditures of federal awards includes the federal grant activity of the Douglas County School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the OMB Compliance Supplement, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Note B - Food distribution**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

**Note C - Interest Subsidy Payment Received**

During 2010-2011 fiscal year, the District received a Qualified School Construction Bond for \$500,000. During the 2011-12 fiscal year, the District received a Qualified School Construction Bond for \$350,000. During the fiscal year, the District received \$39,121 in an interest subsidy related to both bonds from the U.S. Treasury, which was paid directly to the Bank of New York Mellon Trust Company to be used to reduce future interest payments made by the District.

**Note D - Indirect Cost Rate**

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note E - Subrecipients**

The District did not have any federal awards that were passed through to subrecipients for the year ended June 30, 2018.



**DOUGLAS COUNTY SCHOOL DISTRICT NO. 19  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unmodified opinion on the basic financial statements of Douglas County School District.
2. No significant deficiencies or material weakness in internal controls were disclosed by the audit of the Financial Statements of Douglas County School District.
3. No instances of noncompliance material to the financial statements of Douglas County School District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal programs were disclosed by the audit.
5. The auditor’s report on compliance for the major federal award programs for Douglas County School District expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major program include:  
US Department of Agriculture

Title I

CFDA # 84.010

8. The threshold for distinguishing Types A and B Programs was \$750,000.
9. Douglas County School District qualified as a low-risk auditee under the criteria specified in the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None