

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019



12700 SW 72nd Ave.
Tigard, OR 97223

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

BOARD OF DIRECTORS AS OF JUNE 30, 2019

<u>NAME</u>	<u>TERM EXPIRES</u>
Mizu Burruss, Chair	June 30, 2021
John Simington, Vice Chair	June 30, 2021
Marilyn Fox	June 30, 2021
Michelle Holman	June 30, 2019
Mary Ellen Mansfield	June 30, 2019

All board members receive mail at the address below:

ADMINISTRATION

Jodi O'Mara, Superintendent
Jeron Ricks, Business Manager

10868 East Mapleton Road
Mapleton, Oregon 97453

This Page Intentionally Left Blank

TABLE OF CONTENTS

PAGE NUMBER

Independent Auditors' Report 1

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis i-vi

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:

Statement of Net Position 3

Statement of Activities 4

Fund Financial Statements:

Balance Sheet – Governmental Funds 5

Reconciliation of Governmental Funds Balance Sheet to the
Statement of Net Position 6

Statement of Revenues, Expenditures and Changes In Fund
Balances – Governmental Funds 7

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds – to the
Statement of Activities 8

Notes to Basic Financial Statements 9

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:

General Fund 27

Special Revenue Fund 28

Schedule of the Proportionate Share of the Net Pension Liability – PERS 29

Schedule of Contributions – PERS 29

SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:

Debt Service Fund 30

Capital Projects Fund 31

Schedule of Property Tax Transactions and Balances of
Taxes Uncollected – General Fund 32

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

TABLE OF CONTENTS (continued)

PAGE
NUMBER

OTHER INFORMATION AS REQUIRED BY THE OREGON DEPARTMENT OF EDUCATION

Schedule of Expenditures of Federal Awards	33
Supplemental Information – 3211c	34

REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS

Independent Auditors' Report Required by Oregon State Regulations	35
---	----



PAULY, ROGERS, AND Co., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

November 20, 2019

To the Board of Directors
Lane County School District No. 32
Lane County, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Lane County School District No. 32 (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the 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 basic 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 the basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

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

Basis for Qualified Opinion

Management has not obtained an actuarial valuation of the post-employment benefit obligation related to the implicit healthcare subsidy in accordance with GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Accounting principles generally accepted in the United States of America require that actuarially determined annual required contributions related to postemployment benefits, other than retirement benefits, attributable to employee services already rendered be recorded as expenses as employees earn the benefits, which, if not funded, would increase the liabilities, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect net position, liabilities and expenses of the governmental activities is not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of not providing an actuarially determined liability for other postemployment benefits as described in the preceding paragraph, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Lane County School District No. 32, as of June 30, 2019, and

the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The District adopted the provisions of GASB Statement No. 83 *Certain Asset Retirement Obligations* and GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in this table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the schedules of net pension liability or contributions for PERS or the management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them. The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

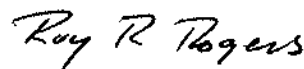
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The listing of board members containing their term expiration dates, located before the table of contents, and the other information, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 20, 2019 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



ROY R. ROGERS, CPA
PAUL Y. ROGERS AND CO., P.C.

MAPLETON SCHOOL DISTRICT 32
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

As management of Mapleton School District 32 (the District), Lane County, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. It should be read in conjunction with the district's financial statements, which follow this section. This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities in the District as a whole and present a longer-term view of the District's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements.

FINANCIAL HIGHLIGHTS

- In the government-wide financial statements, the assets of the District exceeded its liabilities at June 30, 2019 by \$6,082,650 (*total net position*). This represents a decrease of \$1,247,175, which is attributable to a decrease in cash and accounts receivable that were being held for final construction payoffs.
- The District's long-term liabilities were decreased by \$89,223 to a total of \$3,959,198 from the yearly bond payment.
- At June 30, 2019, the General Fund unassigned balance was \$1,519,795, which represents a 9% increase from the prior year. The majority of this increase is from unanticipated forestry revenue, which will need to be repaid next year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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* focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of what the district owns (assets), what it owes (liabilities), and the net difference (*net position*). Net position may be further separated into amounts restricted for specific purposes and unrestricted amounts. Overtime, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

Fund Financial Statements: The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District are considered governmental funds. To be considered a major fund, the fund must meet criteria established by generally accepted accounting principles.

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

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 near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains four individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Special Revenue Fund, Debt Service Fund, and Capital Projects Fund.

The District adopts an annual appropriated budget for all of its governmental funds as required by Oregon budget law. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position: As noted earlier, net position may, over time, serve as a useful indicator of the district's financial position. At June 30, 2019, the District's assets exceeded liabilities by \$6,082,650.

Mapleton School District 32 Condensed Statement of Net Position

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>
Current and other Assets	\$ 1,990,774	\$ 3,322,339	\$ (1,331,565)
Capital Assets	10,222,395	10,316,481	(94,086)
<i>Total Assets</i>	<u>12,213,169</u>	<u>13,638,820</u>	<u>(1,425,651)</u>
Deferred Outflows of Resources			
Net Pension Related Deferrals	<u>1,162,828</u>	<u>1,041,581</u>	<u>121,247</u>
Current Liabilities	113,372	244,678	(131,306)
Long-term Liabilities	3,959,198	4,048,421	(89,223)
Net Pension Liability	<u>2,611,035</u>	<u>2,632,185</u>	<u>(21,150)</u>
<i>Total Liabilities</i>	<u>6,683,605</u>	<u>6,925,284</u>	<u>(241,679)</u>
Deferred Inflows of Resources			
Net Pension Related Deferrals	<u>609,742</u>	<u>425,292</u>	<u>184,450</u>
Net Position			
Invested in Capital Assets	6,263,197	6,268,060	(4,863)
Restricted	354,544	1,685,847	(1,331,303)
Unrestricted	<u>(535,091)</u>	<u>(624,082)</u>	<u>88,991</u>
<i>Total Net Position</i>	<u>\$ 6,082,650</u>	<u>\$ 7,329,825</u>	<u>\$ (1,247,175)</u>

Most of the District's net position changed due to the receipt and payment of construction costs that had already been figured into Construction in Progress. Despite the reduction in current assets, the District maintains 17 times the amount of current assets versus current liabilities and 29% of total liabilities.

Governmental Activities: During the 2018-19 fiscal year, the District's net position decreased by \$1,247,175. The key elements in this change are the following:

- Total revenues decreased by \$4,305,593 (49%) mainly due to the completion of construction and the related grants.
- Instruction expenses are increased due to previously reduced amounts from unallocated construction expenses.

Mapleton School District 32
Condensed Statement of Activities

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>
Program Revenues			
Charges for Services	\$ 6,151	\$ 9,185	\$ (3,034)
Operating Grants and Contributions	267,898	115,302	152,596
General Revenues			
Property Taxes	839,096	802,663	36,433
Earnings on Investments	48,303	51,863	(3,560)
Other Local	69,532	66,201	3,331
State Support	2,908,002	7,168,508	(4,260,506)
Unrestricted Intermediate	39,221	25,016	14,205
Unrestricted Federal	65,191	157,669	(92,478)
Other Revenue	-	3,018	(3,018)
<i>Total Revenues</i>	<u>4,243,394</u>	<u>8,399,425</u>	<u>(4,305,593)</u>
Expenditures			
Instruction	2,689,304	781,497	1,907,807
Support Services	2,536,549	734,581	1,801,968
Community Services	264,716	57,528	207,188
<i>Total Expenditures</i>	<u>5,490,569</u>	<u>1,573,606</u>	<u>3,916,963</u>
Change in Net Position	(1,247,175)	6,825,819	(8,072,994)
Beginning Net Position	7,329,825	504,006	6,825,819
<i>Ending Net Position</i>	<u>\$ 6,082,650</u>	<u>\$ 7,329,825</u>	<u>\$ (1,247,175)</u>

FINANCIAL ANALYSIS FOR THE DISTRICT'S FUNDS

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

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

Governmental funds report the difference between their assets and liabilities as fund balances, which are classified and reported by the following categories.

- **Non-spendable Fund Balance** – funds which cannot be spent
- **Restricted Fund Balance** – funds subject to externally enforceable legal restrictions (imposed by creditors, grantors, contributors, government regulations, etc.)
- **Committed Fund Balance** – funds constrained by limitations that a government imposes upon itself.

- **Assigned Fund Balance** – funds intended for use as established by the governing body itself, or by an official or officers to which authority is delegated by the governing body.
- **Unassigned Fund Balance** – funds available for any purpose.

At June 30, 2019, the District's governmental funds reported combined ending fund balances of \$1,874,776, a decrease of \$1,201,029 in comparison with the prior year. This reflects the use of the Capital Project Funds. The unassigned ending fund balance increased by \$130,275, which is available for spending at the District's discretion.

General Fund: The General Fund is the chief operating fund of the District. As of June 30, 2019, the fund balance could account for 59% of the yearly General Fund expenses.

Special Revenue Fund: The Special Revenue Fund has a total fund balance of \$213,454, all of which is dedicated to textbook and technology purchases, food service, student body, and grant programs. The increase of \$65,405 is due to new grants for upcoming preschool implementation and transportation funds.

Debt Service Fund: The Debt Service Fund has a total fund balance of \$11,341, all of which is set aside for the payment of debt service.

Capital Projects Fund: The Capital Projects Fund has a total fund balance of \$130,186, all of which is set aside for capital projects and future maintenance of the buildings. This is a reduction of \$1,396,853 as bond and grant projects have been completed.

GENERAL FUND BUDGETARY HIGHLIGHTS

Final budget compared to actual results. Final revenues were \$330,093 higher than expected, but expenses were \$92,311 lower, resulting in a positive balance of \$237,782. A beginning balance \$289,520 larger than expected, combined with the increased revenue resulted in a net variance of \$716,098 above the anticipated ending balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The District's investment in capital assets includes, land, buildings and improvements, and vehicles and equipment. As of June 30, 2019, the District had \$10,222,395 invested in capital assets, net of depreciation. This has begun to decrease as we begin to depreciate the completed construction.

Debt Administration: At the end of the current fiscal year, the District had a total long-term debt outstanding of \$3,868,747, excluding bond premium of \$90,451. The debt consisted of a general obligation bond and a capital lease.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Resources supporting District General Fund operations primarily reflect local and state revenues, with additional income representing federal, county and other resources. The largest segment, which includes state funding and local property taxes, is determined by the State School Fund formula. The majority of funding provided by the State to the District is based on the District weighted average of the daily number of students. The District receives extra weighting for special education students, students in poverty or foster care, and students enrolled in remote schools (weighted average daily membership). In recent years, Mapleton School District's enrollment has remained stable; however, the District has the capacity to serve many more students.

The major expenditure requirements of the District's General Fund are the salaries and benefits of our teachers, support staff, and administration. Salaries and benefits represent 80% of the District's total General Fund operating costs. Salaries and health insurance contribution limits will rise according to adopted collective bargaining agreement. PERS rates are expected to significantly rise, especially for Tier I/II members.

Issues such as equitable resource allocation, closing the achievement gap, PERS, and use of reserves, are key components of our budget discussions. The District's Budget Committee and School Board will consider all of these factors when preparing and adopting the District's annual budget. Staff and the School Board are actively involved in ongoing strategic planning to continue to lead the district in a fiscally responsible manner.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Business Manager, at 10868 East Mapleton Road, Mapleton, Oregon 97453.

Jeron Ricks
Business Manager

Jodi O'Mara
Superintendent

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

This Page Intentionally Left Blank

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

STATEMENT OF NET POSITION
 June 30, 2019

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	\$ 1,743,318
Receivables - Taxes	30,827
Receivables - Other	216,192
Supply Inventories	437
Capital Assets, Non-Depreciable	46,410
Capital Assets, Depreciable, Net	10,175,985
Total Assets	12,213,169
DEFERRED OUTFLOW OF RESOURCES	
Pension Related Deferrals - PERS	1,162,828
TOTAL ASSETS AND PENSION RELATED DEFERRALS	13,375,997
LIABILITIES	
Payroll Liabilities	\$ 87,235
Accrued Compensated Absences	26,137
Long-Term Liabilities:	
Long-term Liabilities due within one year	95,671
Long-term Liabilities due in more than one year	3,773,076
Unamortized Bond Premium	90,451
Net Pension Liability - PERS	2,611,035
Total Liabilities	6,683,605
DEFERRED INFLOW OF RESOURCES	
Pension Related Deferrals - PERS	609,742
TOTAL LIABILITIES AND PENSION RELATED DEFERRALS	7,293,347
NET POSITION	
Net Investment in Capital Assets	6,263,197
Restricted for:	
Future Debt Payments	11,341
Capital Projects	130,186
Student Body	80,035
Transportation	97,197
Other Programs	18,224
Scholarship	17,561
Unrestricted	(535,091)
Total Net Position	\$ 6,082,650

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 2,689,304	\$ -	\$ 104,062	\$ (2,585,242)
Supporting Services	2,536,549	5,375	39,591	(2,491,583)
Community Services	<u>264,716</u>	<u>776</u>	<u>124,245</u>	<u>(139,695)</u>
Total Governmental Activities	<u>\$ 5,490,569</u>	<u>\$ 6,151</u>	<u>\$ 267,898</u>	<u>(5,216,520)</u>

General Revenues

Property Taxes Levied	839,096
Earnings on Investment	48,303
Other Local	69,532
State Support	2,908,002
Unrestricted Intermediate	39,221
Unrestricted Federal	<u>65,191</u>
Total General Revenues	<u>3,969,345</u>
Changes in Net Position	(1,247,175)
Net Position - Beginning	<u>7,329,825</u>
Net Position - Ending	<u>\$ 6,082,650</u>

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2019

	GENERAL	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
ASSETS					
Cash and Investments	\$ 1,414,502	\$ 187,642	\$ 10,988	\$ 130,186	\$ 1,743,318
Accounts Receivable	190,464	25,375	353	-	216,192
Property Taxes Receivables	30,827	-	-	-	30,827
Supply Inventories	-	437	-	-	437
Total Assets	\$ 1,635,793	\$ 213,454	\$ 11,341	\$ 130,186	\$ 1,990,774
LIABILITIES					
Payroll Liabilities	\$ 87,235	\$ -	\$ -	\$ -	\$ 87,235
Total Liabilities	87,235	-	-	-	87,235
DEFERRED INFLOW OF RESOURCES					
Unavailable Property Tax Revenue	28,763	-	-	-	28,763
Total Deferred Inflow of Resources	28,763	-	-	-	28,763
FUND BALANCES					
Nonspendable	-	437	-	-	437
Restricted for:					
Future Debt Payments	-	-	11,341	-	11,341
Capital Projects	-	-	-	130,186	130,186
Student Body	-	80,035	-	-	80,035
Transportation	-	97,197	-	-	97,197
Other Programs	-	18,224	-	-	18,224
Scholarship	-	17,561	-	-	17,561
Unassigned	1,519,795	-	-	-	1,519,795
Total Fund Balances	1,519,795	213,454	11,341	130,186	1,874,776
Total Liabilities, Deferred Inflow, and Fund Balances	\$ 1,635,793	\$ 213,454	\$ 11,341	\$ 130,186	\$ 1,990,774

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2019

Total Fund Balances - Governmental Funds		\$	1,874,776
<p>The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in government accounting. The Statement of Net Position includes those capital assets among the assets of the District as a whole.</p>			
Net Capital Assets			10,222,395
<p>The Net PERS Pension Asset (Liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.</p>			
			(2,611,035)
<p>Deferred Inflows and Outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.</p>			
Deferred Outflows - PERS			1,162,828
Deferred Inflows - PERS			(609,742)
<p>Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.</p>			
Long-Term Liabilities			
Accrued Compensated Absences	\$	(26,137)	
Bonds Payable		(3,805,000)	
Premium		(90,451)	
Capital Lease Payable		<u>(63,747)</u>	(3,985,335)
Unearned revenue related to property taxes			<u>28,763</u>
Ending Net Position		\$	<u>6,082,650</u>

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	GENERAL	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES					
Local Sources	\$ 722,608	\$ 76,230	\$ 172,119	\$ 5,296	\$ 976,253
Intermediate Sources	10,403	28,818	-	-	39,221
State Sources	2,032,905	77,303	-	833,799	2,944,007
Federal Sources	-	276,282	-	7,977	284,259
Total Revenues	2,765,916	458,633	172,119	847,072	4,243,740
EXPENDITURES					
Instruction	1,274,974	184,111	-	-	1,459,085
Support Services	1,296,316	79,892	-	-	1,376,208
Enterprise and Community Services	-	143,622	-	-	143,622
Facilities Acquisition	-	24,954	-	2,268,925	2,293,879
Capital Outlay	-	-	-	-	-
Debt Service	-	-	171,975	-	171,975
Total Expenditures	2,571,290	432,579	171,975	2,268,925	5,444,769
Excess of Revenues Over (Under) Expenditures	194,626	26,054	144	(1,421,853)	(1,201,029)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	39,351	-	25,000	64,351
Transfers Out	(64,351)	-	-	-	(64,351)
Total Other Financing Sources (Uses)	(64,351)	39,351	-	25,000	-
Net Change in Fund Balance	130,275	65,405	144	(1,396,853)	(1,201,029)
Beginning Fund Balance	1,389,520	148,049	11,197	1,527,039	3,075,805
Ending Fund Balance	<u>\$ 1,519,795</u>	<u>\$ 213,454</u>	<u>\$ 11,341</u>	<u>\$ 130,186</u>	<u>\$ 1,874,776</u>

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2019

Total Net Changes in Fund Balances - Total Governmental Funds \$ (1,201,029)

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation.

Capital Asset Additions	\$ 200,551	
Depreciation Expense	<u>(294,637)</u>	(94,086)

The PERS Pension Expense represents the changes in Net Pension Asset (Liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits. (42,053)

Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability government-wide.

Bond Payable Principal Payments		65,000
---------------------------------	--	--------

Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Amortization of bond premiums		4,111
-------------------------------	--	-------

Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Additions to capital leases are expenses for the Statement of Net Position but not the Governmental Funds.

Capital Lease Principal Payments		20,112
----------------------------------	--	--------

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. (346)

Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities the net payment represents a reduction in liability. 1,116

Change in Net Position of Governmental Activities		<u>\$ (1,247,175)</u>
---	--	-----------------------

NOTES TO THE
BASIC FINANCIAL STATEMENTS

This Page Intentionally Left Blank

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Basic Financial Statements of Lane County School District No. 32 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

A. REPORTING ENTITY

Lane County School District No. 32 is a municipal corporation governed by an elected board, organized under provisions of Oregon Statutes Chapter 332 for the purpose of providing kindergarten through high school education. Accounting principles generally accepted in the United States of America require that these basic financial statements present Lane County School District No. 32 (the primary government) and all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate organizations that are included in the District's reporting because of the significance of their operational or financial relationships with the District. There are no component units.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

Government Wide Financial Statements (GWFS)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the District as a whole.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses of assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with GASB Statement No. 33 "Accounting and Financial Reporting for Non-Exchange Transactions." Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All direct expenses are reported by function in the Statement of Activities. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Program revenues derive directly from the program itself or from parties outside the taxpayers or citizenry, as a whole. Program revenues reduce the cost of the function to be financed from general revenues and include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

Fund Financial Statements

The accounts are organized and operated on the basis of funds. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. Funds are maintained consistent with legal requirements.

Governmental Fund Types

Governmental funds are used to account for general governmental activities. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period, which is 60 days. Expenditures generally are recorded when a liability is incurred, except for unmatured interest on general long-term debt and pension costs which are recognized when due, depreciation and amortization which are not recognized, and interfund transactions and certain compensated absences which are recognized as expenditures because they will be liquidated with expendable financial resources.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following major governmental funds are reported:

General Fund

This fund accounts for all financial resources and expenditures, except those required to be accounted for in another fund. The principal revenue sources are property taxes and an apportionment from the State of Oregon District Support Fund.

Special Revenue Fund

This fund primarily accounts for specific revenue sources that are legally restricted to expenditures for specific purposes. The Student Body money is included in this fund.

Debt Service Fund

This fund accounts for activities related to the repayment of debt, primarily issued in the form of bonds, used to fund the construction and acquisition of facilities. The primary source of revenue is property taxes.

Capital Projects Fund

This fund accounts for activities related to the acquisition, construction, equipping, and furnishing of facilities. The primary source of revenue is proceeds from bonds.

Interfund Transfers

The interfund transfers reported on the combined statement of revenues, expenditures and changes in fund balances are operating transfers. Operating transfers are legally authorized transfers from a fund receiving revenue to the fund where they are to be expended.

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

Property Taxes

Ad valorem property taxes are levied and become a lien on all taxable property as of July 1. Property taxes are payable on November 15. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Property taxes unpaid and outstanding on May 16 are considered delinquent. Property taxes are collected from taxpayers by the Lane County Department of Assessment and Taxation and are remitted to the District.

Uncollected property taxes are shown in the balance sheet. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

Grants

Grants are recognized as revenue in the accounting period in which they become both measurable and available and in which all eligibility requirements have been met. When expenditure is the prime factor for determining eligibility, the revenue is recognized when the expenditure is made. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability on the combined balance sheet.

Inventories of Supplies

Purchased inventory is valued at the lower of cost (first-in, first-out method) or market. Commodities inventory is valued at estimated market value at the date of donation. Inventory consists of commodities and purchased food and supplies. The cost of purchased inventory is recorded as an asset at the time of purchase and expensed when it is consumed in the government-wide financial statements, and expensed when purchased in the fund statements.

Accounts Receivable

The accounts receivable are all current and are considered by management to be fully collectible. Therefore, no provision for uncollectable accounts has been made.

Capital Assets

Capital assets, which include land, buildings and improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. The capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	15 to 50 years
Furniture	20 years
Vehicles and Equipment	5 to 15 years

Use of Estimates

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

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Retirement Plans

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of 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 payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Accrued Compensated Absences

Accumulated accrued compensated absences for vacation pay are recorded as liabilities in the government-wide financial statements as the entire amount is expected to be liquidated with expendable available resources. Accumulated sick pay does not vest and therefore, no expense is recorded until leave is taken.

Net Position

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

Net Investment in Capital Assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted – consists of external constraints placed on assets used by creditors, grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There are restricted assets, if any, for Future Debt Payments, Capital Projects, Student Body, Transportation, Food Service, Scholarship, and Other Programs.

Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the basic financial statements 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 positions that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2019 there were deferred outflows of \$1,162,828 representing PERS pension related deferrals reported in the Statement of Net Position.

In addition to liabilities, the basic financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items which qualify for reporting in this category. The first item, unavailable revenue of \$28,763, is reported only in the governmental funds balance sheet for property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. At June 30, 2019 there were also deferred inflows of \$609,742 reported in the Statement of Net Position representing PERS pension related deferrals.

C. FUND BALANCE

GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions is followed. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories.
- Restricted represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The authority to classify portions of ending fund balance as Assigned is granted to the Superintendent and the Business Manager. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.
- Unassigned is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. FUND BALANCE (CONTINUED)

There were no committed or assigned fund balances as of June 30, 2019. The District has established an unassigned targeted minimum fund balance of ten percent of the annual operating revenues of the General Fund.

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

A budget is prepared and legally adopted for each governmental fund in accordance with Oregon Local Budget Law. These budgets are all prepared using the modified accrual basis of accounting. The budgetary basis of accounting is substantially the same as generally accepted accounting principles in the United States of America with the exception that capital outlay expenditures are expensed when purchased, depreciation is not recorded, inventories of supplies are budgeted as expenditures when purchased, debt, capital leases and compensated absences are expensed when paid, pension costs are not recorded until paid, and property taxes received greater than 60 days after year-end are not considered budgetary resources in the funds.

The budgeting process begins by appointing Budget Committee members in early fall. Budget recommendations are developed by management through spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June, and the hearing is held in June. The budget is adopted, appropriations are made and the tax levy is declared no later than June 30. Expenditure budgets are appropriated at the major function level (instruction, support services, community services, debt service, contingency and transfers) for each fund. Expenditure appropriations may not legally be over expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

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 the fund's original budget may be adopted by the Board of Directors at a regular meeting. A supplemental budget greater than 10% of the 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 between the levels of control (major function levels). Such transfers require approval by the Board.

Budget amounts shown in the basic financial statements include the original budget amounts and appropriation transfers approved by the Board. Appropriations lapse at the end of each fiscal year.

For the year ended June 30, 2019, expenditures of the various funds were within authorized appropriation levels except for General Fund where Support Services expenditures exceeded appropriations by \$5,856, The Special Revenue Fund where Support Services expenditures and Enterprise and Community Services expenditures exceeded appropriations by \$29,271 and \$20,497, respectively, and the Capital Projects Fund where Facilities Acquisition Request expenditures exceeded appropriations by \$1,510,805.

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. CASH AND CASH EQUIVALENTS

A. DEPOSITS

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. The total bank balance per the bank statements as of June 30, 2019 was \$331,239, of which \$250,000 was covered by federal depository insurance and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP).

At fiscal year-end, cash and equivalents were as follows:

Deposit with Financial Institutions:	
Local Government Investment Pool	\$ 1,482,348
Demand Deposits	<u>260,970</u>
 Total Cash and Investments	 <u>\$ 1,743,318</u>

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2019, none of the bank balances were exposed to custodial credit risk.

B. INVESTMENTS

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)

If the link has expired please contact the Oregon Short Term Fund directly.

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. CASH AND CASH EQUIVALENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

As of June 30, 2019 the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>		
		<u>Less than 3</u>	<u>3-18</u>	<u>18-59</u>
State Treasurer's Investment Pool	<u>\$1,482,348</u>	<u>\$1,482,348</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk - Investments

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date beyond three months.

Credit Risk - Investments

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration of Credit Risk

At June 30, 2019 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument. Oregon Revised Statutes require no more than 25 percent of the moneys of a local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2019, there appears to be compliance with all percentage restrictions.

4. RECEIVABLES

Receivables at June 30, 2019, which are all considered collectable by management, consist of the following:

- A. Property taxes receivable represent delinquent amounts due for property taxes levied in the current and prior years.
- B. Grants receivable represent amounts due for claims for reimbursement of costs under various Federal grant programs.

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS

The changes in capital assets for governmental activities for the fiscal year ended June 30, 2019 are as follows:

	Balance July 1, 2018	Adjustments	Additions	(Deletions)	Balance June 30, 2019
Land	\$ 46,410		\$ -	\$ -	\$ 46,410
Construction in Progress	9,225,405	(9,225,405)	-	-	-
Total Non-Depreciable	<u>9,271,815</u>	<u>(9,225,405)</u>	<u>-</u>	<u>-</u>	<u>46,410</u>
Buildings and Improvements	8,690,808	9,225,405	112,057	-	18,028,270
Equipment	396,915	-	63,252	-	460,167
Vehicles	603,875	-	25,242	-	629,117
Total Depreciable	<u>9,691,598</u>	<u>9,225,405</u>	<u>200,551</u>	<u>-</u>	<u>19,117,554</u>
Accumulated Depreciation					
Buildings and Improvements	8,181,552	-	216,158	-	8,397,710
Equipment	209,296	-	45,919	-	255,215
Vehicles	256,084	-	32,560	-	288,644
Total Accumulated Depreciation	<u>\$ 8,646,932</u>	<u>-</u>	<u>\$ 294,637</u>	<u>\$ -</u>	<u>\$ 8,941,569</u>
Government Activities:					
Capital Assets, Net	<u>\$ 10,316,481</u>				<u>\$ 10,222,395</u>

During the year ended June 30, 2019, the District completed its Construction in Progress, and reclassified the assets placed in service as Buildings & Improvements.

Depreciation was allocated to the following functions:

Instruction	\$ 144,314
Support Services	136,117
Community Services	<u>14,205</u>
Total	<u>\$ 294,637</u>

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT

The following changes occurred in the long-term debts during the fiscal year ending June 30, 2019:

	Outstanding July 1, 2018	Additions	Reductions	Outstanding June 30, 2019	Due Within One Year
GO Bonds	\$ 3,870,000	\$ -	\$ 65,000	\$ 3,805,000	\$ 20,671
Capital Leases	83,859	-	20,112	63,747	75,000
Subtotal	3,953,859	-	85,112	3,868,747	95,671
Premium	94,562	-	4,111	90,451	-
Total	<u>\$ 4,048,421</u>	<u>\$ -</u>	<u>\$ 89,223</u>	<u>\$ 3,959,198</u>	<u>\$ 95,671</u>

In August 2016, a \$4,000,000 General Obligation bond was issued with a Premium of \$102,784 for 25 years, concluding in 2041 with an interest rate varying from 1.5% to 3.0%. The premium is amortized over the life of the bond on a straight line basis. There are no significant default clauses and the bonds are not subject to acceleration.

In May 2017, a Capital Lease was entered into for a School Bus. The terms of the agreement require annual payments of \$22,443, which includes principal and interest, beginning July 15, 2017 for five years, with an interest rate of 2.78%. The agreement will be paid off in July 2021.

Future maturities of long-term debt are as follows:

Fiscal Year Ending June 30	Bond Principal	Bond Interest	Capital Leases Principal	Capital Leases Interest	Total Principal	Total Interest
2020	75,000	105,826	20,671	1772	95,671	107,598
2021	80,000	104,326	21,245	1198	101,245	105,524
2022	90,000	102,726	21,831	611	111,831	103,337
2023	95,000	100,926	-	-	95,000	100,926
2024	105,000	99,500	-	-	105,000	99,500
2025-2029	635,000	464,076	-	-	635,000	464,076
2030-2034	895,000	358,800	-	-	895,000	358,800
2035-2039	1,225,000	205,500	-	-	1,225,000	205,500
2040-2041	605,000	27,450	-	-	605,000	27,450
Total	<u>\$ 3,805,000</u>	<u>\$ 1,569,130</u>	<u>\$ 63,747</u>	<u>\$ 3,581</u>	<u>\$3,868,747</u>	<u>\$1,572,711</u>

7. PROPERTY TAX LIMITATION

The voters of the State of Oregon imposed a constitutional limit on property taxes for Schools and non-School government operations. School operations include community colleges, local School schools, and education service schools. The limitation provides that property taxes for School operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this requirement has been that School districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue.

NOTES TO BASIC FINANCIAL STATEMENTS

7. PROPERTY TAX LIMITATION (CONTINUED)

The state voters further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to School districts from the impact of the tax cuts.

8. DEFINED BENEFIT PENSION PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf>

If the link is expired please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.
 - ii. **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 on or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **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 equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. A member of the 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.
 - ii. **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.
 - iii. **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.
 - iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2019 were \$379,170, excluding amounts to fund employer specific liabilities. In addition approximately \$86,247 in employee contributions were paid or picked up by the District in 2018-2019.

Pension Asset or Liability

At June 30, 2019, the District reported a net pension liability of \$2,611,035 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. 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. As of the measurement dates of June 30, 2018 and 2017, the District's proportion was .017 and .020 percent, respectively. Pension expense for the year ended June 30, 2019 was \$42,053.

The rates in effect for the year ended June 30, 2019 were:

- (1) Tier 1/Tier 2 – 27.20%
- (2) OPSRP general services – 21.87%

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

	Deferred Outflow of Resources	Deferred Inflow of Resource
Difference between expected and actual experience	\$ 88,820	\$ -
Changes in assumptions	607,061	-
Net difference between projected and actual earnings on pension plan investments	-	(115,945)
Net changes in proportionate share	-	(486,854)
Differences between District contributions and proportionate share of contributions	<u>87,777</u>	<u>(6,943)</u>
Subtotal - Amortized Deferrals (below)	783,658	(609,742)
District contributions subsequent to measurement date	<u>379,170</u>	<u>-</u>
Deferred outflow (inflow) of resources	<u>\$ 1,162,828</u>	<u>\$ (609,742)</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2020.

Subtotal amounts related to pension as deferred outflows of resources, \$783,658, and deferred inflows of resources, (\$609,742), net to \$173,916 and will be recognized in pension expense as follows:

Year Ending	Amount
<u>June 30,</u>	
2020	189,321
2021	101,894
2022	(110,886)
2023	(14,331)
2024	7,918
Thereafter	-
Total	<u>\$ 173,916</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 4, 2019. Oregon PERS produces an independently audited CAFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf>

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

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

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Valuation Date	December 31, 2016 rolled forward to June 30, 2018
Experience Study Report	2016, Published July 26, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as laycred amortization bases over a closed period, Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.50 percent
Investment rate of return	7.20 percent (changed from 7.50 percent)
Projected salary increase	3.50 percent overall payroll growth
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/1.5%) in accordance with Moro decision, blend based on service
Mortality	Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

Actuarial Methods and Assumptions:

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

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	13.5%	21.5%	17.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

Source: June 30, 2018 PERS CAFR; p. 98

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015, revised as of June 7, 2017, the PERS Board reviewed its long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	Target	Annual Return (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.13%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Assumed Inflation - Mean		2.50%

Source: June 30, 2018 PERS CAFR; p. 72

Discount Rate -- The discount rate used to measure the total pension liability, as of the measurement dates June 30, 2018 and 2017 was 7.20 and 7.50, respectively, for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	\$ 4,363,532	\$ 2,611,035	\$ 1,164,491

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

There are no changes subsequent to the June 30, 2018 Measurement Date that meet this requirement and would require a brief description under the GASB standard.

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

Employees of the District are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

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. 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 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:

Employees of the District pay six (6) percent of their covered payroll. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2019.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700.

<https://www.oregon.gov/pers/emp/pages/GASB.aspx>

9. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA)

Plan Description:

As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA) (CONTINUED)

Funding Policy:

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

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.53% of annual covered OPERF payroll and 0.45% of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the year ended June 30, 2019 were considered by management to be immaterial to the basic financial statements.

At June 30, 2019, the District's net OPEB liability/(asset) and deferred inflows and outflows were not considered to be material to the basic financial statements by management and were not accrued on the government wide statements.

10. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for the last three fiscal years.

11. COMMITMENTS AND CONTINGENCIES

A substantial portion of operating funding is received from the State of Oregon. State funding is determined through state wide revenue projections that are paid to individual District districts based on pupil counts and other factors in the state School fund revenue formula. Since these projections and pupil counts fluctuate they can cause increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on operations cannot be determined.

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

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

12. INTERFUND TRANSFERS AND BALANCES

There were no interfund balances at year end. Interfund transfer amounts during the fiscal year were comprised of the following:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 64,351	\$ -
Special Revenue	-	39,351
Capital Projects	-	<u>25,000</u>
	<u>\$ 64,351</u>	<u>\$ 64,351</u>

Interfund transfers are used to pay administrative services, provide funds for debt service, contribute toward the cost of capital projects, and provide operational resources.

13. TAX ABATEMENTS

As of June 30, 2019, the District potentially had tax abatements through various state allowed programs that impacted levied taxes. Based on the information available from the county as of the date of issuance of these basic financial statements, there were no material abatements disclosed by the county for the year ended June 30, 2019 for any program covered under GASB 77.

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

This Page Intentionally Left Blank

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2019

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET
REVENUES				
Local Sources	\$ 681,305	\$ 681,305	\$ 722,608	\$ 41,303
Intermediate Sources	17,411	17,411	10,403	(7,008)
State Sources	<u>1,737,107</u>	<u>1,737,107</u>	<u>2,032,905</u>	<u>295,798</u>
Total Revenue	<u>2,435,823</u>	<u>2,435,823</u>	<u>2,765,916</u>	<u>330,093</u>
EXPENDITURES				
Instruction	1,348,141	1,348,141 (1)	1,274,974	73,167
Support Services	1,290,460	1,290,460 (1)	1,296,316	(5,856)
Operating Contingency	<u>25,000</u>	<u>25,000 (1)</u>	<u>-</u>	<u>25,000</u>
Total Expenditures	<u>2,663,601</u>	<u>2,663,601</u>	<u>2,571,290</u>	<u>92,311</u>
Excess of Revenues Over (Under) Expenditures	(227,778)	(227,778)	194,626	237,782
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(68,525)</u>	<u>(68,525) (1)</u>	<u>(64,351)</u>	<u>4,174</u>
Total Other Financing Sources (Uses)	<u>(68,525)</u>	<u>(68,525)</u>	<u>(64,351)</u>	<u>4,174</u>
Net Change in Fund Balance	(296,303)	(296,303)	130,275	426,578
Beginning Fund Balance	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,389,520</u>	<u>289,520</u>
Ending Fund Balance	<u>\$ 803,697</u>	<u>\$ 803,697</u>	<u>\$ 1,519,795</u>	<u>\$ 716,098</u>

(1) Appropriation level

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2019

SPECIAL REVENUE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL BUDGET</u>
REVENUES				
Local Sources	\$ 35,850	\$ 35,850	\$ 76,230	\$ 40,380
Intermediate Sources	16,497	16,497	28,818	12,321
State Sources	71,000	71,000	77,303	6,303
Federal Sources	289,569	289,569	276,282	(13,287)
Total Revenues	<u>412,916</u>	<u>412,916</u>	<u>458,633</u>	<u>45,717</u>
EXPENDITURES				
Instruction	217,833	217,833 (1)	184,111	33,722
Support Services	50,621	50,621 (1)	79,892	(29,271)
Enterprise and Community Services	123,125	123,125 (1)	143,622	(20,497)
Facilities Acquisition Request	25,000	25,000 (1)	24,954	46
Total Expenditures	<u>416,579</u>	<u>416,579</u>	<u>432,579</u>	<u>(16,000)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	43,525	43,525 (1)	39,351 (2)	(4,174)
Total Other Financing Sources	<u>43,525</u>	<u>43,525</u>	<u>39,351</u>	<u>(4,174)</u>
Net Change in Fund Balance	39,862	39,862	65,405	25,543
Beginning Fund Balance	<u>127,575</u>	<u>127,575</u>	<u>148,049</u>	<u>20,474</u>
Ending Fund Balance	<u>\$ 167,437</u>	<u>\$ 167,437</u>	<u>\$ 213,454</u>	<u>\$ 46,017</u>

(1) Appropriation level

(2) Included in this transfer from the General Fund is the required state revenue match the District must transfer for National School Lunch Support in order to meet the general cash assistance match.

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

At June 30, 2019

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.017 %	\$ 2,611,035	\$ 1,372,132	190.3 %	82.1 %
2018	0.020	2,632,185	1,337,826	196.8	83.1
2017	0.022	3,325,857	1,292,375	257.3	80.5
2016	0.027	1,564,706	1,349,278	116.0	91.9
2015	0.030	(676,515)	1,276,094	(53.0)	103.6
2014	0.030	1,523,066	1,511,738	100.7	92.0

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

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

SCHEDULE OF CONTRIBUTIONS

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2019	\$ 379,170	\$ 379,170	-	\$ 1,524,771	24.9 %
2018	333,682	333,682	-	1,372,132	24.3
2017	253,064	253,064	-	1,337,826	18.9
2016	256,028	256,028	-	1,292,375	19.8
2015	289,375	289,375	-	1,349,278	21.4
2014	276,038	276,038	-	1,276,094	21.6

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

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

This Page Intentionally Left Blank

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

SUPPLEMENTARY INFORMATION

This Page Intentionally Left Blank

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2019

DEBT SERVICE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL BUDGET</u>
REVENUES				
Local Sources	\$ 168,625	\$ 168,625	\$ 172,119	\$ 3,494
Total Revenue	<u>168,625</u>	<u>168,625</u>	<u>172,119</u>	<u>3,494</u>
EXPENDITURES				
Debt Service:				
Debt Services	<u>172,125</u>	<u>172,125 (1)</u>	<u>171,975</u>	<u>150</u>
Total Expenditures	<u>172,125</u>	<u>172,125</u>	<u>171,975</u>	<u>150</u>
Net Change in Fund Balance	(3,500)	(3,500)	144	3,644
Beginning Fund Balance	<u>8,000</u>	<u>8,000</u>	<u>11,197</u>	<u>3,197</u>
Ending Fund Balance	<u>\$ 4,500</u>	<u>\$ 4,500</u>	<u>\$ 11,341</u>	<u>\$ 6,841</u>

(1) Appropriation level

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2019

<u>CAPITAL PROJECTS FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL BUDGET</u>
REVENUES				
Local Sources	\$ 850	\$ 850	\$ 5,296	\$ 4,446
State Sources	350,000	350,000	833,799	483,799
Federal Sources	8,000	8,000	7,977	(23)
Total Revenue	<u>358,850</u>	<u>358,850</u>	<u>847,072</u>	<u>488,222</u>
EXPENDITURES				
Facilities Acquisition Request	<u>758,120</u>	<u>758,120 (1)</u>	<u>2,268,925</u>	<u>(1,510,805)</u>
Total Expenditures	<u>758,120</u>	<u>758,120</u>	<u>2,268,925</u>	<u>(1,510,805)</u>
Excess of Revenues Over (Under) Expenditures	(399,270)	(399,270)	(1,421,853)	(1,022,583)
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net Change in Fund Balance	(374,270)	(374,270)	(1,396,853)	(1,022,583)
Prior Period Adjustment				
Beginning Fund Balance	<u>500,000</u>	<u>500,000</u>	<u>1,527,039</u>	<u>1,027,039</u>
Ending Fund Balance	<u>\$ 125,730</u>	<u>125,730</u>	<u>\$ 130,186</u>	<u>4,456</u>

(1) Appropriation level

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED
For the Year Ended June 30, 2019

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED JULY 1, 2018	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED/ UNSEGREGATED JUNE 30, 2019
ALL FUNDS						
CURRENT						
2018-19	\$ 869,073	\$ 23,016	\$ (3,822)	\$ 283	\$ 827,440	\$ 15,078
PRIOR YEARS						
2017-18	14,252	(19)	(1,394)	518	6,461	6,934
2016-17	8,818	74	(1,224)	511	4,011	4,020
2015-16	4,957	61	(1,063)	497	2,829	1,501
2014-15	4,085	98	(389)	330	3,462	466
Prior Years	15,742	461	(732)	200	11,920	2,828
Total Prior	47,854	675	(4,802)	2,055	28,683	15,749
Total	\$ 916,927	\$ 23,691	\$ (8,623)	\$ 2,338	\$ 856,123	\$ 30,827

RECONCILIATION OF REVENUE:

Cash Collections by County Treasurer, Above	\$ 856,123
Accrual of Receivables	
June 30, 2019	2,064
June 30, 2018	(18,745)
Taxes in lieu	(346)
Total Revenue	\$ 839,096

This Page Intentionally Left Blank

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

OTHER INFORMATION

This Page Intentionally Left Blank

Lane County School District No. 32
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2019

GRANTS

Program Title	Pass Through Organization	Federal CFDA Number	Pass Through Entity Number	Period Covered	Expenditures
U.S. Department of Education:					
Small, Rural School Achievement Program	NA	558	NA	07/01/2018 - 06/30/2019	\$ 9,742
Title I Grants to Local Educational Agencies	Oregon Department of Education	84 010	50426	07/01/2018 - 6/30/2019	84,182
Total Title I Grants to Local Education Agencies					<u>84,182</u>
Title II A - Teacher Quality	Oregon Department of Education	84 367	49345	07/01/2018 - 09/30/2019	7,247
Title IV-A Student Support and Academic Enrichment	Oregon Department of Education	84 424	47761	07/01/2017 - 09/30/2019	10,000
Title IV-A Student Support and Academic Enrichment	Oregon Department of Education	84 424	50761	07/01/2018 - 09/30/2019	1,124
Total REAP/Flex II A, IV-A					<u>18,371</u>
Special Education (IDEA) -- Grants to States	Oregon Department of Education	84 027	49554	07/01/2018 - 09/30/2019	1,158
	Oregon Department of Education	84 027	49908	07/01/2018 - 09/30/2019	46,098
	Oregon Department of Education	84 027	51303	07/01/2018 - 09/30/2019	1,591
Total Special -Grants to States					<u>48,827</u>
Preschool Grants for Children with Disabilities	Oregon Department of Education	84 173	50134	07/01/2018 - 09/30/2019	251
Total Special Education Cluster					<u>49,078</u>
Total U.S. Department of Education					<u>161,373</u>
U.S. Department of Agriculture:					
Child Nutrition Cluster					
Donated Commodities (Non-Cash Assistance)	Oregon Department of Education	0 553/555		07/01/2018 - 06/30/2019	
School Breakfast Program	Oregon Department of Education	10 553		07/01/2018 - 06/30/2019	34,980
National School Lunch Program	Oregon Department of Education	10 555		07/01/2018 - 06/30/2019	57,215
National School Lunch Program - Equipment	Oregon Department of Education	10 579	51408	07/01/2018 - 06/30/2019	7,107
Fresh Fruit and Vegetable Program	Oregon Department of Education	10 582	50560	07/01/2018 - 06/30/2019	3,650
Total Child Nutrition Cluster					<u>102,952</u>
Total U.S. Department of Agriculture					<u>102,952</u>
Total Grants Expended or Passed Through to Subrecipients					<u>264,325</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS					\$ 264,325
Reconciliation to Statement of Revenues, Expenses, and Changes in Fund Balances:					
Federal Expenditures Recognized					\$ 264,325
Accruals / Deferrals					19,934
Federal Revenue on Statement of Revenues, Expenses, and Changes in Fund Balances					<u>\$ 284,259</u>

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

SUPPLEMENTAL INFORMATION
 AS REQUIRED BY THE OREGON DEPARTMENT OF EDUCATION
 For the Year Ended June 30, 2019

A. ENERGY BILLS FOR HEATING - ALL FUNDS:	Objects 325, 326 & 327
Function 2540	\$ 69,105
Function 2550	1,150
	\$ 70,255

B. REPLACEMENT FOR EQUIPMENT - General Fund:	\$ 52,368
--	-----------

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

Exclude These Functions	
1113, 1122 & 1132	Co-curricular Activities
1140	Pre-Kindergarten
1300	Continuing Education
1400	Summer School
4150	Construction
2550	Pupil Transportation
3100	Food Service
3300	Community Services

LANE COUNTY SCHOOL DISTRICT NO. 32
LANE COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS

This Page Intentionally Left Blank



PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

November 20, 2019

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of Lane County School District No. 32 as of and for the year ended June 30, 2019, and have issued our report thereon dated November 20, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of 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 the basic financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe Lane County School District No. 32 was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

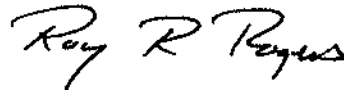
1. Expenditures of the various funds were within authorized appropriations except as noted on page 14.
2. One employee had their years in District misreported on the staff position report as 13 instead of 1. This error will be corrected in the following year.

OAR 162-10-0230 Internal Control

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

We noted a matter involving the internal control structure and its operation that we consider to be a significant deficiency under standards established by the American Institute of Certified Public Accountants, which is noted in our management letter dated November 20, 2019.

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



ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.